



# JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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JANUARY 7, 2020

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**January 7, 2020**

4:00 pm – 5:00 pm

Senate Finance Room

1. **Approval of December 18, 2019 minutes:**

2. **Monthly/Quarterly Reports Received**

Status Reports on Lottery, Unemployment Compensation Fund, General Revenue Fund & State Road Fund:

*(William Spencer, Director, Budget Division)*

Status Reports on Lottery

*(John Myers, Director, West Virginia Lottery Commission)*

General Revenue Fund & State Road Fund

*(Mark Muchow, Deputy Secretary, West Virginia Department of Revenue)*

WorkForce WV Unemployment Compensation Trust Fund Distribution

*(Andy Osborne, Employment Program Manager, WorkForce West Virginia)*

Monthly/Quarterly Reports from PEIA, BRIM & Real Estate Report

*(Allan McVey, Secretary, Department of Administration)*

Department of Health & Human Resources (*Jeremiah Samples, Deputy Secretary, DHHR*)

- Medicaid Report & Medicaid Waiver Report  
*(Cindy Beane, Commissioner, West Virginia Bureau for Medical Services)*
- Children's Health Insurance Program Report  
*(Jean Kranz, CHIP Executive Director, WVCHIP)*

Investment Management Board Distribution

*(Craig Slaughter, Executive Director & Chief Investment Officer, West Virginia Investment Management Board)*

Workers Compensation

*(James Dodrill, Insurance Commissioner, West Virginia Offices of the Insurance Commissioner)*

Board of Treasury Report Distribution

3. **Other Business**

ESAB Report, *Delegate Linville*

4. **Adjournment**

# JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

December 17, 2019

4:00 p.m. – 6:00 p.m.

<b>Senate</b>	<b>House</b>
Carmichael, Chair	Hanshaw, Chair
Blair	Bates
Plymale	Cowles
Prezioso	Householder (absent)
Takubo (absent)	Miley (absent)
Trump	Shott
Weld	Summers

**Speaker Hanshaw:** “Alright, it appears we do have a quorum. Let’s go ahead and call this meeting to order this afternoon. The first order of business today is the approval of two sets of minutes, the first dating September 24, 2019. The Chair recognizes the President.”

**President Carmichael:** “Thank you Mr. Speaker. I move the minutes of the September 24, 2019 meeting of the Joint Committee on Government and Finance as contained in members’ packets be approved.”

**Speaker Hanshaw:** “Questions on the motion to approve the minutes of the September 24<sup>th</sup> meeting? Is there a discussion on the motion? If not, those in favor will say aye, those opposed will say no. The ayes have it. The Chair declares the motion adopted. The second set of minutes dates is the last month, November 19, 2019. The Chair recognizes the President.”

**President Carmichael:** “Thank you, Mr. Speaker. I move the minutes of the November 19, 2019 meeting in the Joint Committee on Government and Finance as contained in members’ packets be approved.”

**Speaker Hanshaw:** “Questions on the motion to approve the minutes of the

November 19<sup>th</sup> meeting as moved by the President? Is there discussion? If not, those in favor of the motion will say aye, the opposed will say no. The ayes have it. The Chair declares the motion adopted.

The second item on the agenda today is the regular periodic reports. Let's begin today with the status report on Lottery from Mr. Myers."

**John Myers:** "Thank you, members of the committee. We have filed our report for the month of October. I don't believe you have November's report yet. A closing occurs around the 15<sup>th</sup> day of the month. So, it hasn't been submitted.

I'll give you a brief update on the sports wagering activity. Year-to-date we've collected \$1.19 million in tax revenue of which \$178,500 was for the administration fee, and the state share was \$1,012,000."

**Speaker Hanshaw:** "Okay, thank you Mr. Myers. Questions of our guest from any member of the committee? No? If not, Mr. Myers, thank you very much. Let's move on to General Revenue Fund and our State Road Fund. Mr. Muchow, I see you're with us today. Mark, welcome."

**Mark Muchow:** "Thank you. Good afternoon. I got the report for General Revenue collection as well as State Road Fund collections for November, and November this year is a little different than last year in that last year November ended on the 30<sup>th</sup>. We had a collection day on the 30<sup>th</sup>. This year November ended on the 27<sup>th</sup> because of the Thanksgiving holiday, and with that early end any taxes that have a due date for the last day of the month were affected in a negative manner, with that revenue to be made up in the December collections. And with that, the total receipts in November for General Revenue were \$322.9 million. That was \$7.2 million below estimate and 3.2% below last year, and that 3.2% decline reflects the fact that November ended a little earlier than it ended the last year. So, that's one of the reasons for the decline.

Year-to-date, \$1.775 billion, the estimate was \$1.815 billion. So, we were \$40 million ... \$40.3 million below estimate and about 2% below last year. And again, going into that month, we were about 1.8% below. It went up a little bit to 2%. Our objective for the entire year, in order to meet estimate is a decline of about 1.1% to 1.2%. So, we're just a little bit above that decline rate, and we've done pretty well since August. I believe



at the end of August we were down close to \$50 million, and since then we've actually gained about \$10 million. So, in recent months, overall not bad. December will be a key month, particularly for corporate income tax. We'll keep an eye on corporate income tax in December, personal income tax in January.

For the individual components for the month of November, the sales tax, we collected \$124.3 million. We were above estimate on sales tax by \$746,000, also above last year by 2.6%. So, that's growing in the right direction. Year-to-date on sales tax are still about \$1.7 million behind estimate, with a growth rate of 1.3%. So, the growth rate in November was double the growth rate for the year-to-date. So, it's moving in a good direction that way, and pretty close to eliminating the deficit entirely for sales tax.

Personal income tax collections in November were \$137.7 million. That was \$1.4 million below estimate. But it was 1.5% ahead of last year. Year-to-date we're \$30.4 million below estimate for personal income. We've collected \$798.8 million, and we're ahead of last year by 0.7%. There again, the growth rate in November was double the growth rate for the year-to-date. So, movement is in a relatively good direction on that tax as well.

The B&O tax missed estimate by nearly \$4.5 million in November and was 70% lower than last year. That's because that money came in in early December. No problem with the B&O tax.

Severance tax, another tax that's due at the end of the month. Collections ended at \$4.8 million below estimate, below last year by 39.5%. Again, that decline rate was helped out by the fact that the severance tax is due on the last day of the month. So, we had some carry-over to December. So, December severance tax should be better in terms of comparison with last year. Year-to-date on severance tax, we're \$37.9 million below estimate. For general revenue, about \$70.7 million below last year. That would be a 43.2% decline. If you count in the local distribution numbers, we're down by 29.9%. So, it's rather remarkable that even though we're down 43% on severance tax, overall, we're only \$40.2 million below estimate. So, that's pretty good.

The corporate tax in November was relatively strong at \$3.3 million. November is not a big collection month for corporate net. Year-to-date we're \$25.8 million above

estimate, about 38% ahead of last year. Again, December is going to be a key month for corporate tax. So, we'll report on that next time around. But that's a key estimated month, and we'll keep an eye on that.

Tobacco tax, \$13.2 million, that was \$2 million below estimate, 12.2% below last year. That tax also may have been influenced a little bit, where we end on November. Year-to-date on tobacco, we're running \$6.5 million below estimate and 5.1% below last year. The tobacco revenues have been declining at a little bit more accelerated pace recently because, I believe a number of people have been choosing to go the e-cigarette route. Which is still taxable, but we get more bang for the buck on the cigarette than we do on the alternatives. So, that's down. So, overall, you know, we're still migrating closer to the estimate over time. At least, at a relative basis. So, that's good news.

On the Road Fund, the Road Fund is also certainly affected by month-end date because motor fuel excise tax is due on the last day of the month, and if I just look at the state revenue components, the estimate from November was \$49.3 million. We collected \$52.9, so we were \$3.6 million above estimate. But compared to last year, we're down 23.9%. Again, that's because the motor fuel tax was received in early December. Year-to-date, state only source is \$376.6 million. The estimate was \$375, so we're \$1.6 million above estimate year-to-date, 2.1% below last year. That's again, due to the motor fuel tax. Motor fuel tax was, year-to-date was 8.3% below last year. Again, due to that money coming in in early December.

On federal reimbursements, we had a good month in November. We collected \$36.3 million. That was 56.6% higher than last year, and year-to-date we've collected \$170.8 million. Which is 6.5% ahead of last year's pace. So, overall Road Funds year-to-date through November, November not being the best of months, still half a percent above last year's pace, and I will not compare the federal reimbursements with the estimates because, as I mentioned before, it would take an act of Congress to be able to give the money that's required in the estimate. Maybe it will happen, but I'm ... right now it hasn't happened yet. So, with that, I'll accept any questions you might have."

**Speaker Hanshaw:** "Okay, questions for Mr. Muchow. Yes, Majority Leader Summers."

**Delegate Summers:** “Thank you, I just have one question for you. Did we collect the full year of internet sales tax last year, or did that come in at a certain time? I know I’m doing my part for the sales tax, the internet sales tax this month, but ...”

**Mark Muchow:** “Two key dates, first there is an administrative notice put out by the tax department that said anybody under the Wayfair definition, it meant that you had over \$100,000 in sales or 200 customers, I believe. Which have to start collecting sales tax as of January first of ’19. That’s halfway through the fiscal year. That wasn’t the big part. The big part was a piece of Legislation that passed last session that dealt with third-party administrators, or facilitators that are platforms, and that bill was, as originally drafted, was a little bit more narrow. But the legislation ultimately came out fairly broad and so, that requires the third-party facilitators to collect sales tax on behalf of the folks who are using their platform, and that took effect on July 1, and I think the bulk of the money coming is actually coming in because of the facilitator law, rather than the Wayfair extension. But relatively good results coming in so far this year.”

**Delegate Summers:** “Okay, thank you.”

**Speaker Hanshaw:** “Chairman Shott.”

**Delegate Shott:** “Thank you, Mr. Speaker. Just to follow up on that, what sort of ... how does the lag time on online sales tax collections differ from what your bricks and mortar people do? In other words, if I buy something November 15<sup>th</sup> and it’s charged to my account at that time, when do you ... and it’s online, when would you normally get the ...?”

**Mark Muchow:** “Except for very small sellers, most sellers, both brick and mortar as well as online, your November sales tax would be due December 20<sup>th</sup> for both cases.”

**Delegate Shott:** “Okay, no significant difference.”

**Mark Muchow:** “Right. Now, if you’re a very small collector, you might be able to file quarterly, but those are small payers. The bulk of the money comes in monthly.”

**Delegate Shott:** “Thank you.”

**Speaker Hanshaw:** “Senator Plymale.”

**Senator Plymale:** “Yea, and so because Amazon has a facility here, we’ve been collecting that for quite a while, haven’t we?”

**Mark Muchow:** “We have various retailers who either have nexus with us that we’re required to collect tax, and/or on a very volunteer basis, collected tax before Wayfair even came about. But when Wayfair came about, it got extended and then the facilitator law extended it even more so.”

**Senator Plymale:** “Okay, thanks.”

**Speaker Hanshaw:** “Other members with questions for our presenter? Okay, if not, Mark, we thank you very much. Let’s move on to WorkForce WV for the unemployment compensation trust fund report. Connie Kirk and Andy Osborne are our presenters.”

**Connie Kirk:** “Good afternoon everyone. Mr. President, Mr. Speaker, and members of the committee, I’m here. I’m Connie Kirk, I’m the UI Director and I’m here to report on the trust fund for unemployment. The trust fund projection for December 2019 is \$196,921,726. I did check today on the balance as of today, and the balance is, as of today, \$199,635,541.72. The November balance that is on your report, the \$212,896,000, is as actual balance for November. It’s not a projection, and we have not attained that type of a balance in the month of November since 2008.

The unemployment rate on the December 17<sup>th</sup> report, which would reflect pretty much most of November is 4.9 for West Virginia. It’s 3.5 on the national level, and I have some questions that were asked at the last session, and I have your answers from me. Hopefully I have what you’re looking for, and if not, I’ll either tell you or I’ll go find it.

The first question that you all had was any information on any type of improvement for the employer tax end of WorkForce WV. WorkForce WV’s employer/unemployment tax actually is maybe more automated than you think. We work with the Secretary of State in the tax department on taking the one-line common application. Those are transmitted to us and the information that we need that might not be on the form, those employers are contacted by staff and those accounts are brought up and put on as active if they actually meet the threshold of liability. So, we don’t actually have our own website as far as collecting the application. But we do utilize this common application from the Secretary of State and the Tax Department. On the filing of their taxes, where they can go in and pay their contributions at the end of every quarter, they actually can go in and set up an

account. The host for the system is West Virginia Interactive. They are the people that take care of it for WorkForce WV, and they can go onto that site and they can actually pay their unemployment taxes electronically.

I had a person check for me to see how many were actually utilizing that, and as of November, the best count that they could give me at that point, was 24,440 employers within the state are actually filing their tax returns electronically with WorkForce. And at the end of the quarter of September of '19, which we don't have this quarter in total yet, the actual contributing employers in the state, the entire state, was 35,471. We have approximately and have had since its conception of the electronic filing, between eight and nine thousand, and it varies, but it normally is somewhere in the ballpark, employers that actually have requested waivers to not file electronically. Because they either are not big enough to have an accounting person or someone with computer knowledge to be able to do that. It may be a mom and pop shop, or they don't have the capability in their rural area to actually have computer service that's reliable enough that they feel like that they can do that. And we didn't want to actually, because West Virginia does have so many older mom and pop shops and things like that, we didn't want to force them to use electronic if they couldn't. So, we've allowed them to have waivers so they can actually send in their returns on printed forms like they've always done and then send those checks.

That is what I have on the modernization piece of it. I don't know if that's where the conversation was going. If not, I'll be glad to take any questions, or if I can find any other answers for you. I'll be glad to do that. Does anybody have any questions on the modernization piece?"

**Speaker Hanshaw:** "Yes, Delegate Bates."

**Delegate Bates:** "Thank you, Mr. Speaker. The question originated from me in response to feedback I've received from employers in my community having trouble interacting with the system. These are medium sized employers that operate in more than one state, and the feedback they were providing to me was that the systems that they were utilizing in West Virginia were not up to the same level of user friendliness, or modernization as the systems they were using in other jurisdictions. So, I was inquiring

as to ... the system we have, it is electronic I understand.”

**Connie Kirk:** “It is electronic, it’s relatively easy to use.”

**Delegate Bates:** “The platform was established when?”

**Connie Kirk:** “To be honest, I don’t know the exact year that they put it in. Because it was put in phases, but I’m going to guess that they didn’t go full electronic until 2012, somewhere around there.”

**Delegate Bates:** “Out of respect for the agenda and the time, I may just follow up with the Lady privately, and then we’ll have her come back and report some additional information. So, we’ll move on and perhaps I could meet with you afterwards.”

**Connie Kirk:** “Yes, you can either meet with me or send me an email or whatever, and I’ll be glad to look and see exactly when we actually put that out to employers. But I know that they did it in phases. It wasn’t all done at once. But I haven’t really heard anybody having any problems with it. So, maybe whoever is having an issue, maybe if they contact us, maybe we can help them out.”

**Delegate Bates:** “Thank you, thank you. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Are there other members with questions for our guest?”

**Connie Kirk:** “Well, there is one other question that was brought up at the last one that I want to give you an answer to. There was a question on if we would be able to go from the 12,000 threshold to the 9,000 threshold, I think Senator Blair asked this question, in February of this year. I looked it up in the law, it is, it actually states February the 15<sup>th</sup>. If the trust fund has \$220 million in the trust fund, then we go from 12,000 to 9,000. The best I can answer that question is based on the fact that we have seen the claims increase some, and the fact the claims that we are having now seem to be filed by people that made more income. So, their actual weekly benefit amount is a greater amount, and It’s been increasing as the months go by. I honestly can’t tell you if we will meet the \$220 at that point in time or not. We’re going to be close, but I don’t know that we will.”

**Speaker Hanshaw:** “Senator Blair.”

**Senator Blair:** “Thank you, Mr. Speaker. Help me to remember something then. If we don’t meet it on February the 15<sup>th</sup>, is it ...?”

**Connie Kirk:** “It goes to the following year on February the 15<sup>th</sup>.”

**Senator Blair:** “That’s what I needed to know.”

**Connie Kirk:** “That’s exactly how the law states it and I looked, and it’s actually not even in the law the way I read it. But I’m not a lawyer. It appears to me that there’s not an option for the Legislature to choose one or the other. If the trust fund actually has the \$220 million, then it automatically goes to the \$9,000, if there’s not a choice in it.”

**Senator Blair:** “Well it seems to ... I thought I was in the House of Delegates when we did this, and we put a trigger in there that made it so that it was that way.”

**Connie Kirk:** “Well, the trigger is the \$220 on February the 15<sup>th</sup> in any given year. I brought the law book with me, but I mean that’s what it states.”

**Senator Blair:** “That’s okay. I couldn’t remember myself on that part.”

**Connie Kirk:** “I think we’ll be close. I mean, I think the trust fund is doing much better than it ever has. I think it’s stabilizing. With the economy and everything that’s going on, I can’t project ... we’re going to be close, but I don’t know that we’ll be at \$220 million, and the reason I say that is because October, November, and December are the months that we collect the least amount during a year, and those taxes are not actually due until January the 31<sup>st</sup>. So, it’s a real close window there. I don’t know that we will this year. If things stay as they are, probably next year.”

**Senator Blair:** “Alright, thank you. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Okay, other questions for Ms. Kirk. It appears we have none. Connie, thank you very much.”

**Connie Kirk:** “Thank you, and I hope you all ... I want to thank you for all the work that you’ve done in 2019. Because I know that most of your jobs are probably not ... most people don’t thank you for it. It’s like a thankless job, and I hope you and your families have a wonderful holiday season.”

**Speaker Hanshaw:** “Okay, let’s move on to PEIA, BRIM, and the Real Estate Report, Mr. Secretary.”

**Allan McVey:** “Mr. Speaker, Mr. President, esteemed members of the committee, my name is Allen McVey. I’m Cabinet Secretary of Administration. You do have our reports of our various divisions. I do have our division directors here and between them and me, we’d be happy to answer any questions you may have.”

**Speaker Hanshaw:** “Questions for Secretary McVey on any of the various reports under his purview? Yes, Majority Leader Summers.”

**Delegate Summers:** “Hi. Do you know when we are going to start getting reports on the PBM information from PEIA. I think we would request like quarterly reports on that. I have Mr. Ted Cheatham here who would be happy to answer that question. I do know that we will be able to have those.”

**Delegate Summers:** “Okay.”

**Ted Cheatham:** “Ted Cheatham, great question. I just asked that question to CVS today. We should have had it by now. It’s a huge report, it’s got to come through a secure FTP site. But we do owe you that report and we have been asking for the last three weeks where it is from them, and we just don’t have it yet. But they are working on it, we had that discussion today.”

**Delegate Summers:** “Okay. I appreciate that. Thank you.”

**Ted Cheatham:** “I’ll get it to you as soon as I can. Hopefully right after the first of the year we’ll have the first quarter for you.”

**Delegate Summers:** “Okay.”

**Speaker Hanshaw:** “Mr. President.”

**President Carmichael:** “Yes, thank you. Ted, my question is for you. I don’t think we talk about the fact that we haven’t raised PEIA premiums at all for how many years now?”

**Ted Cheatham:** “I think we’ve raised premiums once in seven years. Don’t hold me to that exactly, but I did look at this here recently.”

**President Carmichael:** “How long has it been since there has been an increase in the PEIA premiums?”

**Ted Cheatham:** “That’s what I’m saying. It’s been probably two or three years before we had a rate increase.”

**President Carmichael:** “What is the ... do you have the figures on what like the medical rate of inflation is nationally?”

**Ted Cheatham:** “Not off the top of my head, but I can get it for you. We also have beat national health care trends 11 out of the last 13 years.”



**President Carmichael:** “So, I mean it’s fair to say that in general health care costs are rising across the nation, right?”

**Ted Cheatham:** “That’s correct.”

**President Carmichael:** “But in West Virginia our public employees have not had any increase. You mentioned one increase in the last seven years.”

**Ted Cheatham:** “Yea but let’s not ... let’s understand we’re talking premium. We’re talking premium. We have had benefit changes. We have had benefit changes to offset the need for additional revenue. We can pay for expenditures in one of two ways. We can lower what we pay for or we can get additional money to pay for it. So, don’t think PEIA has been wonderful and no premium increase and no changes. That’s not true. We have had benefit changes almost every year. Not for the last few, but almost every year.”

**President Carmichael:** “Alright, thank you.”

**Speaker Hanshaw:** “Delegate Bates followed with Delegate Shott.”

**Delegate Bates:** “Thank you, Mr. Speaker. Are we covering more or less people now than what we were seven years, or about the same?”

**Ted Cheatham:** “It really is about the same. We were in a decline for about three years, a slow decline. We’re pretty level this year.”

**Delegate Bates:** “Okay, so the number of people that are actually on the plan is about the same as it was?”

**Ted Cheatham:** “About the same, and if you look at the state, and also understand we do have more retirees, much more retirees. We’ve gained 10,000 retirees over the last ...”

**Delegate Bates:** “That shift continues. Okay, and we get some help from the federal government on that side too, don’t we?”

**Ted Cheatham:** “We do.”

**Delegate Bates:** “Yea, so the federal government contributes money to the coverage that we wouldn’t otherwise have if they were active employees. So, there’s premium support there that’s ...”

**Ted Cheatham:** “Yes.”

**Delegate Bates:** “Thank you. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Chairman Shott.”

**Delegate Shott:** “Thank you, Mr. Speaker. Ted, can you generally describe the mechanism that’s in place to screen medical or prescription invoices to be sure that they are legitimate, and is there some sort of internal process to prevent any type of fraudulent claims from slipping through?”

**Ted Cheatham:** “Absolutely. So, not only do our vendors have fraud controls in place, we have an auditing department in PEIA, albeit small, just two people over there that are monitoring claims all the time. They do random audits, random samples of claims. We actually put audits out to bid on certain projects like DME or those types of things. So, not just independent, but external audits to look at those things as well. We audit emergency rooms every month for example.”

**Delegate Shott:** “And have those procedures basically been effective based on your review of the way they operate?”

**Ted Cheatham:** “They’re fairly efficient, yes. We’ve uncovered about \$26 million in pharmacy fraud in the last two years.”

**Delegate Shott:** “And have you been able to determine how that was able to slip through the cracks, so to speak?”

**Ted Cheatham:** “Yes, absolutely. I don’t know if you want to go into that here. We are actually working with the Attorney General and the U.S. Department of Justice, and we’ve got three doctors and a couple of pharmacists going to jail as we speak. I mean, the issue is these pharmacies are popping up in Texas. They get approved without a decent check. They get mailing lists on diabetic supplies and start shipping diabetic supplies and charging us, and it takes them sending it to us before we find it and shut them down. At this point, because of all we’ve been through, we have shut down every non-chain pharmacy out of the State of West Virginia. We don’t do it in West Virginia because we trust our Mom and Pops in West Virginia. But we’ve shut down anything that’s not a chain that’s a pharmacy out of the State of West Virginia to keep this from happening.”

**Delegate Shott:** “So, when you say shut down, is that after the fact or that you just don’t honor those invoices?”

**Ted Cheatham:** “We will not pay out-of-state pharmacies that are not chains anymore.”

**Delegate Shott:** “Okay. Anything we need to do to help you tighten up the procedures that are available?”

**Ted Cheatham:** “Listen, I am open to any ideas that you have. As a matter of fact, I know the Auditor is looking at the PBM contract now. He just did a request to look at ... audit our PBM. So, yea, we welcome anything you’ve got.”

**Delegate Shott:** “But you don’t have any specific requests?”

**Ted Cheatham:** “I do not at this time. We’re trying to do everything we can.”

**Delegate Shott:** “Thank you.”

**Speaker Hanshaw:** “Senator Plymale.”

**Senator Plymale:** “Thank you, Mr. Speaker. Ted, it’s pretty clear that in some cases there’s bills that out-of-state labs that will do the same thing, that they have a ... and you’ve got to monitor that all the time as well, don’t you?”

**Ted Cheatham:** “That’s true. We just sent a letter over to the hospital association and the physicians association talking about genetic testing at out-of-state labs. We’ve been talking to Marshall; they’ve got a new toxicology lab. We’re trying to keep business in the state. There’s a new toxicology lab here. We really try to keep lab in-state or in a national contract.”

**Senator Plymale:** “I mean, this is a problem that you’ve been having for a while that ... I know I’ve sent you some things to monitor that looked at it that ... it’s a problem, and it’s ... you’ve got to stay on it all the time.”

**Ted Cheatham:** “Yes, and the issue is, unfortunately we have blocked non-state labs and not contracting. We won’t pay for them. The problem is if you end up going to your physician and he sends it to the lab, you know, I think you’ve had some constituents yourself that have had that issue. That’s a problem. Typically, ... I shouldn’t say this in a public forum, but we fight that tooth and nail, and most of the time, most of the time those national labs will write it off, and we’re not having to pay for those either.”

**Senator Plymale:** “We didn’t hear that.”

**Ted Cheatham:** “Please, we don’t want that on the ...”

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

**Delegate Cowles:** “Thank you, Mr. Speaker. Ted, I recently learned that Medicaid has a tobacco cessation program, where they fund that, and a limited program. But they have one, and I know PEIA charges more for tobacco users, but does PEIA fund a tobacco cessation program for your participants?”

**Ted Cheatham:** “We no longer do, no. Or we cover tobacco cessation through the primary care physician. That’s how it’s covered. It is paid under that channel, and we do cover the smoking supplies, the Chantix and other help.”

**Delegate Cowles:** “So you do cover that?”

**Ted Cheatham:** “We do.”

**Delegate Cowles:** “So, if a smoker were to go to their doctor and say, you know, I’d really like to quit. This is killing me. They’d pay for the Chantix or Nicorette.”

**Ted Cheatham:** “Yes, and if it helps you at all, I love this statistic. About six people a month get a prescription for Chantix and we have to raise their premium because they’ve claimed they’re nontobacco users.”

**Delegate Cowles:** “Really?”

**Ted Cheatham:** “We’re checking that too. You asked about audits. It’s another thing we check monthly.”

**Delegate Cowles:** “Do you pay the Nicorette or how would that work?”

**Ted Cheatham:** “I can’t tell. We do cover ... I know we cover Chantix and other drugs like that. I’m not sure on the Nicorette, on the gum.”

**Delegate Cowles:** “Thank you. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Other questions for either of our visitors? Okay, if not, gentlemen, thank you very much.”

**Allen McVey:** “Thank you and I also thank you and wish you all a happy holiday season.”

**Speaker Hanshaw:** “Let’s move on to the DHHR reports. We have Deputy Secretary Samples here today.”

**Mike Hall:** “With your difference or approval, I’m actually on your list down the road about IDD funding, and these guys are going to answer that question in the process of

their presentation today. So, I'm out unless you demand that I stay. Merry Christmas and a happy new year, by the way."

**Speaker Hanshaw:** "And with that, Jeremiah, welcome."

**Jeremiah Samples:** "Jeremiah Samples, DHHR. You do have your waiver reports from Medicaid and your CHIP report in your packet. As I understand it, there are also potentially some IDD Waiver questions. I'd be happy to field those, sir, at your discretion, Mr. Speaker."

**Speaker Hanshaw:** "Well, let's start with that. Questions of Secretary Samples related to that topic? Delegate Bates."

**Delegate Bates:** "Thank you, Mr. Speaker. Thank you, Jeremiah. I have a copy of a letter in front of me that was in response to a request that was made the last committee meeting from Ms. Beane indicating that the Governor has provided notification that he is looking for a study to be done to determine options for eliminating the MEL. Which is the government speak for wait list for the IDD Waiver program, and is this a report that's due, or some form of something? So, I'm interested in what's the formal study. What is this referred to as a formal study? Could you tell me what that is going to consist of and what we could expect to see by January 15<sup>th</sup>?"

**Jeremiah Samples:** "Sure Delegate. In essence, what we'll be putting together is a breakdown of historical expenditure trends in the IDD Waiver Program. Specifically, those trends since 2015, when some fairly significant changes were made to the IDD Waiver that reduced the total expenditure and the average expenditure. We will also be putting together an analysis of waiver services in other states, with the understanding that each state has nuance waiver services that they've applied for and so it is in some ways like comparing apples to oranges. But there are some elements of it that we are able to report on, and in terms of the changes in 2015, the reason that that's so relevant is that at that point in time, West Virginia was viewed as having the most lucrative waiver program for these services in the country for this specific population, and changes were made to bring the state back into ... basically in average or on par with other states."

**Delegate Bates:** "And my sense is there were fairly significant cost savings associated with that when those changes were made?"

**Jeremiah Samples:** “Yes Delegate. There’s been some significant cost savings. The average spend in 2015 was roughly \$78 or \$79 thousand per member and state fiscal year ’18, the average spend was roughly \$65 thousand. So, when you’re talking about a program that has roughly 40 to 45 hundred people on it, that’s substantial savings. In fact, we had roughly \$45 million in savings the first three years after implementing those changes.”

**Delegate Bates:** “How many million dollars?”

**Jeremiah Samples:** “Roughly \$45 million.”

**Delegate Bates:** “Okay, so that was money that was budgeted for and allocated to provide services that wasn’t needed because those services ...”

**Jeremiah Samples:** “Well it’s a little more complicated than that. In terms of the Medicaid budget, the waivers, all 1915c waivers, have their own line item, and the problem we were experiencing with the IDD waiver was that the expenditures were in excess of what was allocated by the Legislature. So other areas of Medicaid, we were basically pulling in money to back fill that shortfall, and the program had grown \$200 million in a course of 10 years. Which Secretary Bowling, in the previous administration, we basically were tasked to bring that budget under control for the long-term purpose of alternately reducing or eliminating the wait list.”

**Delegate Bates:** “So, the wait list right now, I think stands about 1000 people, and if you go back, that number has been pretty consistent for some time. Is that correct? When was the last time it was significantly less or significantly more than that?”

**Jeremiah Samples:** “It has consistently been at that level for some time. Although we have during the Justice administration added roughly, I think it’s 272 additional IDD slots just from savings that have been generated, our goal is to try to reduce the wait list.”

**Delegate Bates:** “A couple more questions if I can, Mr. Speaker. Last night there was a group of people here that came together in support of eliminating the wait list, and I had the opportunity to hear a young lady, a mother, Tina. Her son Aiden is seven and has a terminal condition and he has a ... he’s been found to be eligible for these services, and right now he has a number. His number is 788, and he’s been on the wait list since October of ’18, and he’s seven. And he has a problem that he is not anticipated to live

much beyond the age of 12. So, there is a certain time that's associated with some of these issues, and that was brought to light pretty clearly to me last night. So, I want to just talk about the timeline for this. Let's just say that the study comes back and you're able to come up with an option for eliminating that list. That would require funding I assume. It would require money to eliminate that list?"

**Jeremiah Samples:** "That's correct, roughly \$19 million in state money. Which would then be matched."

**Delegate Bates:** "At a federal level?"

**Jeremiah Samples:** "Yes, sir."

**Delegate Bates:** "About three to one. So, is that money available within Medicaid right now, to do that right now?"

**Jeremiah Samples:** "It would necessitate the ... through the budget process, the line item for the waiver to be increased at the amount, the \$19 million."

**Delegate Bates:** "So, we require legislative action to ... because we could run a supplemental, couldn't we?"

**Jeremiah Samples:** "A supplemental if it were to be addressed in the current fiscal year, or it could be done in the budget bill."

**Delegate Bates:** "So, this would be an ongoing expense. So, if we were to ..."

**Jeremiah Samples:** "It is a base building incentive."

**Delegate Bates:** "So, we would need to do both, really. If we were to try to move quickly on this, then to be able to ... because we have to reply to the federal government. Am I understanding that correctly as well? That ... do we have to have the money before we can apply to the federal government?"

**Jeremiah Samples:** "In essence, when we submit an amendment to our current waiver to the federal government, we must attest that we have the funding to match the amount indicated to cover the number of slots that we'd be requesting to open up."

**Delegate Bates:** "And what's the delay or the timeline on that? So, if we make the request to the federal government to approve the additional slots, and we say we've got the money available, how long would it take us to be able to ...?":

**Jeremiah Samples:** "It can vary. Although I believe 30 to 60 days. But I can

validate that to be sure.”

**Delegate Bates:** “So, if we were to do something next fiscal year with this coming budget, then July would be ... before we could send the letter to Medicaid.”

**Jeremiah Samples:** “We could go ahead and begin the process of assessing individuals that are on the wait list for the purpose of determining what their specific budget would be. So, for example, while the \$65,000 is an average, you have some individuals who will spend much ...”

**Delegate Bates:** “That need more, yes.”

**Jeremiah Samples:** “Close to \$200,000, whereas there might be some individuals that are \$30,000. But we would begin those assessments, and we have a vendor that assists us in that process. Now all these individuals have already been determined, from a medical perspective to be eligible for the program.”

**Delegate Bates:** “Okay, so, now it’s just about what specific services they need to provide?”

**Jeremiah Samples:** “Yes.”

**Delegate Bates:** “So, if we were able to move quickly on this, then the passage of a supplemental directing money into this line item in this fiscal year from the Medicaid budget, would potentially be an option?”

**Jeremiah Samples:** “Yes, sir.”

**Delegate Bates:** “And then adding additional money to the Medicaid budget under this line item for the next fiscal year would be necessary to continue those services for these individuals.”

**Jeremiah Samples:** “Correct. It would in essence be a base building item within that line item of the budget. Although just to clarify that the \$19 million figure is for an annualized number for that to eliminate, in essence, the waitlist in terms ...”

**Delegate Bates:** “Okay so, we wouldn’t need necessarily a fiscal ... a supplemental for the full ’19. We’re just trying to close the hole between now and June. So, you could get away with a third of that potentially.”

**Jeremiah Samples:** “Potentially, depending on when it would fall.”

**Delegate Bates:** “And if we were to do that, we could take 1000 people off the wait



list. We could eliminate the wait list. Is that ... the funding would be adequate to eliminate the wait list?"

**Jeremiah Samples:** "Yes, the \$19 million figure is ... that would assume the entire wait list would be eliminated. Or we would be adding slots to basically eliminate the wait list."

**Delegate Bates:** "And one more if I can, Mr. Speaker. What is the surplus right now in Medicaid? Can you tell me ...?"

**Jeremiah Samples:** "It is in excess of \$300 million."

**Delegate Bates:** "It's in excess of \$300 million?"

**Jeremiah Samples:** "Yes, sir. It is."

**Delegate Bates:** "Okay, thank you, Mr. Speaker. Thank you, Jeremiah."

**Speaker Hanshaw:** "Delegate Summers."

**Delegate Summers:** "Thank you, Mr. Speaker. Thank you, Assistant Deputy Secretary Samples. I just wanted to applaud the department for bringing this to the Governor's attention and bringing it to some of our attention that this money was there and this is a potential thing that could happen, and I appreciate the department looking out for these people and staying on top of this, and I just wanted you to know how much we appreciate that."

**Jeremiah Samples:** "Thank you, ma'am. Thank you, Delegate."

**Speaker Hanshaw:** "Other questions of Secretary Samples on the IDD Waiver issue? Okay, if not, let's move on, Jeremiah to the next item."

**Jeremiah Samples:** "Are there any questions, Mr. Speaker, as it relates to any of the other waivers for the Medicaid Waiver report?"

**Speaker Hanshaw:** "Okay, let's take those up one at a time also. Questions? Delegate Bates."

**Delegate Bates:** "Thank you. While we're here, just really quickly, the other programs, their funding is adequate to take care of the need? The TBI program in particular interests me."

**Jeremiah Samples:** "Both the Traumatic Brain Injury waiver and the Aged and Disabled waiver have no wait list. We actually cleared those wait lists this month."

**Delegate Bates:** “Thank you for doing that. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Others? Okay if not, let’s move on to the Medicaid report.”

**Jeremiah Samples:** “And so you have, sir, in your packets, the Medicaid Waiver report. Which basically is a breakdown of both the expenditures, but also the waivers and the number of individuals that are on those wait lists. I will point out that these are point-in-time numbers, and so the December clearing of the wait lists for the Aged and Disabled waiver and the TBI waiver wouldn’t be reflected in this report. It’s just a little dated in terms of that.”

**Speaker Hanshaw:** “Any questions of Mr. Samples on that report? Okay if not, let’s move on to the Children’s Health Insurance Program.”

**Jeremiah Samples:** “So, Mr. Speaker, you also have that report in that packet, and we do have Jean Krantz here if you have any questions.”

**Speaker Hanshaw:** “Questions of the members on the CHIP report? Anyone? Okay, it appears no. Jeremiah, thank you very much. Thanks to all from DHHR who were here. Let’s move on to the IMB report, Mr. Slaughter.”

**Craig Slaughter:** “Yes, Craig Slaughter, Executive Director of the West Virginia Investment Management Board. In October we had ... you know, we saw the largest deficit since 2012, and we saw manufacturing slump to its lowest level since 2009. Yet the U.S. growth beat estimate. So, in October our return was up 2%, just a little less than 2%. That left the fiscal year-to-date through October 31<sup>st</sup> up to 2%. So, things are looking better. November was another good month for us. We expect to be up another good month for us. We expect to be up another 1.5% or so, and so that should put us through five months, about 3.5% for the fiscal year. Which isn’t too bad. That means we’re ... if it holds up, we should be okay. Given that it’s an election year and the fact that I think the fed is ... you know, has made it very clear that it’s going to air on the side of too much growth as opposed to too little, and they definitely don’t want to interfere with the Presidential election this year. So, they want to keep things on an even keel, and then, you know, Trade tensions have moderated, somewhat. It’s kind of a tricky thing month to month, where that’s going to go. But it seems like at this point it’s on a moderating path. So, all these things are positive and let’s just hope it holds up through the rest of the year.

I'd be happy to answer questions."

**Speaker Hanshaw:** "Thank you very much. Questions of Mr. Slaughter? Okay, looks like we don't have any. Thanks, Craig."

**Craig Slaughter:** "Thank you and Merry Christmas."

**Speaker Hanshaw:** "Let's take up the last of these reports, the workers' compensation report today, Mr. Dodrill."

**James Dodrill:** "Good afternoon. Mr. Speaker, Mr. President, members of the committee, Jim Dodrill, the Insurance Commissioner, and I believe you have the latest month's workers' compensation report in your packet. I'll be happy to answer ... try to answer any questions that you may have."

**Speaker Hanshaw:** "Okay, very good. Questions for Mr. Dodrill? Last call. Okay Jim looks like you get off easy today. Thank you very much."

**James Dodrill:** "Thank you. Happy Holidays."

**Speaker Hanshaw:** "The Chair will lastly note under this item of business that we do have the Board of Treasury report. That is distributed to all the members in your packets today. That concludes our items under the regular periodic reports. If we move on now to other business on the agenda today, we have Secretary White here for a discussion on DOH spending policies. Mr. Secretary, welcome."

**Byrd White:** "Good evening. I brought with me the Deputy Secretary, Jimmy Wriston and our manager of maintenance, Jacob Bumgarner for particular questions should you have them."

**Speaker Hanshaw:** "Okay, questions for Secretary White? Chairman Shott."

**Delegate Shott:** "I'm trying to recall the issue that was raised during our last meeting, but it had something to do with the disparity in the budgeted amounts by district. Some districts overspending the allocation that they had, and I think there was a concern, I can't remember who expressed it in here that there was some overspending in one particular district that might affect the ability of other districts to meet their spending requirements. Can you comment on that?"

**Byrd White:** "I don't think that anybody's spending has been restricted. There were some districts that did spend a little more money than others for any number of reasons."

The districts I'm thinking of had ... some of them had more paving than others. Some of them had more slides, which are much more expensive than other work. But I don't know of anybody who didn't have all the money they needed to date."

**Delegate Shott:** "Can you just explain how the allocation among the districts is calculate, or how you all come up with that at the beginning of a fiscal year?"

**Byrd White:** "I can give you a satellite view, yes sir. It's road miles, truck miles, population, ... what am I forgetting? It's a formula that they've been using for a number of years and I think probably Jimmy Wriston can give you the exact weighting on that., or Jacob can. Jake Bumgarner is our director of maintenance and he's actually in charge of making those calculations. So, I'm going to let him address that question."

**Jacob Bumgarner:** "Jacob Bumgarner. So, we have six factors that we look at in a formula. One is, as he said, vehicle miles traveled. One is truck miles traveled. One is a climate factor. One is a breakdown of miles based on a few factors like paved miles get weighted a little differently than, you know, a gravel road and thus also differently than what we would call an unimproved or a primitive roadway that we have in our system. And the original formula had something for geology. But we haven't been able to nail down a good way to express that. They didn't, in 1998, when they originally came up with the formula, and we still have yet to figure out a real good way to express how geology can maybe factor into that at this point. So, it's been given no weighting in the formula even though it's still in the formula."

**Delegate Shott:** "How do you deal with the situations where the allocated amount appears to be inadequate for the needs during that fiscal year. In other words, if the budget is ... if there's unusual needs, a flood for instance or so forth. Do you all have a reserve in your budget that you can allocate to various districts?"

**Jacob Bumgarner:** "Well, this isn't to sound smart or to smart you off, but there ... the allocated amount is not adequate in any of our counties to address all the needs that we would like to address. But, you know, that is ... what we're talking about is the annual planned budget that is set up for, let's say more routine type maintenance activities. Of course, we have some other buckets of money, if you will, that allow us to do some projects such as paving. We have some slide money and that's allocated as

need based. Especially with the new administration with Secretary White and Deputy Secretary Jimmy Wriston. They have really pushed the point of what are our needs. So, let's address those needs as best we can."

**Delegate Shott:** "So is it fair to say that each district basically consumes the allocation they get for repairs and so forth every year? There's not any surplus or any ... it's sort of a use it or lose it type situation?"

**Jacob Bumgarner:** "Right."

**Delegate Shott:** "Okay, thank you."

**Jacob Bumgarner:** "You're welcome."

**Speaker Hanshaw:** "Delegate Summers."

**Delegate Summers:** "Thank you. I have a question for you, Jacob. Do you guys actually use that formula other than eliminating geology or is there another way? I just remember when I was looking at it. Like, Charleston gets a lot of money, and I wasn't always sure that it fit the formula."

**Jacob Bumgarner:** "So, up to this past year the formula had not been used to redistribute the money. See, the formula is really a distribution. It's not going to get any more pieces of pie to put into that pie."

**Delegate Summers:** "And that's what I'm talking about. How the pie is divided up and how it's distributed. Is it by the formula or is it by who yells the loudest, or is it based on these miles and things that you're talking about?"

**Jacob Bumgarner:** "No, it's based on the original running of the formula and subsequently every year they either do across the board increases or decreases based on whatever the budget, the maintenance line item budget has for those annual plans, and this year actually, because of you all being so gracious and giving us some more money for that line, we were able to put another \$40 million into those annual plans, and when we did that, then we used the formula to distribute the excess amount of money over what they had the previous fiscal year."

**Delegate Summers:** "So, you didn't redo the formula for each area and say, "Okay, this is what the formula really is," not based on what it was. You just, for the extra money, you did the formula?"

**Jacob Bumgarner:** “Yes, that’s all we did was the extra money we put in the formula. The other was based on previous ...”

**Delegate Summers:** “What was ever there.”

**Jacob Bumgarner:** “Yes, previous running of the formula. Really the first running of the formula.”

**Delegate Summers:** “In 1998.”

**Jacob Bumgarner:** “Yes.”

**Delegate Summers:** “So is there any attempt when we might actually just like redo the formula and look at it, just to see? You don’t think?”

**Jacob Bumgarner:** “So, I addressed this in another forum like this, and basically it’s very unpopular to take money from one county and give it to another, and you know, you might think of that as we’re going to take it from one region to give it to another. But that’s not how it’s going to really work in the formula. You know, it’s going to be neighbor counties and so, you know, at this point we’ve tried to keep everybody at the same allocation level because we know that they don’t have enough as it is and when we add money, these gentlemen were kind enough to let us distribute that in somewhat of a fashion to try to get with the formula some. But everybody got a bump of about 1.5% this fiscal year.”

**Delegate Summers:** “Okay I understand. Thank you.”

**Jacob Bumgarner:** “You’re welcome.”

**Speaker Hanshaw:** “Senator Trump.”

**Senator Trump:** “Thank you, Mr. Speaker. If I’m understanding your answer to that question, the last couple of questions, the formula was run when it was established, but not since?”

**Jacob Bumgarner:** “Correct. I believe that to be the case, yes.”

**Senator Trump:** “And the formula accounts as one of many factors, population?”

**Jacob Bumgarner:** “No. It does not have population in it. It is ... population is kind of built into ... if you think about it, your vehicle miles traveled, and your truck miles traveled. Because usually when you have a larger population, you have more vehicles using the road.”

**Senator Trump:** “Okay, so ... but there hasn’t been any change in the distribution provided by that formula because it hasn’t been rerun as a result of changes and vehicle miles or truck miles over the last 20 years?”

**Jacob Bumgarner:** “From the base formula, no. There have been changes by other administrations. Sometimes they gave like, across the board, 1.5% or 2% or some number to all organizations, and brought them up. We did have a study in 2005 that looked at, you know, some funding based on quotas needed to do what they deemed at the time, the most labor-intensive activity that Highways does. Which is SRIC, snow removal and ice control, and there was a little tweaking at that time to some budgets. But the basic formula, from what I can tell has not been reran and redistributed since ’98.”

**Senator Trump:** “Is it statutory or in a rule or ...?”

**Jacob Bumgarner:** “Not that I’m aware of.”

**Senator Trump:** “Does the Division of Highways have data that it collects on those factors, like vehicle miles, truck miles, that sort of thing? Does it have more current data than 21-year-old data?”

**Jacob Bumgarner:** “Yes, we have that data at least every three years with the vehicle miles traveled. That’s about our collection time for the whole system.”

**Senator Trump:** “Thank you very much.”

**Jacob Bumgarner:** “You’re welcome.”

**Speaker Hanshaw:** “Other questions for our visitors this evening? Delegate Cowles.”

**Delegate Cowles:** “Yes, thank you, Mr. Speaker and Mr. Secretary, I’ll just note that there was another bond let, a \$600 million bond let, and it came in at \$750 or \$749. Could you tell me about that and explain to me what happens to the difference, the premium, I’ve heard it called?”

**Jacob Bumgarner:** “Yes, sir. We’ve ... \$746 million, I believe. The extra \$146 or \$147 million is ... it has been allocated. We’ve got a list of projects that we’re going to try to do with that. We had like two days to come up with this list, but it’s a pretty good list. We were ready for that. It’s mostly, not all, but mostly it’s slides and bridges. We know that our bridges overall in the state need a lot of work, and we’ve been trying to allocate

more money there when we can, and this ... the majority of this money is going towards things like bridges and slides.”

**Delegate Cowles:** “Okay, well that’s quite a bonus. That’s good for us.”

**Byrd White:** “It is, it is.”

**Delegate Cowles:** “Thank you, Mr. Secretary.”

**Byrd White:** “Yes, sir.”

**Speaker Hanshaw:** “Any others? Delegate Bates.”

**Delegate Bates:** “Thank you, Mr. Speaker. Mr. Secretary, I understand that the Department of Highways isn’t taking any new roads into the system, so to speak. You know, this issue relates to orphan roads, what people generally refer to as orphan roads, roads that at some point, someone ... you know, a driveway became a road and now, you know. Is there a formal process for determining if a road is actually owned by the state vs. orphaned, so to speak? Is there some methodology? I’ve had this come up on a couple for a couple of occasions, where individuals have reported to me that they ... you know, this road, the state used to take care of this road and this road has always been plowed and maintained, and now it’s ... I’ve been told it’s ... doesn’t belong to the state anymore because it was never entered into the system. Is there some formal process in terms of addressing that issue?”

**Byrd White:** “Well, we ... of course we know what roads are in our system, and there have been in the past, I’m sure, and I don’t know the specific instances. But I’m sure there’s been times in the past when DOH treated or worked on a road which is not in our system. Since Mr. Wriston and I have been there, to my knowledge it hasn’t happened. It’s illegal for us to work off system. So, if your question is how do you get an orphan road into the system, I haven’t had that come up since I’ve been there. So, I’m not sure ...”

**Delegate Bates:** “You can get back to me at some point about that issue.”

**Byrd White:** “Sure. I’d say Mr. Wriston could tell us right now how that happens. He’s been there a little longer than I have.”

**Jimmy Wriston:** “Yes, Delegate Bates. We’re operating under a moratorium that was put in place, I believe in 2005, that we are not adding roads to the system. In certain instances we still take applications. We go through a public process where everybody



that lives on the road petitions to take the road, and it comes before the commissioner for a decision. Most of those the answer is no, we're not at this time."

**Delegate Bates:** "And that's an administrative moratorium? Who's put that moratorium in place?"

**Jimmy Wriston:** "I believe it was Governor Manchin."

**Delegate Bates:** "Is it legislation or is it just a ...?"

**Jimmy Wriston:** "No, I believe it was instructions from the Governor, I believe. So, we still operate under that."

**Delegate Bates:** "Under that, yeah. Now what about the situation I spoke of before where an individual believes that the system actually ... the road is actually in your system and they've been told by people locally now it's not. Is there some sort of process to work through with your department on that?"

**Jimmy Wriston:** "It depends on the situation. But I know you're aware of instances where Highways has worked off system before. We had an incident in Raleigh County, where you're the delegate there, where we did some mowing in a place that ... it needed done. If we had a major event over there and the guys on the ground understood that. They mowed the road. They looked at it as no harm no foul. There's no ... it was ... but the rules are the rules and we have to follow them."

**Delegate Bates:** "So, my question I suppose is if there was an individual that had a road that they believe is part of your system, and they've been told no it's not, is there a process for them to be able to appeal that decision or do they reapply, or how would they go about seeking some sort of grievance or ...?"

**Jimmy Wriston:** "No, I don't believe there'd be an appeal because the answer that we would give them would be vetted very well. I mean, we have a very good road inventory system. We know what's in our system and what isn't."

**Delegate Bates:** "Okay, thank you. Thank you, Mr. Speaker."

**Speaker Hanshaw:** "Other questions for our presenters tonight? Senator Blair."

**Senator Blair:** "Since you're up here and we got to talking about orphan roads, I'm going to go just the opposite of that, and in a lot of our municipalities we've got islands of State Highway inside the municipalities. What mechanisms can we get this cleaned up

for. That's ... these won't take them in, and these people are really stranded out there. Tell me ... give me a suggestion on how to solve that."

**Jimmy Wriston:** "Well, if I'm understanding the situation that you're describing, it'd be like a municipality have a road that's not in our system, but it's like through a community."

**Senator Blair:** "No, it's not a community. It's in the city and they have annexed around it, yet there's an island of county land there, or state land, however you want to ... where the Department of Highways is supposed to be taking care of it and the cities don't do anything with it, and the roads are a mess. They are. I've got pictures right here on my phone, where I can show you, and it's no-man's-land, and nobody takes care of them."

**Jimmy Wriston:** "In that particular instance I would recommend that you send me that stuff. Let me take a look at it and I'll get back to you, and what we can do, we will."

**Senator Blair:** "Well, we've done that before. I have sent it before."

**Jimmy Wriston:** "To me?"

**Senator Blair:** "Well, not to you particularly. I'd sent it to Burlington. Because that's in my area. But we've got to be able to figure this out. Because I didn't even know it was possible that you could have in municipalities, islands that ... Bob is over here shaking his head."

**Jimmy Wriston:** "You have some of those too?"

**Senator Blair:** "They're all over the state, and we've got to be able to bring resolution to those, so that it makes sense."

**Byrd White:** "Okay, I ran into this when I was a county commissioner, on the islands. If it is a state road within that island, we're obligated to take care of it. But if it is not a state road, it's just like any other orphan road to us. From my experience as a county commissioner, the answer is, change the annexation laws. Have fun with that."

**Senator Blair:** "I think that was the consensus of everybody here, and that's why I was asking for suggestions on that, and I get if it's a development or something, that's an orphan road. But I've actually seen where they are ... they're not in a development and the city's went around ... annexed around, and did not take that in for whatever

reason maybe, and then they're in ... it's third-world."

**Byrd White:** "Mr. Bates has some of those in his district, I know."

**Senator Blair:** "When we're done, don't run off and I'll connect with you and I'll get to, at least the one I know of. But I just could not get over the fact ... I think in the City of Martinsburg there's like 20 of those doughnut hole areas, and it's like that just should not be. It doesn't make sense."

**Jimmy Wriston:** "Senator, I can tell you for sure that many other things that we've discovered in the last 8-10 months, you just can't make this stuff up."

**Senator Blair:** "Want to swap seats?"

**Speaker Hanshaw:** "And on that, let's go ahead and just end this, this evening. Gentlemen, thank you very much. We have Dr. Paine with us next, from the Department of Education. Dr. Paine, good evening. We're happy to have you with us this evening."

**Steven Paine:** "Hey, Mr. Speaker, Mr. President, members of the Joint Committee. I appreciate the opportunity to be here. I also appreciate your patience with me from last month. My wife was showing two of our kids, years ago, how to do a head stand, and she ended up with a C6-C7 fusion of her two vertebrae, and they say that after 15-20 years of that, there are problems that develop above or below that location. Delegate Summers, you probably know about that, and ... that's probably what it is. Senator Plymale says that affectionally. Our spouses were friends growing up in church."

So, anyway that's where I was. We had an immediate appointment that we accepted through a friend from WVU and they have a great neurology department up there. So, that's where I had to be, and I appreciate your patience. But, I'm glad to be here with you today.

You wanted me to talk about student absences. I talked to the President last night, and some members, and I understand there might be some other concerns and I'm glad to answer any questions you might have."

**Speaker Hanshaw:** "Okay, well I will let the President kick it off."

**President Carmichael:** "Thank you. Thank you, Steve for being here, and I'm glad your wife is doing well. Just a couple of questions, there was a lot of reporting and we've paid a lot of attention to the testing results for our students in our schools, public schools

in West Virginia, and I know your department had made some comments about it, and I just wanted to give you an opportunity here to hear from us, and to hear from you about the ... I think we all acknowledge our poor results in the NAEP testing and just get your input on this. Because it's incredibly important to us."

**Steven Paine:** "I totally agree, and I agree with you that the present state is totally unacceptable, and we must do better. I want to point out a state to you, Mississippi, who led the country this year in gains, significant student achievement gains. Carey Wright is their State Superintendent. I actually had a chance to speak recently at a meeting with their literacy coordinator, and I asked them, what do you attribute that to? And they basically said stability in the system, stability of leadership, stability of standards, stability of assessments, stability of instructional methodologies, and training of early literacy coaches in all of their low performing schools. I think the Legislature funded about 180 positions, if I'm not mistaken, and so I also have a colleague that's a researcher. Her name is Linda Darling-Hammond, and she's fairly well known throughout the world, and she's also president of the California State Board of Education. So, related to that comment, and I'm not making excuses. You don't want to hear that, and I don't want to accept them. But I will say that it takes at least three years for any state law, code, policy actions to effectuate performance change in a classroom and in a school. I believe we're laying the foundation for a system, that if we provide some stability to that system, and we implement with fidelity, I think ... I will guarantee you'll see the NAEP scores go up in two years. So, I agree. Unacceptable, we need to do better. I believe that you need to take a look at our results that just came out and go back three to four years ago to find out what was happening then. Because these results really are a direct reflection of that time, and there was a time at the state board level and the state super intendency level of instability at that time. So, we need to do better over there too."

**President Carmichael:** "Well, thank you for those comments, but I just want to make sure that we all collectively come together and say this is not acceptable, and it's no fault of our teachers, our students, our parents. It's the system that we've put in place that is not generating the results that our students are due. They should have a world class education and we want to make sure that we provide that. So, your comment is

stability in the system.”

**Steven Paine:** “Stability in the system, stability with our standards. We have standards in place now. We have instructional methodologies. We have leadership training going on for principals. We have professional development opportunities going on for our teachers. Keeping in mind that we have also adopted your belief as a Legislature that we need to provide local flexibility. With local flexibility, our mantra is clearly, brings robust accountability, and so we also have an accountability policy that’s out on comment. We had a chance to share with Lucia last night, and we hold everyone accountable. But we’ve added a new group this year to the policy, should it be approved the way that it is, and that’s local school boards. We worked with Howard Ocoll. We believe that local school boards need to begin focusing on academic student achievement publicly at their board meeting, then having discussions with their superintendents, with their principals, and their teachers. That those discussions and the transparency that comes from them, will put the level of accountability and emphasis on academic achievement at each district level. We don’t educate kids in Building 6. We do in the 55 counties, and so that accountability system also contains what we call the balance score card. This is the very first year for that accountability system for schools and school districts. It is actually the system that exposed the reason that you asked me to come over and that was to discuss student attendance. Under the old system, we would not have been able to really pinpoint the problem of student attendance the way that we have now, and so it’s a very accurate system and I believe that our ... and this is the first year. We’ve already reported that there are some districts that are out of compliance with performance in year one, and the consequences for being out of compliance continue to graduate, accelerate actually, in intensity and consequence in years two and three out. And so, I think this is actually the first time that our state has had a stable accountability system in the past four to five years.”

**President Carmichael:** “From an attendance perspective on students.”

**Steven Paine:** “For student achievement, for student attendance, for graduation rates. There are six indicators at the elementary, six in middle, six in high school. Obviously, graduation rate kicks in at high school, which you don’t have at the other two

levels.”

**President Carmichael:** “So, are we also monitoring attendance throughout the system? Not just students, but at all levels.”

**Steven Paine:** “Absolutely, and so, we’ve had a lot of emphasis on teacher attendance. There’s a direct correlation between student attendance and teacher attendance. Students in classrooms where teachers are absent miss more, and so we found that out. We’ve started a series of ... I’ve started discussions with local district superintendents. We’ve started a series of video conference calls with those districts that are doing well, or actually doing better than others, and we’re asking them what are you doing. We’re finding things like the incentive in House Bill 206 goes a bit of a ways. We have offered local incentives. There are districts that offer graduated incentives for up to, I believe, \$1,500, and so, let’s say, and don’t quote me, an example would be zero to four days missed, you get the full benefit. Five to whatever, you get a graduated less benefit. That seems to be working in some of our districts.

Actually, what’s really helping is the transparency from the superintendent in the central office level. Where they are expecting their employees to show up to work, and it’s not just teachers. It’s all employees within the school system. But it’s paying attention to what’s important and what matters, and so we have superintendents are making calls. They’re sending notes, they’re sending letters, and they’re principals are told to step it up as well. We actually had one system that is ... the consequence is pretty severe if you miss more than 15 days. Here’s one of the problems we have. When I was in the system the first time, there was a benefit for me to be able to bank my days that I did not use, and I applied those to retirement the first time around, and that was a very, very significant and generous benefit, and I’m appreciative of, and I did bank those days as much as I possibly could. The benefit is not there anymore. So, we have new teachers that are in the system who actually believe that the 15 days they receive are part of a benefit package, and they actually believe that they are entitled to use those days throughout the course of the year, and I know that’s not what the law was intended to do. But, the incentive to bank those days is not here anymore. That was taken away. I think I was gone at the time that that happened. But, that’s one of the things that we’ve heard as

we've had discussions.”

**President Carmichael:** “Just a couple of more quick questions. The Legislature was asked to, and we delivered on a lot of the extra money and flexibility at the local levels for hiring school nurses, counselors, mental health professionals, others in the county boards of education systems and in the schools and so forth. Are we ...? I have heard from some superintendents and county board members that they haven't utilized those funds for those purposes. Are you able to track that at the state level?”

**Steven Paine:** “We have surveyed each county. We're combining all of that data in a common format right now, and when it is done, I will be quick to send that directly to you and other members of the legislature. The preliminary results are some districts, I'll site Wayne County, hired 15 additional student support specialists to help kids that have real serious social, emotional, and mental health needs. Other counties, and the law provided for this.”

**President Carmichael:** “Sure.”

**Steven Paine:** “Allowed them to hold their money and they've actually paid down some of their overages of personnel. That's the quickest way to go into a deficit, and so let's say there are 15 professional staff members are on the formula. They might use that money and apply it to reducing that number of overage, and so in that case, they might be applying it to personnel, but not necessarily those personnel that were envisioned in House Bill 206.”

**President Carmichael:** “Right, but we did provide the flexibility for them to do that.”

**Steven Paine:** “Absolutely.”

**President Carmichael:** “Just one other, two other questions. The Legislature also provided for cameras in schools for special need students and so forth, and yet I'm being told, or I've been just antidotally told that the department is not going to enforce the implementation of that component.”

**Steven Paine:** “You know, I have a couple of folks that could answer that question with me. They just came from that committee meeting, but I ... Mr. Speaker, is it possible to have somebody answer that question that's with me?”

**Speaker Hanshaw:** “If that’s the appropriate respondent, then yes sir.”

**Steven Paine:** “Okay. Sarah or Ed.”

**President Carmichael:** “They’re both pointing at each other.”

**Speaker Hanshaw:** “Sarah, if you’d just identify yourself for the committee, you can respond.”

**Sarah Stewart:** “Hi. Sarah Stewart, Department of Education. I don’t agree that it’s a correct assessment that we are not enforcing the law. I think that there were questions, and we explored some of those questions during the committee meetings as the law progressed. In reviewing the testimony, we ... I think we were quite candid that we did not believe that there was sufficient time for them to be up and operational for this school year, but fully intended them to be operational for the ’20-’21 school year. So, we were actively moving forward, and I do expect them to be operational next school year.”

**President Carmichael:** “Thank you. Final question for you, Steve. There’s been some reporting lately about the scenario in which a teacher in Mon County, I believe was suspended for inappropriate behavior, but his teachers license was not revoked. He went to Arkansas or Arizona and began teaching there, and it read as if our disciplinary component of our state, or the school system in general, basically just looked the other way so that he wouldn’t lose his job in Arkansas, or Arizona. I can’t recall exactly, Arizona. Can you elaborate or comment on that? Because that is just offensive at its very core.”

**Steven Paine:** “I think it’s very offensive too, and it’s totally unacceptable and I have some facts if you’ll bear with me, that I’ll lay out for you, that I think explain the scenario.

There were some missteps, and not by us necessarily. They were from Monongalia County Schools. May I ... if you’ll bear with me, I’ll share about five minutes and give you some factual information. Then also anticipating that this came up because at the reception that we had for Legislators last night, we appreciate the members that showed up. We had a nice time, and then over at the Governor’s reception, I had a chance to talk with some of you as well about this. So, we anticipated that this might come up.

In early 2017, before I arrived as State Superintendent of Schools, and that’s not that significant, there was a report that a vice principal was having an inappropriate



relationship with a student. It was reported to the central office in Monongalia County Schools, specifically to two assistant superintendents of schools, who did an investigation, and then turned that information over to DHHR in Monongalia County. They investigated and they found that there wasn't anything that rose to the level of child abuse or neglect.

The superintendent, or the assistant superintendents at that time, met with the vice principal and said if this is going on, you are to not have any contact with this particular student, period. After that point in time in March, this is from February to March, there was contact. In fact, the assistant principal at ten o'clock at night, had the student in the truck, and there was a kiss. Totally inappropriate. At that point, as Superintendent of Schools, I would have immediately suspended the employee without pay, done an investigation, and that rises in my mind, as a superintendent, to the level of termination. In this case, that did not happen.

The administration allowed this particular vice principal to take medical leave. They did that, okay? At this point we still had not learned of the situation. In fact, we didn't find out until June. It wasn't reported to us. So, they allowed this guy to go ahead and go on leave, medical leave, paid leave, and he resigned ... with the understanding that he would resign from the system. I would say this, and we have a remedy if you're interested. We'd like to correct this, and I know that Heather has been around for a long time, Heather Hutchens, our general council, and we approached the Legislature some years ago, not this Legislature, and there was no interest in changing the laws to tighten things up so that we had more subpoena power, so that we could tighten some loop holes where we need to, to get some of these bad actors out of the system. We have some, and it's unfortunate. But we have some and we have to deal with them.

Anyway, moving forward, this gentleman left, took a job on June 2<sup>nd</sup>, I believe, in Arizona, and at this point, again, we had no knowledge of the situation ... accepted a teaching job at this point. We find out about it. Our investigator, and this is a little bit different than the account. This was not in the order to be fair to the reporter, and I wish it would have been. But we actually ... James Agee, and we have an email, he's our investigator, called the Arizona Department of Education and told them you have a bad

actor. He's under investigation in West Virginia. They actually later, in October, notified us and said thank you for notifying us. Thank you for the call. Now, later, it's my understanding the Arizona folks denied that we ever made contact. We have an email of such communication. So, we have that. So, that was erroneously reported, and again, in fairness, that may not have been in the order that I assigned."

**President Carmichael:** "At what point did some disciplinary board, which I don't even know what's comprised in that disciplinary board, but they said we're not going to revoke his teachers license because we don't want to impact his job."

**Steven Paine:** "So, per code, we have what's called a professional practice panel that serves as a hearing body for situations like this. In this case there were three teachers and one college professor that heard the case. The findings of the practice panel were, we find the vice principal totally credible and the student non credible, and they recommended no action. They basically said since this guy already, since time has transpired, there were other missteps throughout this, and one of those I'd like to mention. There's an attorney from the AG's office that's assigned to the practice panel to provide advice and to write reports and summaries of their proceedings. It took five minutes ... five months, excuse me, for that report to make it our way. When we got it, we digested that and it was presented to me ... it basically said that the panel recommended no action, that there was a suspension, they recommended, of the license for one year in arrears. The guy had already taught for a year. So, in other words, no consequence whatsoever. I suspended the gentlemen's administrative license for a year. Which is actually what flagged him a second time in the system, where Arizona notified somebody and finally followed up. But those are the facts of the matter."

**President Carmichael:** "Okay. Alright, well I wanted to ..."

**Steven Paine:** "I appreciate the opportunity to explain that."

**President Carmichael:** "Yes. Alright, thank you. No further questions. Thank you, Mr. Speaker."

**Speaker Hanshaw:** "Senator Weld."

**Senator Weld:** "Mr. Speaker, change gears here for a second. Dr. Paine, thank you for being here. I read today that the policy on social studies in High School students

was changed to take that away from being one year, and a second year, with the first year really being up, as I recall, up to the reconstruction period, and then the following year, your junior year, being reconstruction to the present. And so that now, I guess, has been collapsed into just one year? Is that correct?”

**Steven Paine:** “One full year, yes sir.”

**Senator Weld:** “What was the reason ... and I will say this in full disclosure and candor, I’m a history guy. So, I find this to be very disheartening. Because I think that ... I think that things ... I don’t think kids have a full grasp of history. I just ... and that could just be the history nerd in me saying that. But I think ... I look at the picture from DMAPs two weeks ago, and I think that that could potentially be, as despicable as it is, an outcropping of ... students today aren’t taught enough about history. I don’t think students realize the full breath of the ... the horrors of the Nazi regime, and they just associate it with WWII. But they don’t know exactly what happened, and so, what’s the reason or the logic behind that change in policy?”

**Steven Paine:** “Well the rationale actually came from the field and from our administrators and some of our teachers, obviously not social studies teachers of which I’m one too. But the U.S. History course that would be collapsed into one, we’re one of two states. The other being Alabama, that taught it in two sections, in two courses. The folks in career technical education, where we offer certificates that lead to jobs, are thrilled with this. Because the fourth credit now, is what we call a flex credit. So, students could continue to take social studies credits if they would like to. But in this STEM world, a student may want to take a math credit. A student may want to take a science credit, a career technical education credit. I’ve got a call with Brad Smith tomorrow to work with entrepreneurship pathways leading into the high school at Marshall and look forward to those discussions with President Gee at WVU. Anyway, that’s what we did. Just as a side note too, a couple of years ago we reduced graduation requirements to 22 from 24.”

**Senator Weld:** “And that’s what I was going to ask about.”

**Steven Paine:** “So, the numbers are 11 counties in the state are at 22 graduation credits. There was this, I think misplaced, idea at the time. We didn’t know what was going to happen, but 44 counties continue to stay above the 22 required state credits. Some

have 28 credits still. The average is 25 credits.”

**Senator Weld:** “Has there been any discussion to go back to the 24 as a policy, to leave the History in place, a social studies, and then go back and then allow that CTE or science elective that they were going to take to kind of serve in that?”

**Steven Paine:** “Actually not at this point. Because having ... again, we’re really trying to provide for the local flexibility at the district level. This was the idea that was born from that local level that we captured in a working group with what’s called Policy 2510. So, I think the idea is, let’s see how this works. And actually, it’s out on Comet right now, Senator. So, if there are those that don’t agree with the change, and we mentioned to LOCEA last night, if you don’t agree with the change, please call us over. Let’s have a discussion. We want to follow the lead of the Legislature in those two. Although ... can’t top that! Anyway, thank you for your comment.”

**Senator Weld:** “Thank you. Thank you, Mr. Speaker.”

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

**Delegate Cowles:** “Thank you, Mr. Speaker. Dr. Paine, there was the issue about the enrollment decline from a month ago, back in November. It was announced that we dropped some 4,122 students in enrollment, and if you go back a year before that, it was four thousand some odd students for about eight or nine thousand lost in two years, and you had some disappointing comments that I want to ask you about, and I asked about last month a little bit. But, in talking about home schoolers, you said in the article that most attendance directors and superintendents are telling us a lot of these folks are bailing out because we’ve put a lot of pressure on them to go to school and behave, when talking about home schoolers. Which I think is a little unfair that ... if anything it may be a small fraction of those or that, and not a lot, and you went on to say that perhaps there were some state policy changes that the board might consider, or you might consider in a legislation, and I would wonder if you would be willing to walk those comments back a little bit and talk about the situation and what home school plays in that enrollment decline.”

**Steven Paine:** “So, I’m glad to walk some of those comments back. Yes, sir. I have also since met with both homeschooling groups’ international attorney, and it quickly was

apparent to me that our districts are not keeping good data on homeschooling, and so, my comment to them was, we need to clean our own house first, and we need to collect data. We're in the process of doing that right now. The superintendents feel strongly about this and actually, they've made this one of their top priorities this year in what they call their Legislative Agenda. Because, what seems to be happening, appears, and before I go further let me say this, we don't want any changes in State Code. We want our districts to enforce the State Code for what it is right now, and talking with the lawyer from the national level, I like the guy. He's really smart, very courteous, and knows his business. He tells me that our homeschooling rate is about 1.8%, if I'm not mistaken, of our total school population, that the national average is about 3%, and so I'd like to say very publicly, as I have, and I'll say it three times, which is Robert Byrd and Biblical. I respect the rights of homeschooling parents and appreciate those that do this the right way, and I'll say that ditto, ditto. Absolutely. But I fear, based on what I've heard from superintendents and attendance, that sometimes, when pressure is placed on a parent of a truant child, the easiest thing for them to do is go to the county office, file a notice of intent to homeschool, and the folks I met with don't want that situation any more than we do. And if that happens, and we lose touch with that child, which happens according to superintendents and attendance directors, then we've destined that child for failure, and most likely a life of social dependency, social financial dependency."

**Delegate Cowles:** "Thank you for that, and none the less, those are pretty steep enrollment declines over the last two years, and I was wondering ... the Senate President asked about poor student achievement that we've had, but what role do you think poor student achievement and the back to back teacher walk outs have played in the student enrollment decline?"

**Steven Paine:** "Well, that's a loaded question. I don't know how to answer that question actually. I would say that none of us want those walk outs. I hope that we never have to experience that again. It was the wrong things to have happen, and it obviously has had a negative impact on the stability of the system, and for that reason I hope that we have some stability so we can stick to teaching and learning. I appreciate the salary increases you've provided to teachers. I think they ought to be grateful. I know that the

issue of charter schools was one they felt strongly about. I don't feel strongly about that. If there's something to learn from in terms of a charter school, I'm glad to learn from that. Is it going to be the silver bullet that turns around student achievement, the NAEP course and so forth? Absolutely not, but it could provide some ... there could be something that would happen in a charter school that could be beneficial for us to take a look at and learn from, and so I think we have to keep an open mind and we have to be objective. I forgot the second part of your question."

**Delegate Cowles:** "Yea, that was the walk out and the poor student achievement, if they played and what their role was, and the decline."

**Steven Paine:** "I'd be remiss if I didn't site that we are seeing gains on our statewide assessment which is much different than the NAEP. As you know, the NAEP test is one test that is given to less than 1% of our total population. It's a sample size that's selected by the national level, IES and NCES, acronyms for stats organizations that are affiliated with the Department of Education. I used to be on the NAGB board, the NAEP board, I know my business there a little bit, and they select the sample size.

I have concerns because Mississippi, once again, who just did a superb job in their sample size. Only 12% of their sample size population were students with exceptionalities, which we love dearly. In our state it was 21%. There's not a whole lot of equitable and fairness there. We're looking at our sample sizes to make sure that we're at a national average. We are the highest state in the country that tested the most students with exceptionalities this past cycle. Now we didn't pay attention to it because we always tell the truth, and we're going to tell the truth in the future, but we want to have our state represented properly. Typically, students with exceptionalities don't perform as well as regular education students. It's not in all cases, and as I said, we love our students dearly, that have exceptionalities. They're just beautiful kids. But I think we have to be fair since there's so much emphasis placed on the NAEP scores. We have to be fair to ourselves as a state too.

The statewide assessments, we are seeing slight gains in mathematics and English, language arts, in the first year of implementation. I'm anxious to see what happens in the second year, and again, subscribing to the theory that stability and

longevity, staying the course, so to speak, over time, we'll bring about student achievement gain, and you know our personal experience in Morgan County. We went from one of the lowest performing districts in the state, to the top third, and we did that by staying the course. I think in creating a climate for success, we've been able to do that there. Prior to that, as a middle school principal, we did the same thing, and what I'm trying to say is, I know what we're doing. We're laying the exact same foundation at a statewide scale that we laid before at a school at a district. The issue is, how do we ensure that all 55 of our districts are implementing the same kinds of things that we know have to happen with fidelity, and there's another policy out there uncommon, if I might go there, Mr. Speaker.

It's an accountability policy as I eluded to earlier, and the accountability policy that we put out there. Put some teeth into holding districts accountable, and actually the School Boards Association, Howard Ocul, the members we worked with, welcomed this policy. He did an analysis of minutes and agendas from the first time around when I ... probably about 2007 or 2008, and he found that 7% to 8% of the agenda items and minutes that reflected discussion of local school boards, only 7% to 8% were focused on academic achievement. That's not acceptable. Because it's local boards that are going to make this happen, and their superintendents. Therefore, they're heightening their awareness of school boards. They're including training opportunities for all their school board members, and we're going to take a look at those same minutes and agendas to make sure they are adopting the no excuses mentality that you want us to adopt."

**Delegate Cowles:** "And what was that policy number for accountability?"

**Steven Paine:** "2322, and again, once again, glad to have discussions with your members at any time. They're out until mid-January, I believe on comment."

**Delegate Cowles:** "Thank you, and I'll just say that I think the better product we put out, it will help enrollment and attendance, no doubt."

**Steven Paine:** "I completely agree."

**Delegate Cowles:** "If you go to a Martinsburg Bulldog's football game, the stands are packed, and it's because they're putting a pretty good product on the field. You go to some other high school stadiums, and it's a lot of parents and brothers and sisters, but

...

**Steven Paine:** “Yes sir, and I’m a die-hard Mountaineer fan and the mantra is trust the climb, and I’m asking you, trust the climb.”

**Delegate Cowles:** “Thank you.”

**Steven Paine:** “I talked to the President. He said, do you want the ball? I said, give me the ball. I want to run with it. And I really, really do, and I’m not going to make any excuses. We are going to roll up our sleeves and we’re going to do the very, very best we can.”

**Delegate Cowles:** “Thank you.”

**Speaker Hanshaw:** “Okay, Senator Plymale.”

**Senator Plymale:** “Thank you, Mr. Speaker. Let’s go back to the truancy issue and things like this. Four to five years ago, we weakened the law here, as the legislative body. We had had some, really gains in the truant side of this, where we had the judges taking a very proactive, and I can take Judge Moats, you know, and others that had really done a really good job. Different areas did it differently, but I still think we’ve got to address the truancy and get back to a little tougher stance of what we did. I really questioned that when we were going through that, I went along with it and I didn’t think that it was something that we needed to do. I really think we’ve got to go back to the same way, where it’s the responsibility that the school systems and the judges do that from a standpoint, and I can tell you from a daughter that is an assistant prosecutor that works on this, they feel like that something needs to be done, it’s a little too lenient, and I think we’ve got to go back to the five-day absence and really be tough on those things. I don’t know that that needs a comment, but I’d really like for someone to follow up on that and come back to us related to that.”

**Steven Paine:** “You know, may I make a comment, Senator Plymale? I know you have another comment, but I can give you something that is quite interesting. Of the students that do withdraw from school, that want to homeschool, in 2018-19, 60% of the enrollees in homeschooling, missed five or more days of unexcused absences. That’s what I’m trying to say very, very, very respectfully, is that ... a former colleague of mine, Mr. Speaker, from Clay County, Jerry Linkinogger, works with their truancy issues and



cases, and I actually deeply respect his judgement. He knows his business, and so when we spoke, he said there's a balance. We need the judges and the judicial involvement, but too much pressure without building a relationship with a parent, and making sure they understand that their child is valuable, and we want them in our public schools, and unfortunately they might turn from the responsibility and choose to homeschool, or some other option."

**Senator Plymale:** "Well, I think what we did before was we left it up to the counties, but we engaged the Supreme Court and the judges in this, and actually had some hearings here related to that. I'll give you an example. Wood County does it very differently than the others and they do it more from a social aspect and a personnel aspect, and Mr. Rutherford ... Rutherford, it's Rutherford in Wayne County, sorry. Mr. Rutherford does a really good job and he's still there. You know, I was talking to the superintendent from Wood County about that. I think that there's different approaches to this, but I think the toughness from us, that five days is critical. You can see student achievement go down. Anytime a student misses five or more days, it is clearly an indicator of what's happening and that we're not going to have learning and, you know, you talk about achievement and all that, it goes right down. I think there's well documented research on that."

**Steven Paine:** "Yes, sir."

**Senator Plymale:** "And wouldn't you agree? You've seen that, I'm sure."

**Steven Paine:** "Yes, sir."

**Senator Plymale:** "Okay, I'm just saying that we need to review that as well as you do, but we need some help on that from a truancy standpoint."

**Steven Paine:** "And regarding student absences, we have already conducted five forms around the state where we have discussed best practices. We have shown a, what we call an early warning data system, students at risk of dropping out of school and how to identify those kids and intervene with their parents, and strategies. We're doing everything that we possibly can. Now we have to count on our districts, our superintendents, their staff members and the principals to step up and do the right job."

**Senator Plymale:** "I have two other real quick things. It may not be quick; I hope

they are. One is ... I'm going to harp on this, and I did last night in LOCEA and you were not there. So, I'm going to harp on it again. Teacher preparation, our teacher preparation programs are not preparing the teachers for the future as it relates to technology, as it relates to computer science and different things like this. I understand what we're doing with Brad Smith in terms of entrepreneurship and the Intuit brand and model. That is excellent. I think it's fantastic, and a school of business can only go so far. A school of education, a college of education, has to get into the 21<sup>st</sup> Century because of digital portfolios and things like this. You all are, and the reason I bring up teacher preparation programs, you all have that jurisdiction from the state board."

**Steven Paine:** "Correct."

**Senator Plymale:** "And I really want to make sure that we're getting ... we keep talking about this, but I see no action."

**Steven Paine:** "Well, you're getting action. So, we hired somebody. We just restructured the Department of Education today. But we are also working with the Higher Ed Policy Commission on teacher preparation programs. We have five areas, working groups where we are working closely with Sarah Tucker. I can't say enough good about Chancellor Tucker and our collaborative working relationship, and we have committed ourselves, and we have senior reps from the Department and from HEBC looking at the issue of higher education, how we prepare teachers, and we are moving forward with a one-year teacher residency model in the last year of teaching to give teachers an opportunity to gain more classroom experience. We find that with those residency models, higher levels of student achievement exist."

**Senator Plymale:** "Well, I will say that in looking at this from an international study group, that we looked at ... and everybody says, well you don't want to look where states versus countries. But to be honest with you, Estonia has done great things and they're 1.3 million people. So, I think that ... and Finland has gone from nine teacher preparation programs, to five, and they're 4.2 million. That's the equivalent to what Kentucky is. So, you know, we're not talking about, these may be countries. We're states that are the same size as a lot of these countries. They have made significant progress in those areas, and I think that we've got to take a real tough stance on this."

**Steven Paine:** “I think you’re point is well taken, and the city-state of Singapore, to one of Finland, and the others has one, The National Institute of Education. One institution that prepares teachers. One thing that’s been very controversial, but welcome to our world of accountability, I would recommend it and would appreciate your support to hold teacher preparation institutions accountable for their graduates, and let’s track student test scores, back to those teachers, back to the programs that they came out of, and we can do that. If we’re going to talk serious accountability and no excuses, I’m all for that.”

**Senator Plymale:** “Well, I think that Linda Darling-Hammond has some pretty clear definitive roles and ways that you can do this. I do respect her greatly, and consider her a friend, but also consider her to be highly effective in communicating this. So, alright. Thanks.”

**Speaker Hanshaw:** “Delegate Summers.”

**Delegate Summers:** “Thank you, Mr. Speaker. Thank you, Dr. Paine. I just had one comment because you were talking about teacher preparation and truancy, a second comment, I guess. But on the teacher preparation, when I met with WVU provost recently, I said this benedum five-year program was really turning out great teachers.”

**Steven Paine:** “I agree.”

**Delegate Summers:** “Yea, because they’re getting their Master’s in five years, but they also have one entire year where they are in the classroom teaching, and when they go to their new job, like they’re ready. They’ve managed a classroom for a year and they’ve kind of scaled back on that, and I just really would encourage ... it’s turning out prepared teachers. They know technology, they’ve got classroom management. They feel confident when they go in, even though they’re 22 years old. They feel confident.”

**Steven Paine:** “I totally agree. When I was the superintendent in Morgan County, we tried to get as many of those kids that came out of the five-year program that had a master’s degree and a ton of experience in the classroom, they were not beginning teachers. They were veteran teachers already. I agree with you. Why they did that, I don’t know. But the residency model that we’re looking at can come close to that with the clinical experiences that the teachers will get. It’s basically very similar to a medical model.

**Delegate Summers:** “But are they going to get their master’s in that? Like, you’re doing the bachelor’s when the one-year residency, but do they really achieve the master’s degree where they get the higher pay? Which is ... we need them to come in at that scale where they can get the higher pay.”

**Steven Paine:** “They will not, and I’ll go back, and I’ll ask Lisa Hedrick, that we just hired, who came to ... who was here first, went to ETS, dealt with teacher preparation programs in seven states and she came back. I’m going to ask her if she knows of any models like that, and I’ll get back to you.”

**Delegate Summers:** “Okay, because that model, that benedum five-year is that model, but you get your master’s. And the second comment was just about the truancy. I know that Judge Moats is my judge. We speak a lot. He said they really are so overwhelmed with abuse and neglect; they can’t take back the truancy. I mean, they’re just too overwhelmed even though maybe that was the better choice at the time. Thank you.”

**Steven Paine:** “He did an excellent job. I recall Judge Moats, and he worked beautifully with families and kids.”

**Speaker Hanshaw:** “Senator, for a quick follow-up.”

**Senator Plymale:** “As it relates to the teacher preparation, I think that they abandoned the benedum collaborative at most places. I don’t think benedum is real happy. I know Jim Denova is not happy with that.”

**Steven Paine:** “Correct.”

**Senator Plymale:** “Because that set a higher standard, and I don’t think WVU is the only school that was doing that. All schools were meeting a little higher standard related to that. But I also go back and ... my quick point is, what Cabell County did, and the innovation is they actually took the teacher mentor, you know, program and money they had for that, and rolled that into where they brought all teachers who were going in for the first year, and they did what schools should have been doing to prepare them for the classroom more, in terms of teacher ... in terms of professional development, and that’s sad that you have to take that money, even though it’s a better use of the money than what we were doing with it before. But that’s done and that was part of the Harless

Center that was doing that. So, I think that that was quite effective in terms of that. But it's sad that you have to do that, when it should be done."

**Steven Paine:** "I agree. The spirit of the gravity that I heard from the Speaker; I agree."

**Senator Plymale:** "Thank you."

**Speaker Hanshaw:** "Delegate Shott to wrap it up."

**Delegate Shott:** "Thank you, Mr. Speaker and I'll try to be brief. You have partially addressed the question that's been on my mind. Which is dealing with the testing, the sample size. I was told by a local school board member that other states are exempting children that we might be including within the samples we test, and so my question is, is there not a standard size sample? In other words, if we're testing more children with exceptionalities than other states, then we can ... It's pretty predictable that the results aren't going to be as good, and so, do we control that, or does some outside entity control that? How does that ... how is that determined?"

**Steven Paine:** "The National Center for Educational Statistics selects the sample size and determines that based on the demographic structure of the state, and based on the sample that we turn in ... I really appreciate your point. In my first go around, I wrote a letter to the NAGB board, the National Assessment Governing Board that governs the NAEP test, and I asked them to make sure there was a level playing field. So, the NAEP has now taken on. It wasn't intended to do state by state comparisons. But since it has been, it becomes very important to all of us to make sure that we have a level playing field, and I suggested that we all have the same sample sized population of our students, and they agreed, and they got to that. When I came back the second time, we've gotten completely away from it, and it all has to do with the number of students that you identify as student with exceptionality. We used to identify, my first go around, anywhere from 16%-17%. That number is around 21%, not including those that are identified as gifted students. Then it goes up to about 25%. So, we are looking at that, and I'm glad to get back to you, Mr. Delegate, about that, and we're ... we want to do the right thing. We want to follow the law, but we also want what's fair for us too."

**Delegate Shott:** "Yes, it doesn't seem fair for us to be criticizing our professional

educators for lower performance if the sample size of students that they're testing is totally different than who they're being compared with."

**Steven Paine:** "As I said, we tested 21% of our kids, students with exceptionalities than in Mississippi, who lead the country, and I don't discredit their work. They did a great job, but they did test only 12% of their kids. It probably has something to do with the numbers of kids they identified, total."

**Delegate Shott:** "Is there any way to adjust the results based on the difference in the sample size?"

**Steven Paine:** "There was last year, and I don't have those results this year. Last year, students that came from low income families, and students with exceptionalities, we compared extremely favorably to the rest of the states in the county. But NAEP did not provide that breakdown this year of that, of that demographic breakdown."

**Delegate Shott:** "Well those tests have taken on extraordinary importance, and that's why it's important for us to understand there are disparities in the samples that are being used. We need to know that. The second question that I have deals with student consequences. One of the things I heard repeatedly at the forums that you all scheduled, was it's unfair for us to be ... and this is coming from professional educators, it's unfair for us to be judged by performance of students that don't care, and have no consequences ... no skin in the game, so to speak. So, my question to you is do other states deal with that issue differently, to motivate their students than our students, or is that kind of a cop out?"

**Steven Paine:** "We have a different demographic structure of students in West Virginia, perhaps, than other states. But I actually think it's a cop out quite frankly. I understand ... It's a common problem to every state in the country, and so my response to that is we need to vary our instructional strategies and do what works to make sure those students are engaged in the classroom as best we can, realizing that students bring a lot of baggage to the table, and we need to equip our teachers more effectively with the tools that they need to do a better job with these challenging students. But those students exist in every state in the country. There tend to be more students with challenges where there are low income ... lower incomes, as I'm sure you're aware of that, and we tend to

be a lower income state. So, we may have more student's percentage wise than perhaps some of the other states."

**Delegate Shott:** "Well, I mean, is that what your observation has been though? The older ... these older children, when they're tested, some of them realize that there's no consequence for doing poorly, and they just show up."

**Steven Paine:** "That is correct. Now we've seen that change with the High School assessment right now. Because there are some tools that allow students to keep track of their pretest/posttest, and so it's a challenge to them. Okay, I pretested here, let's see how much I can grow in the posttest. We are actually seeing that, but that's ... that comes from a tool that's provided to the kids where they can do that. But it remains student motivation on the assessments. I think I missed your question the first time around. The student motivation on the assessments, Delegate Shott, is an issue."

**Delegate Shott:** "Is there any thought given to somehow incentivizing them, either positively or perhaps even negatively, based on performance?"

**Steven Paine:** "Yes, sir. We can provide strategies, best practices, suggestions, and the districts really need to come up with a solution customized to their needs."

**Delegate Shott:** "Okay, thank you."

**Speaker Hanshaw:** "Thank you very much for being here this evening."

**Steven Paine:** "Thank you, sir."

**Speaker Hanshaw:** "Let's move on to medical cannabis."

**Catherine Slemp:** "Good evening, sir and committee. I'm Dr. Cathy Slemp. I'm the Commissioner with the Bureau of Public Health, and I'm excited to be here today to give you an update on the medical cannabis program. Given the hour, I will cut straight to the chase, and then hand it over for just a moment. The gist of things is, after much waiting, and an incredible amount of work by our sister agencies, our staff, collaborators, the Legislature, we are now launching a medical cannabis industry in West Virginia in 45 hours. So, that actually begins this week. There is nobody in the state, I would say, that has probably worked harder on that, or is more knowledgeable about the process than Jason Frame, who is director of our office, Medical Cannabis. He was the only staff person until the program was funded this summer and we're now hiring other staff. Jason is going

to give you a couple of really high-level bullet points on that launch and the program, and then we'll open up for questions. Thanks.”

**Speaker Hanshaw:** “Okay, questions of Dr. Slemp or Mr. Frame?”

**Jason Frame:** “I am Jason Frame, Director, Office of Medical Cannabis. Just a couple of high points of the program. As Dr. Slemp mentioned, this Thursday at 3:00 pm we open up for industry applications. That’s growers, processors, dispensaries, and laboratories, working really hard to get to that point for a couple of years now. So, we’re pretty proud of that accomplishment.

Next up, seed to sell. Another very large piece of our program. It’s our inventory tracking system to help prevent diversion of medical cannabis to illicit sources. We hope to have that contract in place within the next month, around the first of the year.

Next up, our scoring system to help evaluate these applications is almost completed. Actually, part of it is awaiting Dr. Slemp’s signature now. So, within the next few days we should have that available to the public also. So, there’s high points to the program and the immediate accomplishments. So, I’m open to any questions that you may have.”

**President Carmichael:** “Okay, questions of either of our guests? Delegate Bates.”

**Delegate Bates:** “Thank you, Mr. Speaker. Two questions: When would you anticipate people being able to have product, have medicine?”

**Jason Frame:** “Sure. We anticipate that happening in 2021. A lot of the milestones in the program from this point forward are fixed. The one variable that we don’t have control over, is how long will it take to evaluate and score these applications. Our scoring team will be fixed. Their procedures will be fixed. The variable in that process is the amount of applications we receive. We particularly expect a lot of applications on the dispensary side. One thing we’re going to mitigate that possible delay is scoring the growers and processors first. That way if we need to, we have the option to release those permits first. Those facilities can start developing and ultimately developing the products to have them available for the public.”

**Delegate Bates:** “So, 2021, over a year from now.”

**Jason Frame:** “Correct.”



**Delegate Bates:** “And 2021 January, or 2021 December?”

**Jason Frame:** “I think mid-2021, is a realistic goal.”

**Delegate Bates:** “Mid-2021. Okay, and that’s a goal? How much money have we spent so far on trying to get this program off the ground, state dollars?”

**Jason Frame:** “I don’t have an exact figure. Our permitting system, for example, was approximately \$900,000 for the complete contract.”

**Delegate Bates:** “You could probably get back to us and provide us with the report that basically says this is what ... this is what the amount of money we spent to this point, and this is the amount of money that we need to be able to get the program launched by 2021.”

**Jason Frame:** “Absolutely, we can definitely get you exact numbers.”

**Delegate Bates:** “So, we’ve not received any income at all from this. At this point we’ve got permitting fees?”

**Jason Frame:** “That’s correct, the income will come from permitting fees and also ultimately taxes.”

**Delegate Bates:** “Okay, so as of today, we’re like a goose egg in terms of income.”

**Jason Frame:** “That’s correct.”

**Delegate Bates:** “Yes, thank you.”

**Catherine Slemp:** “First funding was from the Legislature in July, for the program.”

**Delegate Bates:** “And when was this bill passed?”

**Jason Frame:** “2017.”

**Delegate Bates:** “So, 2017, zero dollars, and we’ll have product in 2021.”

**Jason Frame:** “That’s correct.”

**Delegate Bates:** “Thank you. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Other questions for our presenters? Okay, if not, Mr. Frame, Dr. Slemp, we thank you. The Chair would advise the members and the guests today of two reports also contained in our booklet this evening; one from the WV Veteran’s Housing Report, and one containing a report on land reuse and right of first refusal in tax sales. We received those reports earlier today. They are available to all the members and to the public. Lastly the Chair needs a motion to approve the dates of the January interim

meeting for 2020, of January 6<sup>th</sup> and 7<sup>th</sup>.”

**Delegate Summers:** “So moved.”

**Speaker Hanshaw:** “Delegate Summers moves that the committee approve interim meeting to be held on Monday and Tuesday, January six and seven. Is there discussion? If not, those in favor will please say aye, those opposed please say no. The ayes have it. The Chair declares the motion adopted. Senator Plymale, are you seeking recognition? You’re recognized. Proceed.”

**Senator Plymale:** “Thank you, Mr. Speaker. I do want to make sure that something that’s really important to our area, the report for Beech Fork has been sent. I think it was sent to you and I know that Delegate Rohrbach is here, but all we want to do is make sure ... this is something he was given at the meeting that we’d asked for that outlines the revenue and expenses that are at all of our, you know, no one’s breaking even except for Chief Logan, or even close to breaking even, except for Chief Logan, and I just wanted to make sure that the standard that Beech Fork’s being led to is a new ... I mean, now a standard that you have to be completely up front, you know, pay for yourself, and I would like just to give Delegate Rohrbach a minute or two to speak to this. Because we both attended the meetings and attended all the meetings that have been brought up and this report is now before us, at least it will be to the Joint Committee as one that they have to submit, and I think you all may have received it or not?”

**Speaker Hanshaw:** “Is your request to call Delegate Rohrbach?”

**Senator Plymale:** “Yes, please.”

**Speaker Hanshaw:** “Is there objection to the Delegate addressing the committee? We hear no objection. Delegate, the podium is yours.”

**Delegate Rohrbach:** “Thank you, Mr. Speaker, and I will be brief. I know the hour is late. As the Senator said, if you would go back to last session, both chambers approved a public/private partnership study for the Beech Fork Lodge. Your committee is in receipt of that report. The Senator and I attended all the meetings and in preparation for the meetings, I’d had, and I think they’ve provided to you a copy of a report of how our other lodges are doing. Now, Stonewall is exempted from that report because it’s a little different type of operation. But, I guess what ... the plea that we’re making from our ... the western

side of the state, we'll call it the western gateway and I'm going to include five counties in that; Mason, Cabell, Wayne, Lincoln, and Putnam. So, if you come into this state from the west, that's where you're coming into. We have a few wildlife management areas. That's basically it, and a campground at Beech Fork. So, we have a five-county area there that is basically unserved, and it's hard for us to get tourism without things for people to do. We'd love to have it. We have a beautiful lake at Beech Fork. We have the most utilized state park campground in the state park system, that actually breaks even. We think the lodge would settle in, and do well. Now, the report that you're in receipt of doesn't exactly say that. I guess the Senator and I's plea, and he said it, we just want to make sure the rules are the same for everyone, and as you can see, our lodges are not doing well, most of them. I personally, and I speak for myself, look at this as an amenity to our citizenry in that area, to generate jobs, to generate tax base, to generate a nicety to help attract business to our end of the state. I would ask your indulgence to give this report consideration. But just because it's not breaking even under the projections that you'll see, don't just stifle our chance to get this lodge. Because we need this lodge and this five-county region is really not served by the state at all. So, I just ... I provide that data for what it is. That data was generated by the State Park System. That's not my data, that's strictly from them, and I provide that for your perusal along with the report as you'll take due consideration thereof. So, I thank you for your time and appreciate your consideration. Thank you, Mr. Speaker."

**Speaker Hanshaw:** "Senator Plymale."

**Senator Plymale:** "Mr. Speaker, he is my Delegate. So... one of my two Delegates, so I do ... we're not a single-member district, I know that. But he is my Delegate. So, thank you."

**Speaker Hanshaw:** "The Chair recognizes Delegate Bates."

**Delegate Bates:** "Thank you, Mr. Speaker. Just a request. We start very early this year, as you ... we're all aware."

**Speaker Hanshaw:** "I'm sorry?"

**Delegate Bates:** "We start very early this year as you're aware. I would ask, make a request, that the interim schedule for meetings be set as quickly as possible. So, we

can do some preparation ahead of the schedule. Our general interim meetings, Monday and Tuesday, will lead into Wednesday, start of the session. So, as soon as that schedule could be set, the meetings for Monday and Tuesday, that would help in planning.”

**Speaker Hanshaw:** “Oh, you mean the actual schedule for January?”

**Delegate Bates:** “Yes.”

**Speaker Hanshaw:** “I thought you were talking about the 2020 sch ... we have already prepared such a schedule. It may be available as early as tomorrow.”

**Delegate Bates:** “Fantastic, thank you very much.”

**Senator Blair:** “May I follow up on that, please?”

**Speaker Hanshaw:** “Sure.”

**Senator Blair:** “It’s only going to take a second.”

**Speaker Hanshaw:** “Senator Blair.”

**Senator Blair:** “Don’t ... yeah, well I’m sorry that I irritate you with this. It’s getting late in the day, but the fact of the matter is, you’ve got a good point there. These interim schedules are coming out late and we actually schedule a lot of meetings around these interims, days after, days before, and they’ve been lagging out here to where it’s been difficult for us to be able to manage our schedules. So, the President’s not here right now, but any work that can be done to be able to manage that better into the future would be greatly appreciated, so that we can be more productive when we’re here.”

**Speaker Hanshaw:** “And our agencies, and our agency folks too. We think that, at least for next month, we should have it maybe as early as tomorrow. Do we have any other business to come before us this evening? No one? Okay if not, Delegate Summers for a motion.”

**Delegate Summers:** “Motion to adjourn.”

**Speaker Hanshaw:** “Those in favor of adjourning the meeting, any opposed? Okay we are 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*

January 2, 2020

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

- West Virginia Lottery as of November 30, 2019:  
Gross profit year to date was \$207.7 million. Gross profit for fiscal year 2019 was \$211.7 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2019:  
Total disbursements were \$21.5 million higher than in fiscal year 2019. Overall ending trust fund balance was \$32 million higher on November 30, 2019 than on November 30, 2018.
- General Revenue Fund as of December 31, 2019:  
The general revenue collections ended the sixth month of fiscal year 2020 at 99% of the estimate for the year.
- State Road Fund as of December 31, 2019:  
The state road fund collections ended the sixth month of fiscal year 2020 at 103% 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: December 30, 2019

Re: Review of West Virginia Lottery Financial Information  
As of November 30, 2019

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for November 30, 2019, 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 \$463 million for July - November 2019. Table games accounted for \$14.7 million of this total. Historic Resort Hotel video lottery and table games accounted for \$2.8 million of total gross receipts. Gross lottery revenue has decreased by 1.6% when compared with July - November of fiscal year 2018-2019. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - November was \$207.7 million; for July - November of last fiscal year it was \$211.7 million. Expressed as a percentage, gross profit is 1.9% lower for fiscal year 2020 than for fiscal year 2019.

Lottery continued

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

A total of \$198,042,000.00 has been accrued to the state of West Virginia for fiscal year 2019-2020. 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:

**State Lottery Fund:**

Bureau of Senior Services	\$37,699,000.00
Community and Technical College	\$2,499,000.00
Department of Education	\$16,628,000.00
Library Commission	\$10,203,000.00
Higher Education-Policy Commission	\$6,379,000.00
Tourism	\$5,839,000.00
Department of Natural Resources	\$2,958,000.00
Division of Culture and History	\$3,491,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$4,997,000.00
School Building Authority	\$9,000,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$99,693,000.00</b>

Lottery continued

**Excess Lottery Fund**

Economic Development Fund	\$10,511,000.00
Higher Education Improvement Fund	\$7,500,000.00
General Purpose Fund	\$20,953,000.00
Higher Education Improvement Fund	\$9,348,000.00
State Park Improvement Fund	\$485,000.00
School Building Authority	\$9,496,000.00
Refundable Credit	\$734,000.00
WV Racing Commission	\$645,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$0.00
WV Lottery Statutory Transfers	\$19,670,000.00
Economic Development Authority	\$2,197,000.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$15,894,000.00
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$97,433,000.00</b>

Total Budgetary Distributions:	\$197,126,000.00
Veterans Instant Ticket Fund	\$325,000.00
<b>TOTAL TRANSFERS</b>	<b>*\$197,451,000.00</b>



Lottery continued

\* CASH BASIS

Total Accrued last FY 2019:	\$162,718,000.00
Total Cash Distributions FY 2020:	\$197,451,000.00
Applied to FY 2019:	\$162,718,000.00
Applied to FY 2020:	\$34,733,000.00
Accrued for FY 2020 as of October 31:	\$163,309,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

JOHN A. MYERS  
DIRECTOR

PHONE: 304.558.0500  
wvlottery.com

**MEMORANDUM**

TO: Joint Committee on Government and Finance  
FROM: John A. Myers, Director

A handwritten signature in blue ink that reads "John A. Myers".

RE: Monthly Report on Lottery Operations  
Month Ending November 30, 2019

DATE: December 17, 2019

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

Financial statements of the Lottery for the month ending November 30, 2019 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$90,459,674 for the month of November.

Transfers of lottery revenue totaling \$36,616,373 made for the month of November 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 11 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of November 30, 2019 was 1,497 and 1,223 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.

JAM  
Attachment

pc: Honorable Jim Justice, Governor  
Dave Hardy, Cabinet Secretary – Dept. of Revenue  
John Perdue, Treasurer  
J. B. McCuskey, Auditor  
Members of the West Virginia Lottery Commission

**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**November 30, 2019**

**WEST VIRGINIA LOTTERY**

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

ASSETS	November 30, 2019	June 30, 2019
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 186,780	\$ 190,837
Accounts receivable	33,215	33,581
Inventory	657	641
Other assets	1,766	1,790
Total Current Assets	<u>222,418</u>	<u>226,849</u>
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(15,875)</u>	<u>(15,179)</u>
Net Capital Assets	<u>45,677</u>	<u>46,373</u>
Total Noncurrent Assets	<u>45,677</u>	<u>46,373</u>
Total Assets	<u>\$ 268,095</u>	<u>\$ 273,222</u>
Deferred outflows of resources	<u>\$ 1,306</u>	<u>\$ 1,306</u>
Total assets and deferred outflows	<u>\$ 269,401</u>	<u>\$ 274,528</u>
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 163,309	\$ 162,718
Estimated prize claims	15,573	14,918
Accounts payable	1,674	2,260
Other accrued liabilities	31,558	37,345
Total Current Liabilities	<u>212,114</u>	<u>217,241</u>
Deferred inflows	<u>\$ 1,666</u>	<u>1,666</u>
<b>Net Position:</b>		
Net Investment in capital assets	45,677	46,373
Unrestricted	<u>9,944</u>	<u>9,248</u>
Total Net Position	<u>55,621</u>	<u>55,621</u>
Total net position, liabilities, and deferred inflows	<u>\$ 269,401</u>	<u>\$ 274,528</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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2019**

(In Thousands)  
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	FY 2020	FY 2019	FY 2020	FY 2019
Lottery revenues				
On-line games	\$ 5,133	\$ 5,179	\$ 24,855	\$ 39,904
Instant games	9,223	9,291	50,357	44,255
Racetrack video lottery	39,735	39,454	205,490	210,420
Limited video lottery	32,771	31,714	164,000	158,037
Table games	2,879	2,886	14,653	14,645
Historic resort	496	602	2,842	3,191
Sports wagering	223	133	1,143	400
	<u>90,460</u>	<u>89,259</u>	<u>463,340</u>	<u>470,852</u>
Less commissions				
On-line games	355	368	1,735	2,797
Instant games	646	649	3,526	3,091
Racetrack video lottery	21,800	21,646	112,740	115,445
Limited video lottery	16,058	15,540	80,360	77,438
Table games	1,221	1,224	6,216	6,212
Historic resort	267	286	1,498	1,646
	<u>40,347</u>	<u>39,713</u>	<u>206,075</u>	<u>206,629</u>
Less on-line prizes	2,594	2,387	12,284	19,891
Less instant prizes	6,167	6,151	33,713	29,556
Less ticket costs	91	101	511	480
Less vendor fees and costs	437	(283)	3,008	2,566
	<u>9,289</u>	<u>8,356</u>	<u>49,516</u>	<u>52,493</u>
Gross profit	<u>40,824</u>	<u>41,190</u>	<u>207,749</u>	<u>211,730</u>
Administrative expenses				
Advertising and promotions	456	287	2,388	2,601
Wages and related benefits	870	848	4,381	4,354
Telecommunications	51	136	186	369
Contractual and professional	617	1,135	2,489	2,982
Rental	20	11	85	90
Depreciation and amortization	138	139	696	697
Other administrative expenses	153	135	967	665
	<u>2,305</u>	<u>2,691</u>	<u>11,192</u>	<u>11,758</u>
Other Operating Income	<u>136</u>	<u>153</u>	<u>3,025</u>	<u>2,306</u>
Operating Income	<u>38,655</u>	<u>38,652</u>	<u>199,582</u>	<u>202,278</u>
Nonoperating income (expense)				
Investment income	284	219	1,771	1,140
Distributions to municipalities and counties	(642)	(622)	(3,214)	(3,098)
Distributions -capital reinvestment	(18)	(17)	(97)	(104)
Distributions to the State of West Virginia	(38,279)	(38,232)	(198,042)	(200,216)
	<u>(38,655)</u>	<u>(38,652)</u>	<u>(199,582)</u>	<u>(202,278)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,621</u>	<u>55,199</u>	<u>55,621</u>	<u>55,199</u>
Net position, end of period	<u>\$ 55,621</u>	<u>\$ 55,199</u>	<u>\$ 55,621</u>	<u>\$ 55,199</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2019**

(In Thousands)  
- Unaudited -

	2020	2019
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 466,731	\$ 478,199
Cash payments for:		
Personnel costs	(4,381)	(4,354)
Suppliers	(6,769)	(5,171)
Other operating costs	(254,991)	(262,376)
Cash provided by operating activities	<u>200,590</u>	<u>206,298</u>
<b>Cash flows from noncapital financing activities:</b>		
Nonoperating distributions to the State of West Virginia	(197,451)	(213,280)
Distributions to municipalities and counties	(3,201)	(3,089)
Distributions to racetrack from racetrack cap. reinv. fund	(5,800)	(5,953)
Cash used in noncapital financing activities	<u>(206,452)</u>	<u>(222,322)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Investment earnings received	<u>1,805</u>	<u>1,167</u>
Cash provided by investing activities	<u>1,805</u>	<u>1,167</u>
Increase (decrease) in cash and cash equivalents	(4,057)	(14,857)
Cash and cash equivalents - beginning of period	190,837	146,661
Cash and cash equivalents - end of period	<u>\$ 186,780</u>	<u>\$ 131,804</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 199,582	\$ 202,278
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	696	697
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	366	5,041
(Increase) decrease in inventory	(16)	(47)
(Increase) decrease in other assets	(10)	(7)
Increase (decrease) in estimated prize claims	655	(1,435)
Increase (decrease) in accounts payable	(586)	184
Increase (decrease) in other accrued liabilities	(97)	(413)
Cash provided by operating activities	<u>\$ 200,590</u>	<u>\$ 206,298</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; 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 \$654,712 and \$631,080 at June 30, 2019 and 2018, 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.

**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 November 30, 2019 the carrying amounts of deposits (overdraft) with financial institutions were \$492 thousand with a bank balance (overdraft) of \$501 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):

	<u>November 30, 2019</u>	<u>June 30, 2019</u>
Deposits with financial institutions	\$ 492	\$ 448
Cash on hand at the Treasurer's Office	17,450	12,689
Investments with BTI reported as cash equivalents	<u>168,838</u>	<u>177,700</u>
	<u>\$ 186,780</u>	<u>\$ 190,837</u>

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 November 30, 2019 is as follows (in thousands):

Capital Assets:	Historical Cost At June 30, 2019	Additions	Deletions	Historical Cost At November 30, 2019
Construction in Progress	\$ 629	\$ -	\$ -	\$ 629
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 61,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,552</u>
Accumulated Depreciation:	Historical Cost At June 30, 2019	Additions	Deletions	Historical Cost At November 30, 2019
Buildings	\$ 7,699	\$ 514	\$ -	\$ 8,213
Equipment	7,480	182	-	7,662
	<u>\$ 15,179</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ 15,875</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 LOTTO AMERICA® 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, Lotto America, 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®, LOTTO AMERICA®, 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 November 30, 2019 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	\$ 1,745,288	\$ 8,880,843
Lotta America	391,534	1,900,264
Mega Millions	1,258,646	5,254,790
Total	\$ 3,395,468	\$ 16,035,897

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 876,189	\$ 4,458,541
Lotta America	196,999	951,789
Mega Millions	629,362	2,627,853
Total	\$ 1,702,550	\$ 8,038,183

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>Lotto America</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 November 30, 2019, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 121,889,347	\$ 1,551,961
Lotto America	3,592,470	263,701
Mega Millions	96,170,812	1,034,093
Total	\$ 221,652,629	\$ 2,849,755

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

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

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

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 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 \$14,225,998 at November 30, 2019, of which the Lottery's share was \$1,340,810.

**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. Sixty-six percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) 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 11 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, 49% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%).

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

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

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 11.

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.

A summary of racetrack video lottery revenues for the month ended November 30, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 445,609	\$ 435,710	\$ 2,301,628	\$ 2,336,277
Credits (prizes) won	(399,976)	(390,860)	(2,063,054)	(2,094,614)
Promotional credits played	(5,898)	(5,396)	(33,084)	(31,243)
MWAP Contributions	-	-	-	-
Gross terminal income	39,735	39,454	205,490	210,420
Administrative costs	(1,589)	(1,578)	(8,220)	(8,417)
Net Terminal Income	38,146	37,876	197,270	202,003
Less distribution to agents	(21,800)	(21,646)	(112,740)	(115,445)
Racetrack video lottery revenues	<u>\$ 16,346</u>	<u>\$ 16,230</u>	<u>\$ 84,530</u>	<u>\$ 86,558</u>

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

	November 30, 2019	Year-to-Date
State Lottery Fund	\$ 11,444	\$ 59,181
State Excess Lottery Revenue Fund	4,902	25,349
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 16,346</u>	<u>\$ 84,530</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 November 30, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 416,924	\$ 401,897	\$ 2,094,481	\$ 1,999,338
Credits (prizes) won	(384,153)	(370,183)	(1,930,481)	(1,841,301)
Gross terminal income	\$ 32,771	\$ 31,714	\$ 164,000	\$ 158,037
Administrative costs	(655)	(634)	(3,280)	(3,160)
Gross Profit	32,116	31,080	160,720	154,877
Commissions	(16,058)	(15,540)	(80,360)	(77,438)
Municipalities and Counties	(642)	(622)	(3,214)	(3,098)
Limited video lottery revenues	<u>\$ 15,416</u>	<u>\$ 14,918</u>	<u>\$ 77,146</u>	<u>\$ 74,341</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. The commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:



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

**NOTE 8 – TABLE GAMES (continued)**

- 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 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended November 30, 2019 were \$8,226,825 and \$41,864,506, respectively. 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	
	2020	2019	2020	2019
Table Games Privilege Tax	\$ 2,879	\$ 2,886	\$ 14,653	\$ 14,645
Interest on Table Games Fund	6	5	31	28
Administrative costs	(247)	(247)	(1,256)	(1,255)
Total Available for Distribution	<u>2,638</u>	<u>2,644</u>	<u>13,428</u>	<u>13,418</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	184	185	942	942
Thoroughbred & Greyhound Development Funds	148	148	754	753
Racing Association Pension Plan	73	73	370	369
Municipalities/ Counties	<u>816</u>	<u>818</u>	<u>4,150</u>	<u>4,148</u>
Total Distributions	<u>1,221</u>	<u>1,224</u>	<u>6,216</u>	<u>6,212</u>
Excess Lottery Fund	<u>\$ 1,417</u>	<u>\$ 1,420</u>	<u>\$ 7,212</u>	<u>\$ 7,206</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 November 30, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 7,465	\$ 7,987	\$ 36,666	\$ 37,359
Credits (prizes) won	(6,929)	(7,551)	(33,871)	(34,803)
Promotional credits played	(162)	(81)	(736)	(341)
Gross terminal income	374	355	2,059	2,215
Capital reinvestment	(18)	(17)	(97)	(104)
Excess Lottery Fund	(3)	(3)	(19)	(20)
Administrative costs	(20)	(19)	(111)	(119)
Hotel commissions	(158)	(150)	(871)	(937)
Net terminal income	175	166	961	1,035
Historic Resort Hotel Fund	111	106	612	658
Human Resource Benefit Fund	64	60	349	377

**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 November 30, 2019 were \$347,745 and \$2,238,419, respectively.

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:

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Table games privilege tax	\$ 122	\$ 247	\$ 783	\$ 976
Administrative Costs	(16)	(32)	(101)	(125)
Total Available for Distribution	106	215	682	851
Historic Resort Hotel Fund	89	180	570	712
Human Resource Benefit Fund	17	35	112	139

**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):

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 111	\$ 612
Historic Resort Table Games	89	570
Interest on Historic Resort Hotel Fund	1	5
Historic Resort Hotel Fund Net Income	201	1,187
Municipalities/ Counties	28	166
Excess Lottery Fund	173	1,021
Total Distributions	\$ 201	\$ 1,187

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

**NOTE 10– SPORTS WAGERING**

Sports Wagering legislation passed in 2018 per Senate Bill 415. Each racetrack and historic resort hotel licensee is subject to a privilege tax of ten percent (10%) of adjusted gross wagering receipts which will be deposited weekly into the Sports Wagering Fund.

From the privilege tax deposited into the Sports Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

After the reduction for administrative expenses, the net profit shall be deposited into the State Lottery Fund until a total of \$15 million is deposited. The remainder of net profit shall be deposited into the Public Employees Insurance Agency Financial Stability Fund.

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended November 30, 2019 were \$2,227,221 and \$11,433,445, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Sports Wagering Privilege Tax	\$ 223	\$ 133	\$ 1,143	\$ 400
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(34)	(20)	(171)	(60)
<b>Total Available for Distribution</b>	<b>189</b>	<b>113</b>	<b>972</b>	<b>340</b>

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

**NOTE 11- 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, 2020 the State Legislature budgeted \$127,808,000 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 \$6,101,112 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 November 30, 2019 the Lottery has accrued additional distributions of \$163,308,553. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>November 30, 2019</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,499
Bureau of Senior Services	4,887	37,699
Department of Education	2,153	16,628
Library Commission	1,313	10,203
Higher Education-Policy Commission	828	6,379
Tourism	767	5,839
Natural Resources	392	2,958
Division of Culture & History	469	3,491
Economic Development Authority	1,000	4,997
School Building Authority	1,800	9,000
Total State Lottery Fund	<u>\$ 14,109</u>	<u>\$ 99,693</u>

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

**State Excess Lottery Revenue Fund:**

Economic Development Fund	\$ 2,102	\$ 10,511
Higher Education Improvement Fund	1,500	7,500
General Purpose Account	5,212	20,953
Higher Education Improvement Fund	2,325	9,348
State Park Improvement Fund	121	485
School Building Authority	1,899	9,496
Refundable Credit		734
WV Racing Commission	160	645
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		
WV Lottery Statutory Transfers	4,893	19,670
Economic Development Authority	439	2,197
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	3,808	15,894
Total State Excess Lottery Revenue Fund	<u>\$ 22,459</u>	<u>\$ 97,433</u>
Total Budgetary distributions:	<u>\$ 36,568</u>	<u>\$ 197,126</u>
Veterans Instant Ticket Fund	\$ 48	\$ 325
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 36,616	\$ 197,451
Accrued nonoperating distributions, beginning	(161,646)	(162,718)
Accrued nonoperating distributions, end	<u>163,309</u>	<u>163,309</u>
	<u>\$ 38,279</u>	<u>\$ 198,042</u>

**NOTE 12 – 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 November 30, 2019 and November 30, 2018 approximated \$84,646 and \$89,641 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 November 30, 2019 and November 30, 2018 approximated \$434,195 and \$449,693 respectively.

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

**NOTE 13 – COMMITMENTS**

For the years ended June 30, 2019 and 2018 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2019 and 2018, \$8,535,120 and \$9,414,970, 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.

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 November 30, 2019 and fiscal year-to-date are as follows (in thousands):

	<u>November 30, 2019</u>	<u>Year-to-Date</u>
Employee contributions	\$ 29	\$ 168
Lottery contributions	62	354
Total contributions	<u>\$ 91</u>	<u>\$ 522</u>

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

**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.

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.



**SCHEDULE OF REVENUES AND NET REVENUES OF THE  
 LOTTERY FUND AND EXCESS LOTTERY FUND  
 FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2019  
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
<b>Gross Revenues</b>				
Instant games	9,223	7,500	50,357	37,500
On-line games	5,133	5,033	24,855	25,166
Racetrack video lottery	39,735	36,838	205,490	191,001
Limited video lottery	32,771	27,851	164,000	141,495
Racetrack table games	2,879	2,395	14,653	12,246
Historic resort	496	395	2,842	2,028
Sports wagering	223	442	1,143	2,205
<b>Total gross revenues</b>	<b>90,460</b>	<b>80,454</b>	<b>463,340</b>	<b>411,641</b>
<b>Net Revenues - Lottery Fund and Excess Lottery Fund</b>				
<b>Lottery Fund</b>				
Instant games	1,142	871	6,785	4,353
On-line games	1,486	1,444	6,725	7,222
Racetrack Video Lottery	11,562	10,609	59,595	55,008
Sports wagering	190	166	918	834
<b>Total Lottery Fund net revenues</b>	<b>14,380</b>	<b>13,090</b>	<b>74,023</b>	<b>67,417</b>
<b>Excess Lottery Fund</b>				
Racetrack Video Lottery	4,932	4,546	25,530	23,561
Limited Video Lottery	15,545	13,101	78,018	66,559
Limited Video Lottery Fees	5	-	1,069	-
Racetrack table games	1,417	1,175	7,213	6,007
Historic resort	176	159	1,040	794
<b>Total Excess Lottery Fund Net Revenues</b>	<b>22,075</b>	<b>18,981</b>	<b>112,870</b>	<b>96,921</b>
<b>Total Net Revenues</b>	<b>36,455</b>	<b>32,071</b>	<b>186,893</b>	<b>164,338</b>

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: January 2, 2020

Re: Status of General Revenue Fund and State Road Fund as of  
December 31, 2019 (FY 20)

We have reviewed the cash flow of the West Virginia general revenue fund as of December 31, 2019 which is the sixth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 99% of the estimate for the fiscal year. Total collections were \$33.4 million below the estimate for the fiscal year.

Personal Income Tax collections were \$33.6 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$2.8 million below the estimate for the year.

Severance Tax was \$37.8 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$23.3 million above the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 103% of the estimate for the fiscal year. Total collections were \$12 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 \$363,399,252.36 as of December 31, 2019.

Balance July 1, 2019	289,244,341.13
Loan-General Revenue Fund 7-1-19	70,000,000.00
Loan Payment 8-31-19	(70,000,000.00)
Fiscal year 19 surplus	18,429,034.70
Earnings	55,725,876.53
Balance December 31, 2019	363,399,252.36

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$ 479,341,903.42 as of December 31, 2019.

Balance July 1, 2019	454,257,811.92
Earnings	25,084,091.50
Balance December 31, 2019	479,341,903.42

The **Personal Income Tax Reserve** Fund had a \$11 million cash balance as of December 31, 2019.

Balance July 1, 2019	11,000,000.00
Balance December 31, 2019	11,000,000.00

**STATE OF WEST VIRGINIA  
REVENUE COLLECTIONS  
FISCAL YEAR 2020  
as of December 31 , 2019**

**GENERAL REVENUE FUND**

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 177,980,000	\$ 174,772,439	\$ (3,207,561)	\$ 1,007,180,000	\$ 973,563,306	\$ (33,616,694)	97%
Consumer Sales Tax & Use Tax	128,500,000	127,346,724	(1,153,276)	685,960,000	683,124,764	(2,835,236)	100%
Severance Tax	42,800,000	42,949,754	149,754	173,850,000	136,056,288	(37,793,712)	78%
Corporate Net Income Tax	33,000,000	30,430,022	(2,569,978)	74,300,000	97,570,365	23,270,365	131%
Insurance Tax	200,000	121,174	(78,826)	62,400,000	60,958,095	(1,441,905)	98%
Tobacco Products Tax	15,000,000	14,124,450	(875,550)	93,000,000	85,592,669	(7,407,331)	92%
Business and Occupation	8,700,000	17,579,891	8,879,891	54,000,000	67,441,846	13,441,846	125%
Liquor Profit Transfers	1,500,000	1,533,450	33,450	9,500,000	11,036,232	1,536,232	116%
Departmental Collections	1,200,000	8,255,386	7,055,386	8,500,000	15,149,554	6,649,554	178%
Property Transfer Tax	1,000,000	969,648	(30,352)	6,800,000	6,510,638	(289,362)	96%
Property Tax	170,000	152,117	(17,883)	4,360,000	4,588,154	228,154	105%
Beer Tax and Licenses	490,000	484,935	(5,065)	3,530,000	3,637,515	107,515	103%
Miscellaneous Transfers	0	141,333	141,333	870,000	2,006,085	1,136,085	231%
Interest Income	2,500,000	1,808,815	(691,185)	17,100,000	15,129,987	(1,970,013)	88%
Refundable Credit Reimb Liability	-	0	-	500,000	734,216	234,216	147%
HB 102 - Lottery Transfers	5,272,000.00	5,086,223	(185,777)	26,846,000	26,038,854	(807,146)	97%
Miscellaneous	1,900,000	2,388,739	488,739	5,700,000	5,410,369	(289,631)	95%
Business Franchise Fees	40,000	54,527	14,527	340,000	327,740	(12,260)	96%
Estate & Inheritance Tax	-	0	-	-	-	-	0%
Liquor License Renewal	1,100,000.00	0	(1,100,000)	2,200,000	8,516,481	6,316,481	387%
Special Revenue Transfers	-	0	-	-	-	-	0%
Charter Tax	-	394	394	-	7,488	7,488	0%
Video Lottery Transfers	-	35,584	35,584	-	142,842	142,842	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
<b>SUBTOTALS</b>	<b>\$ 421,352,000</b>	<b>\$ 428,235,606</b>	<b>\$ 6,883,606</b>	<b>\$ 2,236,936,000</b>	<b>\$ 2,203,543,487</b>	<b>\$ (33,392,513)</b>	
Less: Cash Flow Transfer	0	0	0	0	0	0	
Less: Special Revenue Transfer	0	0	0	0	0	0	
<b>TOTALS</b>	<b>\$ 421,352,000</b>	<b>428,235,606</b>	<b>\$ 6,883,606</b>	<b>\$ 2,236,936,000</b>	<b>\$ 2,203,543,487</b>	<b>\$ (33,392,513)</b>	

Percent of Estimates

102%

99%

Collections this day

\$ 35,859,358

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 2, 2020



**STATE OF WEST VIRGINIA  
COMPARISON OF REVENUE  
December 2018 vs December 2019**

**GENERAL REVENUE FUND**

	Actual Collections December 2018	Actual Collections December 2019	Actual Collections 6 Months July 2018-December 2018	Actual Collections 6 Months July 2019-December 2019	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
<b>Personal Income Tax</b>	169,868,821	\$ 174,772,439	963,501,045	\$ 973,563,306	\$ 10,062,261	1%
<b>Consumer Sales Tax &amp; Use Tax</b>	124,154,921	127,346,724	672,541,638	683,124,764	10,583,126	2%
<b>Severance Tax</b>	45,266,025	42,949,754	209,075,231	136,056,288	-73,018,943	-35%
<b>Corporate Net Income Tax</b>	48,723,092	30,430,022	97,510,749	97,570,365	59,616	0%
<b>Insurance Tax</b>	-12,295	121,174	60,871,695	60,958,095	86,400	0%
<b>Tobacco Products Tax</b>	13,861,638	14,124,450	89,167,186	85,592,669	(3,574,517)	-4%
<b>Business and Occupation</b>	7,953,891	17,579,891	53,422,527	67,441,846	14,019,319	26%
<b>Liquor Profit Transfers</b>	1,519,000	1,533,450	10,760,094	11,036,232	276,138	3%
<b>Departmental Collections</b>	1,047,167	8,255,386	7,667,886	15,149,554	7,481,668	98%
<b>Property Transfer Tax</b>	959,426	969,648	6,925,333	6,510,638	-414,695	-6%
<b>Property Tax</b>	197,672	152,117	4,276,330	4,588,154	311,824	7%
<b>Beer Tax and Licenses</b>	487,656	484,935	3,641,921	3,637,515	-4,406	0%
<b>Miscellaneous Transfers</b>	0	141,333	1,962,371	2,006,085	43,714	2%
<b>Interest Income</b>	1,543,862	1,808,815	8,423,630	15,129,987	6,706,356	80%
<b>Refundable Credit Reimb Liability</b>	0	0	808,602	734,216	(74,386)	-9%
<b>HB 102 - Lottery Transfers</b>	5,272,314	5,086,223	26,846,164	26,038,854	-807,311	-3%
<b>Miscellaneous</b>	1,974,777	2,388,739	4,773,564	5,410,369	636,804	13%
<b>Business Franchise Fees</b>	57,735	54,527	329,140	327,740	-1,400	0%
<b>Estate &amp; Inheritance Tax</b>	0	0	0	-	-	0%
<b>Liquor License Renewal</b>	0	0	0	8,516,481	8,516,481	0%
<b>Special Revenue Transfers</b>	80,309	0	11,947,277	-	(11,947,277)	-100%
<b>Charter Tax</b>	455	394	4,975	7,488	2,513	51%
<b>Video Lottery Transfers</b>	38,799	35,584	131,369	142,842	11,473	9%
<b>July-Dec Retro Rev Adj</b>	0	-	0	-	0	0%
<b>Cash Flow Transfer</b>	0	-	0	-	0	0%
<b>SUBTOTALS</b>	<b>\$ 422,995,265</b>	<b>\$ 428,235,606</b>	<b>\$ 2,234,588,728</b>	<b>\$ 2,203,543,487</b>	<b>\$ (31,045,241)</b>	
<b>Less: Cash Flow Transfer</b>	0	0	0	0	0	
<b>Less: Special Revenue Transfer</b>	80,309	0	11,947,277	0	(11,947,277)	
<b>TOTALS</b>	<b>\$ 422,914,956</b>	<b>\$ 428,235,606</b>	<b>\$ 2,222,641,451</b>	<b>\$ 2,203,543,487</b>	<b>\$ (19,097,964)</b>	

**Increase/Decrease over Prior Period** **\$ 5,320,650** **\$ (19,097,964)**

**% Increase/Decrease over Prior Period** **1%** **-1%**

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 2, 2020



**STATE OF WEST VIRGINIA  
REVENUE COLLECTIONS  
FISCAL YEAR 2020  
as of December 31, 2019**

**STATE ROAD FUND**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
<b>Motor Fuel Tax</b>	\$ 54,500,000	\$ 48,341,336	\$ (6,158,664)	\$ 249,000,000	\$ 237,051,605	\$ (11,948,395)	95%
<b>Sales/Privilege Tax</b>	14,883,000	\$ 21,039,798	\$ 6,156,798	115,252,000	\$ 143,555,894	\$ 28,303,894	125%
<b>Licenses &amp; Registration</b>	7,307,000	\$ 11,913,413	\$ 4,606,413	65,786,000	\$ 62,226,653	\$ (3,559,347)	95%
<b>Miscellaneous</b>	830,000	\$ 6,756,501	\$ 5,926,501	21,905,000	\$ 21,104,569	\$ (800,431)	96%
<b>Highway Litter Control</b>	161,000	\$ 121,192	\$ (39,808)	743,000	\$ 831,612	\$ 88,612	112%
<b>Federal Reimbursement</b>	41,385,000	\$ 40,544,967	\$ (840,033)	298,935,000	\$ 211,332,723	\$ (87,602,277)	71%
<b>SUBTOTALS</b>	<b>\$ 119,066,000</b>	<b>\$ 128,717,206</b>	<b>\$ 9,651,206</b>	<b>\$ 751,621,000</b>	<b>\$ 676,103,055</b>	<b>\$ (75,517,945)</b>	
<b>Less: Federal Reimbursement</b>	41,385,000	40,544,967	(840,033)	298,935,000	211,332,723	(87,602,277)	
<b>TOTALS</b>	<b>\$ 77,681,000</b>	<b>\$ 88,172,240</b>	<b>\$ 10,491,240</b>	<b>\$ 452,686,000</b>	<b>\$ 464,770,332</b>	<b>\$ 12,084,332</b>	

Percent of Estimates

114%

103%

Collections this day

\$ 16,684,663.97

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of December 31, 2019 : \$ 363,399,252.36

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of December 31, 2019: \$ 479,341,903.42

SPECIAL INCOME TAX REFUND RESERVE FUND as of December 31, 2019: \$ 11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

January 2, 2020



**STATE OF WEST VIRGINIA  
COMPARISON OF REVENUE  
December 2018 vs December 2019**

**STATE ROAD FUND**

	Actual Collections December 2018	Actual Collections December 2019	Actual Collections 6 Months July 2018-December 2018	Actual Collections 6 Months July 2019-December 2019	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
<b>Gasoline &amp; Motor Carrier Rd Tax</b>	37,751,611	\$ 48,341,336	243,496,956	\$ 237,051,605	\$ (6,445,351)	-3%
<b>Privilege Tax</b>	15,128,378	\$ 21,039,798	117,153,679	\$ 143,555,894	26,402,215	23%
<b>Licenses &amp; Registration</b>	8,525,736	\$ 11,913,413	76,761,274	\$ 62,226,653	-14,534,621	-19%
<b>Miscellaneous</b>	3,570,090	\$ 6,756,501	11,490,132	\$ 21,104,569	9,614,437	84%
<b>Highway Litter Control</b>	155,510	\$ 121,192	716,214	\$ 831,612	115,398	16%
<b>Federal Reimbursement</b>	22,904,508	\$ 40,544,967	183,202,533	\$ 211,332,723	28,130,190	15%
<b>SUBTOTALS</b>	<u>\$ 88,035,834</u>	<u>\$ 128,717,206</u>	<u>\$ 632,820,787</u>	<u>\$ 676,103,055</u>	<u>\$ 43,282,268</u>	
<b>Less: Federal Reimbursement</b>	22,904,508	40,544,967	183,202,533	211,332,723	28,130,190	
<b>TOTALS</b>	<u><b>\$ 65,131,325</b></u>	<u><b>\$ 88,172,240</b></u>	<u><b>\$ 449,618,254</b></u>	<u><b>\$ 464,770,332</b></u>	<u><b>\$ 15,152,078</b></u>	
 <b>Increase/Decrease over Prior Period</b>		 <b>\$ 23,040,914</b>		 <b>\$ 15,152,078</b>		
 <b>% Increase/Decrease over Prior Period</b>		 <b>35.4%</b>		 <b>3.4%</b>		

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 2, 2020

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: December 10, 2019

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2019 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of November 30, 2019 of fiscal year 2019-2020, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2019	\$ 205,761,370.82
Receipts July 1, 2019 thru November 30, 2019	\$ 75,798,148.99
Disbursements July 1, 2019 thru November 30, 2019	\$ 68,573,509.69
Balance November 30, 2019	\$ 212,986,010.12

ITEMS OF NOTE:

Regular benefits paid for July - November 2019 were \$ 21.6 million more than July - November 2018.

Federal emergency benefits totaled approximately -\$8 thousand for July - November 2019. For July - November 2018, federal emergency benefits totaled approximately -\$10 thousand.

Total disbursements were \$ 21.5 million more in July - November 2019 than the preceding July - November 2018.

Receipts as of July - November 2019, were \$ 15 million less than in July - November 2018. Overall ending trust fund balance was \$ 32 million higher on November 2019 than on November 2018.

Seasonally adjusted unemployment rates for November 2019 were 4.9 percent for West Virginia and 3.5 percent nationally.

Since November 2018, employment has increased by 800. Employment gains included 1,600 in educational and health services, 1,600 in trade, transportation, and utilities, 1,400 in leisure and hospitality, 400 in financial activities, and 1,000 in government. Employment declines included 600 in other services, 1,500 in professional and business services, 1,100 in mining and logging, 400 in manufacturing, 300 in construction, and 400 in information.

December 10, 2019

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 November 2019.

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

Sincerely,



Scott Adkins  
Acting Commissioner

SSA/ml

Enclosure

pc: Jim Justice

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING SEPTEMBER 2018 AND SEPTEMBER 2019**

	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	SEPTEMBER 2019	OCTOBER 2019	NOVEMBER 2019	THREE MONTH TOTAL VARIANCE *	
<b>Balance Forward</b>	<b>\$167,806,683.07</b>	<b>\$161,844,429.69</b>	<b>\$179,793,843.71</b>	<b>\$225,112,243.68</b>	<b>\$215,897,753.02</b>	<b>\$219,912,648.43</b>	<b>\$151,477,688.66</b>	
Add Receipts:								
1 Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1 Bond Assessment
2 Regular Contributions	\$1,013,017.91	\$26,273,050.87	\$10,872,311.83	\$1,183,155.79	\$17,986,287.95	\$9,035,225.95	(\$9,953,710.92)	2 Regular Contributions
3 Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$38.99	\$0.00	\$0.00	\$0.00	(\$38.99)	3 Federal Emergency Benefits (EUC08)
4 Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4 Federal Share Extended Benefits (EB)
5 Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	5 Temp Federal Additional Comp (FAC)
6 UCFE (Federal Agencies)	\$57,307.00	\$61,385.09	\$56,586.52	\$51,667.60	\$37,232.85	\$36,048.90	(\$50,329.26)	6 UCFE (Federal Agencies)
7 Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	7 Special Administrative Transfer **
8 Reed Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8 Reed Act Funds
9 UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	9 UC Modernization Incentive
10 Treasury Interest Credits	\$909,662.63	\$0.00	\$0.00	\$1,327,053.20	\$0.00	\$0.00	\$417,390.57	10 Treasury Interest Credits
11 UCX (Military Agencies)	\$39,480.11	\$47,016.32	\$29,450.93	\$49,995.37	\$60,264.33	\$66,397.13	\$60,709.47	11 UCX (Military Agencies)
12 WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12 WV Senate Bill 558
13 CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13 CMA Receipts
<b>Total Monthly Receipts</b>	<b>\$2,019,467.65</b>	<b>\$26,381,452.28</b>	<b>\$10,958,388.27</b>	<b>\$2,611,871.96</b>	<b>\$18,083,785.13</b>	<b>\$9,137,671.98</b>	<b>(\$9,525,979.13)</b>	<b>Total Monthly Receipts</b>
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits	\$7,873,469.21	\$8,340,348.94	\$9,530,943.29	\$11,727,836.26	\$13,975,580.84	\$15,962,349.95	\$15,921,005.61	Regular Benefits
Federal Emergency Benefits (EUC08)	(\$2,349.00)	(\$2,170.00)	(\$1,475.01)	(\$1,735.00)	(\$1,435.00)	(\$1,470.60)	\$1,353.41	Federal Emergency Benefits (EUC08)
Federal Share Extended Benefits (EB)	(\$15.00)	(\$65.00)	(\$23.00)	\$0.00	\$0.00	\$0.00	\$103.00	Federal Share Extended Benefits (EB)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Emergency Benefits (TEUC)
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Federal Additional Comp (FAC)
UCFE (Federal Workers) Benefits	\$65,829.07	\$52,214.64	\$59,390.91	\$46,913.90	\$36,442.09	\$38,264.27	(\$55,814.36)	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$44,786.75	\$41,709.68	\$29,476.74	\$53,347.46	\$68,301.79	\$65,166.67	\$60,842.75	UCX (Military Workers) Benefits
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Reed Act Funds
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Special Administrative Transfer**
<b>Total Monthly Disbursements</b>	<b>\$7,981,721.03</b>	<b>\$8,432,038.26</b>	<b>\$9,618,312.93</b>	<b>\$11,826,362.62</b>	<b>\$14,068,889.72</b>	<b>\$16,064,310.29</b>	<b>\$15,927,490.41</b>	<b>Total Monthly Disbursements</b>
<b>Trust Fund Balance</b>	<b>\$161,844,429.69</b>	<b>\$179,793,843.71</b>	<b>\$181,133,919.05</b>	<b>\$215,897,753.02</b>	<b>\$219,912,648.43</b>	<b>\$212,986,010.12</b>	<b>\$126,024,219.12</b>	<b>Trust Fund Balance</b>

\* 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.

\*\*Note: (U) Trust Fund Balance includes Trust Fund Loan from the Revenue Shortfall Reserve Fund per Senate Bill 558 passed March 9, 2016.

Borrowed on 3/11/2016	38,000,000.00
Repaid on 5/17/2016	(38,000,000.00)
Borrowed on 12/5/2016	50,000,000.00
Repaid on 5/4/2017	(50,000,000.00)
Outstanding Loan from Revenue Shortfall Reserve Fund	\$0.00

\*\*Note: Reed Act funds of \$549,468.24 previously drawn down were unexpended and returned to Trust Fund on deposit with the U.S. Treasury.

## UC TRUST FUND PROJECTIONS – 2019

December 9, 2019

Month	Receipts	Disbursements	Trust Fund Balance
<b>2018</b>			
<b>Balance 1/1/2018</b>			<b>\$ 82,800,186</b>
<b>January</b>	\$ 15,854,972	\$ 18,180,779	<b>\$ 80,474,379</b>
<b>February</b>	\$ 8,964,249	\$ 16,063,060	<b>\$ 73,375,568</b>
<b>March</b>	\$ 1,556,203	\$ 12,890,572	<b>\$ 62,041,199</b>
<b>April</b>	\$ 67,692,592	\$ 14,518,039	<b>\$ 115,215,752</b>
<b>May</b>	\$ 39,734,526	\$ 10,586,743	<b>\$ 144,363,535</b>
<b>June</b>	\$ 1,857,766	\$ 9,003,254	<b>\$ 137,218,047</b>
<b>July</b>	\$ 31,386,942	\$ 11,838,195	<b>\$ 156,766,794</b>
<b>August</b>	\$ 20,196,226	\$ 9,156,337	<b>\$ 167,806,683</b>
<b>September</b>	\$ 2,019,468	\$ 7,981,721	<b>\$ 161,844,430</b>
<b>October</b>	\$ 26,381,452	\$ 8,432,038	<b>\$ 179,793,844</b>
<b>November</b>	\$ 10,958,388	\$ 9,618,313	<b>\$ 181,133,919</b>
<b>December</b>	\$ 2,114,666	\$ 13,470,105	<b>\$ 169,778,480</b>
<b>Totals - 2018</b>	<b>\$ 228,717,450</b>	<b>\$ 141,739,156</b>	<b>\$ 169,778,480</b>

<b>2019</b>			
<b>January</b>	\$ 18,647,223	\$ 18,646,454	<b>\$ 169,779,249</b>
<b>February</b>	\$ 9,889,316	\$ 20,023,154	<b>\$ 159,645,411</b>
<b>March</b>	\$ 2,774,046	\$ 19,785,639	<b>\$ 142,633,818</b>
<b>April</b>	\$ 72,098,812	\$ 18,777,789	<b>\$ 195,954,841</b>
<b>May</b>	\$ 34,807,294	\$ 15,044,255	<b>\$ 215,717,880</b>
<b>June</b>	\$ 2,439,110	\$ 12,395,619	<b>\$ 205,761,371</b>
<b>July</b>	\$ 29,658,539	\$ 14,743,004	<b>\$ 220,676,906</b>
<b>August</b>	\$ 16,306,281	\$ 11,870,943	<b>\$ 225,112,244</b>
<b>September</b>	\$ 2,611,872	\$ 11,826,363	<b>\$ 215,897,753</b>
<b>October</b>	\$ 18,083,785	\$ 14,068,890	<b>\$ 219,912,648</b>
<b>November</b>	\$ 9,137,672	\$ 16,064,310	<b>\$ 212,986,010</b>
<b>December</b>	\$ 1,896,855	\$ 17,961,038	<b>\$ 196,921,827</b>
<b>Totals - 2019</b>	<b>\$ 218,350,805</b>	<b>\$ 191,207,458</b>	<b>\$ 196,921,827</b>

**Benefits and Technical Support Section • Unemployment Compensation Division**  
 1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305  
 Telephone: (304) 558-3309 • Fax: (304) 558-3252

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January 2, 2020

Mr. Aaron Allred  
Legislative Manager  
Joint Committee on Government and Finance  
1900 Kanawha Boulevard, East  
Building 1, Room E-132  
Charleston, West Virginia 25305

Dear Mr. Allred:

Due to personal medical issues, I regret to inform the Joint Committee on Government and Finance that I will not be able to attend the January 7, 2020 Interim meeting, however, Andy Osborne, from my office will be in attendance representing WorkForce West Virginia (WFWV). Therefore, I researched your concerns with WFWV software liaison and am explaining the information obtained in this letter.

WorkForce West Virginia's Unemployment Compensation Tax Collection platform is hosted by West Virginia Interactive. The on-line tax filing system was implemented in June 2013. The software used to deliver this system was updated in 2019. According to all accounts, no issues have been reported associated with the system except for a few employers forgetting their passwords or needing assistance on their initial use of the system or if the employer's administrator has been changed. It was my understanding that these questions were initiated by an employer because the agency's Tax System is not compatible with Quick Books. Although, the current software is not compatible with Quick Books, WFWV does accept paper forms from employers using the Quick Books software.

During the initial implementation of the On-line Tax System, I was not the UI Director and it is my understanding from West Virginia Interactive that Quick Book's compatibility was not a priority at that time. According to a conversation with West Virginia Interactive, the adaptability of the software would have to be investigated with Intuit and a cost derived prior to commencing the project. Before WFWV could embark upon this type of a project, an analysis would have to be completed to estimate the number of employers this change could potentially affect. I am not opposed to looking in-depth at this issue, but ultimately it would depend on the ratio between employers that need this type of service and the cost to the agency.

If you have any further questions, I will be available to meet with the Joint Committee upon request or available through email or phone.

Sincerely yours,



Connie R. Kirk  
UI Director

CRK:cjb

# **PEIA**

## **January Interim Talking Points**

- **PEIA and RHBT interim financial statements for October 2019 are available for your review.**
- **PEIA year to date statements indicate PEIA is currently ahead of plan by \$33 million. This is due to lower than forecast medical claim expenses.**
- **RHBT year to date statements indicate RHBT is currently ahead of plan by \$10 million. This is due to lower than forecast medical claim expenses.**
- **The 2020 year-end reserve for the State Fund and non-State Fund is projected to be \$173 and \$55 million respectively.**
- **These reserve levels represent 24% and 36% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**





# Public Employees Insurance Agency

WV Toll-free: 1 (888) 680-7342

Phone: 1 (304) 558-7850

Fax: 1 (304) 558-2470

Website: www.wvpeia.com

January 2, 2020

Joint Committee on Government and Finance  
Senate Finance – 451M  
State Capitol Complex  
Charleston, WV 25305

1. The December 2019 Financial Plan Report issued December 20, 2019, page A-1, indicates the June 30, 2020 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2020	\$173,497,193	\$55,930,804	\$1,177,145,956

2. Per §5-16-25 the statutorily required reserve for the purposes of offsetting unanticipated claims losses (current FY costs) is the actuarial recommended reserve.

The current recommendation is 14% of the fiscal year expenses for PEIA and RHBT. Per the Quarterly Report, the percentage will be as follows at year end:

June 30, 2020	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$173,497,193	\$55,930,804	\$229,427,997
Percentage	23.8%	36.7%	26.0%
	reserve/current FY costs		

3. The objective of the OPEB Reserve is to reach a fully funded status of the actuarially accrued liability (AAL). Therefore, the target is 100%. The reserve balance represents 38% of the actuarially required balance:

	RHBT
June 30, 2020	OPEB Reserve
Reserve Balance	\$1,177,145,956
Percentage	37%
	OPEB Reserve/Actuarial Accrued Liability

4. Anticipated events that may significantly reduce or increase the amount of funds:

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$341 million over the next four years, requiring an average of \$85 million a year in either increased premiums or benefit reductions.

	FY 2021	FY 2022	FY 2023	FY 2024
Medical Trend	8.5%	9.0%	9.5%	10.0%
Rx Trend	12.5%	13.0%	13.5%	14.0%

5. Total amount of benefit payments paid for the month:

	PEIA	RHBT	Total
October 2019	\$44,219,000	\$18,400,000	\$62,619,000

Sincerely,



Jason A. Haight, CPA  
Chief Financial Officer

West Virginia Retiree Health Benefit Trust Fund  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
For Four Months Ending Thursday, October 31, 2019  
In Thousands

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
	\$		\$	\$
			%	%
<b>ADDITIONS</b>				
<b>Employer Premiums:</b>				
\$1,046	\$970	\$995	\$76	\$51
4,906	4,868	5,294	38	(388)
46,876	46,667	50,620	209	(3,744)
10,000	10,000	10,000	-	-
1,667	1,667	1,667	-	-
<b>64,495</b>	<b>64,172</b>	<b>68,576</b>	<b>323</b>	<b>(4,081)</b>
			<b>1%</b>	<b>(6%)</b>
<b>Other Additions:</b>				
267	400	400	(133)	(133)
21,750	20,439	(22,009)	1,311	43,759
<b>86,512</b>	<b>85,011</b>	<b>46,967</b>	<b>1,501</b>	<b>39,545</b>
			<b>2%</b>	<b>84%</b>
<b>DEDUCTIONS</b>				
37,031	37,990	45,744	959	8,713
8,260	8,300	7,878	40	(382)
14,564	21,649	19,097	7,085	4,533
8,648	10,549	9,614	1,901	966
-	-	11	-	11
853	570	504	(283)	(349)
(22,922)	(23,879)	(22,354)	(957)	568
(8,304)	(8,305)	(7,904)	(1)	400
990	1,285	1,006	295	16
<b>39,120</b>	<b>48,159</b>	<b>53,596</b>	<b>9,039</b>	<b>14,476</b>
			<b>19%</b>	<b>27%</b>
<b>47,392</b>	<b>36,852</b>	<b>(6,629)</b>	<b>10,540</b>	<b>54,021</b>
			<b>29%</b>	<b>(815%)</b>
<b>Net Position Restricted for Post Employment Benefits</b>				
1,091,661	1,091,661	963,115	-	128,546
			0%	13%
1,100,946	1,090,406	918,379	10,540	182,567
38,107	38,107	38,107	-	-
			1%	20%
			0%	0%
<b>\$1,139,053</b>	<b>\$1,128,513</b>	<b>\$956,486</b>	<b>\$10,540</b>	<b>\$182,567</b>
			<b>1%</b>	<b>19%</b>

**West Virginia Public Employees Insurance Agency**  
**Statement of Changes in Plan Net Position**  
**For the Four Months Ending Thursday, October 31, 2019**  
(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
<b>OPERATING REVENUE</b>							
<b>Premium Revenue</b>							
Health Insurance - State Gov. - Employers	\$125,468	\$125,581	\$122,835	(\$113)	(0%)	\$2,633	2%
Health Insurance - State Gov. - Employees	40,071	40,718	40,903	(647)	(2%)	(832)	(2%)
Health Insurance - Local Gov. - All	34,945	33,644	33,231	1,301	4%	1,714	5%
Administrative Fees, Net of Refunds	1,516	1,510	1,495	6	0%	21	1%
Other Premium Revenue	560	514	497	46	9%	63	13%
<b>Total Operating Revenue</b>	<b>202,560</b>	<b>201,967</b>	<b>198,961</b>	<b>593</b>	<b>0%</b>	<b>3,599</b>	<b>2%</b>
<b>NON-OPERATING REVENUE</b>							
Life Insurance	468	466	450	2	0%	18	4%
Direct Transfer	10,333	3,333	10,333	7,000	210%	0	0%
Interest and Investment Income	5,041	3,619	(3,536)	1,422	39%	8,577	(243%)
WV RHBT Pay Go Premiums	46,876	46,667	50,684	209	0%	(3,808)	(8%)
<b>Total Non-Operating Revenue</b>	<b>62,718</b>	<b>54,085</b>	<b>57,931</b>	<b>8,633</b>	<b>16%</b>	<b>4,787</b>	<b>8%</b>
<b>TOTAL REVENUE</b>	<b>265,278</b>	<b>256,052</b>	<b>256,892</b>	<b>9,226</b>	<b>4%</b>	<b>8,386</b>	<b>3%</b>
<b>EXPENSES</b>							
Claims Expense - Medical	106,566	132,314	118,056	25,748	19%	11,490	10%
Claims Expense - Drugs	45,536	47,140	45,026	1,604	3%	(510)	(1%)
Payments to Managed Care Org.	16,484	16,381	15,437	(103)	(1%)	(1,047)	(7%)
Administrative Service Fees	8,064	4,604	3,880	(3,460)	(75%)	(4,184)	(108%)
Wellness and Disease Management	0	500	284	500	100%	284	100%
Other Operating Expenses	1,335	1,812	1,391	477	26%	56	4%
Life Insurance Expense	412	429	408	17	4%	(4)	(1%)
ACA Comparative Effectiveness Fee	0	0	107	0	0%	107	100%
WV RHBT Pay Go Premiums	46,876	46,667	50,684	(209)	(0%)	3,808	8%
<b>TOTAL EXPENSES</b>	<b>225,273</b>	<b>249,847</b>	<b>235,273</b>	<b>24,574</b>	<b>10%</b>	<b>10,000</b>	<b>4%</b>
<b>40,005</b>	<b>6,205</b>	<b>21,619</b>	<b>21,619</b>	<b>33,800</b>	<b>545%</b>	<b>18,386</b>	<b>85%</b>
<b>YTD Surplus (Deficit)</b>							
Total Net Position, Beginning of Period	226,389	226,389	194,554		0%	31,835	16%
End of Period Net Position, Actuarially Required Reserve	116,127	116,127	114,295	0	0%	1,832	2%
End of Period Net Position, PEIA PSR	150,267	116,467	101,878	33,800	29%	48,389	47%
<b>Total Net Position, End of Period</b>	<b>\$266,394</b>	<b>\$232,594</b>	<b>\$216,173</b>	<b>\$260,189</b>	<b>4,193%</b>	<b>\$50,221</b>	<b>23%</b>

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**West Virginia Board of Risk and Insurance Management**  
**UNAUDITED BALANCE SHEET AND INCOME STATEMENT**  
**For the Five Months Ending November 30, 2019**

**Talking Points for Joint Committee on Government and Finance Meeting**  
**January 2020**

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1. **Premium Revenue** thru November reflects the premiums earned for the first five months of the fiscal year. BRIM premiums in FY'20 are basically the same as FY'19.
2. **Claims Expense** reflects all claims payments made thru November plus reserve changes. Claims losses and payment trends were a drag on operating results for the current fiscal year.
3. **Investment Income** for fiscal year 2020 reflects a net gain of \$7.9 million for the first five months primarily due to improved equity markets vs. a loss of \$0.9 million for the same period last year.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Five Months Ended November 30th

	2019	2018
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 26,965	\$ 28,322
Advance deposits with insurance company and trustee	231,741	203,140
Receivables	7,910	7,782
Prepaid insurance	4,029	3,687
Restricted cash and cash equivalents	18,207	15,870
Premiums due from other entities	1,112	878
Total current assets	289,964	259,679
Noncurrent assets:		
Equity position in internal investments pools	102,629	94,534
Restricted investments	59,268	54,593
Total noncurrent assets	161,897	149,127
Total assets	451,861	408,806
Deferred Outflows of Resources	373	438
Deferred Outflows of Resources - OPEB	65	44
<b>Liabilities</b>		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	63,156	50,453
Unearned premiums	16,701	16,898
Agent commissions payable	355	798
Claims Payable	605	288
Accrued expenses and other liabilities	2,135	2,255
Total current liabilities	82,952	70,692
Estimated unpaid claims and claims adjustment expense net of current portion	132,192	117,341
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	132,565	117,794
Total liabilities	215,517	188,486
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	66,866	61,059
Unrestricted	162,805	155,552
Net Assets (Deficiency)	6,802	3,789
Net position	\$ 236,473	\$ 220,400

Unaudited

West Virginia Board of Risk and Insurance Management  
 Statements of Revenues, Expenses, and Changes in Net Position

For the Five Months Ended November 30th

	2019	2018
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 35,215	\$ 35,528
Less coverage/reinsurance programs	(2,886)	(2,949)
Net operating revenues	32,329	32,579
 <b>Operating expenses</b>		
Claims and claims adjustment expense	31,778	26,084
General and administrative	1,680	1,799
Total operating expenses	33,458	27,883
 Operating income (loss)	(1,129)	4,696
 <b>Nonoperating revenues</b>		
Investment income	7,931	(907)
Net nonoperating revenues	7,931	(907)
Changes in net position	6,802	3,789
 Total net position, beginning of year	229,671	216,611
 Total net position, end of period	\$ 236,473	\$ 220,400

*Unaudited*

# Department of Administration Real Estate Division Leasing Report

For the period of December 1 - 31, 2019

**There are 10 leasing changes for this period, and they are as follows:**

- 4 – Straight Renewal
- 2 – Renewal with Increase in Rent
- 1 – Increase in Square Feet
- 1 – Decrease in Square Feet
- 1 – Cancellation – DOA Owned
- 1 - Cancellation



# Department of Administration Real Estate Division Leasing Report

For the period of December 1, 2019 through December 31, 2019

## STRAIGHT RENEWAL

### DEPARTMENT OF HEALTH AND HUMAN RESOURCES

**HHR-258 Renewal** for 4 months consisting of 18,000 square feet of office space at the current annual per square foot rate of \$12.00, total cost of \$72,000.00, 980 Altman Avenue, in the City of Parkersburg, Wood County, West Virginia.

**HHR-172 Renewal** for 10 year consisting of 12,883 square feet of office space at the current annual per square foot rate of \$9.40, annual cost of \$121,100.20, 400 Teletech Drive, in the City of Moundsville, Marshall County, West Virginia.

### WEST VIRGINIA BOARD OF RESPIRATORY CARE

**BRC-001 Renewal** for 18-months, consisting of 1,200 square feet of office space at the current annual per square foot rate of \$13.25, annual cost \$15,900.00, full service, located at 106 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

### DEPARTMENT OF VETERANS ASSISTANCE

**VET-036 Renewal** for 2 years consisting of 300 square feet of storage space at the current monthly rate of \$150.00, annual cost \$1,800.00, 425 Rosebud Plaza, in the City of Clarksburg, Harrison County, West Virginia.

## RENEWAL WITH INCREASE IN RENT

### STATE TAX DEPARTMENT

**TAX-059 Renewal** for 1 year consisting of 109 parking spaces with an increase in the monthly rate from \$68.00 per space to \$69.00 per space, annual cost \$90,252.00, 1001 Lee Street, East, in the City of Charleston, Kanawha County, West Virginia.

### DIVISION OF REHABILITATION SERVICES

**DRS-072 Renewal** for 5 years consisting of 144 square feet of storage space with an increase in the annual per square foot rate from \$6.50 to \$6.83, annual cost \$984.00, full service, 500 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

## INCREASE IN SQUARE FEET

### DEPARTMENT OF HEALTH AND HUMAN RESOURCES

**HHR-257** New addendum adding an additional office with an increase of square footage from 140 square feet to 280 square feet of office space at the current annual per square foot rate of \$25.71, annual cost \$7,200.00, full service, 300 Second Street, in the City of Fairmont, Marion County, West Virginia.

## **DECREASE IN SQUARE FEET**

### **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-085** Decrease of square feet from 2,587 square feet to 2,262 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$27,144.00, full service, 2311 Ohio Avenue, in the City of Parkersburg, Wood County, West Virginia.

## **CANCELLATION – DOA OWNED**

### **DIVISION OF PROTECTIVE SERVICES**

**DPS-003** Lease cancellation consisting of 3,937 square feet of office space, at the annual per square foot rate of \$8.17 annual cost \$32,165.29, full service, Building #4, 112 California Avenue, in the City of Charleston, Kanawha County, West Virginia.

## **CANCELLATION**

### **WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER**

**INS-036 Lease** cancellation consisting of 5,565 square feet of office space, at the annual per square foot rate of \$12.00, annual cost \$66,780.00, full service, #1 Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 December 1 - 31, 2019

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-258	Wood	18,000	12.00	216,000	0.3333	72,000
2	Department of Health and Human Resources	HHR-172	Marshall	12,883	9.40	121,100	10	1,211,002 *
3	West Virginia Board of Respiratory Care	BRC-001	Kanawha	1,200	13.25	15,900	1.5	23,850
4	State Tax Department	TAX-059	Kanawha	109 sp	69.00/sp	90,252	1	90,252
5	Division of Rehabilitation Services	DRS-072	Kanawha	144	6.83	984	5	4,918
6	Department of Veterans Assistance	VET-036	Harrison	300	6.00	1,800	2	3,600
7	Department of Health and Human Resources	HHR-275	Marion	280	25.71	7,200	2.75	19,800
8	Department of Environmental Protection	DEP-085	Wood	2,262	12.00	27,144	0.4167	11,310

	85.19
<b>Total Rentable Square Feet</b>	<u>35,069</u>
<b>Average Annual Rental Rate</b>	<u>24.19</u>
<b>Total Annual Rent</b>	<u>480,380</u>

**TERMINATIONS**

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Protective Services	DPS-003	Kanawha	3,937	8.17	32,165
2	Offices of the Insurance Commissioner	INS-036	Kanawha	5,565	12.00	66,780

<b>Total Rentable Square Feet</b>	<u>5,565</u>
<b>Total Annual Rent</b>	<u>66,780</u>

**Joint Committee on Government and Finance**

**January 2020**

**Department of Health and Human Resources**

**MEDICAID REPORT  
October 2019 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2020

	MONTH OF OCTOBER 2019					
	ACTUALS SFY2019	TOTAL SFY2020	ACTUALS Current Month Ended 10/31/19	ESTIMATE Current Month Ended 10/31/19	ACTUALS Year To-Date Thru 10/31/19	PROJECTED 11/1/19 Thru 06/30/20
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	91,526,768	94,511,157	9,775,121	7,875,930	33,061,737	61,449,420
Inpatient Hospital - DSH	52,868,297	53,789,156	-	4,482,430	13,238,319	40,550,837
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	11,267,867	11,659,921	2,047,749	971,660	4,962,654	6,697,267
Mental Health Facilities	39,995,477	40,947,315	4,314,962	3,412,276	13,796,317	27,150,998
Mental Health Facilities - DSH Adjustment Payments	18,881,836	19,301,726	-	1,608,477	4,721,761	14,579,965
Nursing Facility Services - Regular Payments <sup>(3)</sup>	710,863,182	730,478,596	58,409,501	60,873,216	238,442,718	492,035,878
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	71,779,446	73,705,078	5,781,265	6,142,090	23,521,875	50,183,203
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	39,178,192	39,386,121	3,563,570	3,282,177	13,197,347	26,188,774
Physicians Services - Supplemental Payments	(3)	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	(1,520)	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	46,637,506	46,133,858	4,421,387	3,844,488	17,015,047	29,118,812
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	686,585,798	715,636,717	65,471,212	59,636,393	236,165,385	479,471,332
Drug Rebate Offset - National Agreement	(462,867,276)	(407,000,000)	(72,122,569)	(33,916,667)	(162,174,426)	(244,825,574)
Drug Rebate Offset - State Sidebar Agreement	(33,942,859)	(27,000,000)	(9,399,267)	(2,250,000)	(19,319,187)	(7,680,813)
Drug Rebate Offset - MCO National	(17,177,552)	(8,000,000)	(2,052,970)	(666,667)	(1,940,101)	(6,059,899)
Drug Rebate Offset - MCO State Sidebar Agreement	(86,536)	-	(1,244)	-	86,314	(86,314)
Dental Services	11,110,378	10,776,073	1,255,528	898,006	3,971,788	6,804,285
Other Practitioners Services - Regular Payments	5,653,070	5,785,469	591,326	482,122	2,159,589	3,625,880
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,669,249	1,602,016	161,868	133,501	598,079	1,003,937
Lab & Radiological Services	7,822,910	8,036,763	726,520	669,730	2,798,641	5,238,122
Home Health Services	24,978,914	30,739,710	1,331,649	2,561,642	7,154,441	23,585,269
Hysterectomies/Sterilizations	26,909	32,002	1,763	2,667	11,985	20,017
Pregnancy Terminations <sup>(2)</sup>	180,599	182,177	4,070	15,181	15,000	167,177
EPSDT Services	1,446,788	1,458,120	161,879	121,510	557,970	900,150
Rural Health Clinic Services	4,307,936	4,423,092	800,846	368,591	2,075,012	2,348,080
Medicare Health Insurance Payments - Part A Premiums	21,237,010	22,825,062	1,860,499	1,902,089	7,336,861	15,488,201
Medicare Health Insurance Payments - Part B Premiums	114,675,105	128,874,761	9,679,955	10,739,563	38,604,627	90,270,134
120% - 134% Of Poverty	9,602,290	9,746,324	838,203	812,194	3,274,629	6,471,695
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	12,769,254	11,469,614	1,039,934	955,801	3,977,659	7,491,955

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2020

	MONTH OF OCTOBER 2019		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2019	SFY2020	Current Month Ended 10/31/19	SFY2020	Current Month Ended 10/31/19	Current Month Ended 10/31/19	Year To-Date Thru 10/31/19	11/1/19 Thru 06/30/20
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,778,332,174	1,740,935,435	132,268,444	1,740,935,435	145,077,953	536,851,805	1,204,083,630	
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-	-	
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-	-	
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-	-	
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-	-	
Medicaid Health Insurance Payments: Group Health Plan Payments	1,055,998	1,000,000	106,338	1,000,000	83,333	423,077	576,923	
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-	-	
Home & Community-Based Services (MR/DD)	300,579,674	341,675,466	27,231,002	341,675,466	28,472,956	103,374,443	238,301,023	
Home & Community-Based Services (Aged/Disabled)	112,691,026	116,144,871	12,061,761	116,144,871	9,678,739	42,818,587	73,326,284	
Home & Community-Based Services (Traumatic Brain Injury)	1,718,562	1,579,343	167,427	1,579,343	131,612	624,345	954,998	
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	67,685,073	73,026,473	6,173,636	73,026,473	6,085,539	23,277,429	49,749,044	
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-	-	
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-	-	
Targeted Case Management Services - State Wide	2,439,096	2,431,298	216,581	2,431,298	202,608	864,906	1,566,392	
Primary Care Case Management Services	-	-	-	-	-	-	-	
Hospice Benefits	29,207,887	30,890,065	2,941,584	30,890,065	2,574,172	9,988,678	20,901,388	
Emergency Services Undocumented Aliens	315,177	282,074	53,447	282,074	23,506	176,911	105,163	
Federally Qualified Health Center	15,932,481	21,868,611	1,936,900	21,868,611	1,822,384	10,210,167	11,658,444	
Non-Emergency Medical Transportation	33,136,732	39,487,747	2,751,418	39,487,747	3,290,646	11,001,741	28,486,006	
Physical Therapy	1,026,382	976,273	99,058	976,273	81,356	391,201	585,073	
Occupational Therapy	534,119	521,176	61,562	521,176	43,431	216,021	305,156	
Services for Speech, Hearing & Language	335,678	349,727	48,353	349,727	29,144	155,804	193,923	
Prosthetic Devices, Dentures, Eyeglasses	994,798	969,459	101,766	969,459	80,788	389,879	579,580	
Diagnostic Screening & Preventive Services	87,795	87,949	8,710	87,949	7,329	31,982	55,967	
Nurse Mid-Wife	129,606	115,985	15,160	115,985	9,665	45,058	70,927	
Emergency Hospital Services	-	-	-	-	-	-	-	
Critical Access Hospitals	24,158,625	21,947,539	1,970,356	21,947,539	1,828,962	8,954,561	12,992,978	
Nurse Practitioner Services	3,194,219	3,009,376	399,233	3,009,376	250,781	1,428,168	1,581,208	
School Based Services	63,185,248	19,999,998	443,289	19,999,998	1,666,666	2,223,942	17,776,055	
Rehabilitative Services (Non-School Based)	60,423,448	53,482,138	4,938,396	53,482,138	4,456,845	19,680,131	33,802,007	
2a) Opioid Treatment Program (OTP) - Methadone services	9,499,059	(4)	873,351	(4)	(0)	3,544,035	(3,544,039)	
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,229,563	-	69,213	-	-	644,360	(644,360)	
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,348,525	(37)	396,600	(37)	(3)	3,102,525	(3,102,562)	
2a) Opioid Treatment Program (OTP) - Other	147,243	(0)	8,206	(0)	(0)	29,426	(29,426)	
Private Duty Nursing	5,138,732	8,165,864	474,322	8,165,864	680,489	1,764,575	6,401,289	
Freestanding Birth Centers	1,092	1,125	-	1,125	94	-	1,125	
Health Home for Enrollees w Chronic Conditions	1,842,908	1,768,258	204,031	1,768,258	147,355	699,263	1,068,995	
Other Care Services	22,601,696	19,873,474	3,151,775	19,873,474	1,656,123	10,960,985	8,912,489	
Less: Recoupments	-	-	(1,749,812)	-	-	(1,749,812)	1,749,812	
<b>NET EXPENDITURES:</b>	<b>4,015,961,652</b>	<b>4,120,090,513</b>	<b>286,084,864</b>	<b>4,120,090,513</b>	<b>343,340,876</b>	<b>1,279,436,231</b>	<b>2,840,654,282</b>	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2020

MONTH OF OCTOBER 2019	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2019	SFY2020	Current Month Ended 10/31/19	Current Month Ended 10/31/19	Year To-Date Thru 10/31/19	11/1/19 Thru 06/30/20
Collections: Third Party Liability (line 9A on CMS-64)	(9,658,789)	-	-	-	(767,567)	767,567
Collections: Probate (line 9B on CMS-64)	(173,762)	-	-	-	(53,507)	53,507
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(124,527)	-	-	-	(2,307)	2,307
Collections: Other (line 9D on CMS-64)	(13,956,496)	-	-	-	(4,057,687)	4,057,687
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>3,992,048,078</b>	<b>4,120,090,513</b>	<b>286,084,864</b>	<b>343,340,876</b>	<b>1,274,555,164</b>	<b>2,845,535,350</b>
Plus: Medicaid Part D Expenditures	41,299,828	41,983,424	3,307,108	3,498,619	13,253,278	28,730,146
Plus: State Only Medicaid Expenditures	211,906	259,738	29,899	21,645	92,985	166,753
Plus: Money Follow the Person Expenditures	1,628,995	1,637,081	97,773	136,423	360,031	1,277,050
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$ 4,035,188,807</b>	<b>\$ 4,163,970,756</b>	<b>\$ 289,519,643</b>	<b>\$ 346,997,563</b>	<b>\$ 1,288,261,457</b>	<b>\$ 2,875,709,299</b>
				0		
Plus: Reimbursables <sup>(1)</sup>	4,918,621	-	516,343	-	1,887,688	(1,887,688)
Plus: NATCEP/PASARR/Eligibility Exams	332,103	344,155	69,736	28,680	159,519	184,636
Plus: HIT Incentive Payments	2,219,223	3,000,000	151,981	250,000	257,741	2,742,259
				0		
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,042,658,754</b>	<b>\$ 4,167,314,911</b>	<b>\$ 290,257,704</b>	<b>\$ 347,276,243</b>	<b>\$ 1,290,566,405</b>	<b>\$ 2,876,748,506</b>

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

(2) Pregnancy Terminations are State Only expenditures and are not currently claimed.

(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$5,995,495.73 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2020

4 Months Actuals      8 Months Remaining

MONTH OF OCTOBER 2019	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2019	Current Month Ended 10/31/19	Year-To-Date Thru 10/31/19	11/1/2019 Thru 6/30/20	SFY2020
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	121,710,366	42,563,940	54,359,368		54,359,368
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	408,894,155	33,461,432	124,719,881	239,762,555	364,482,436
MRDD Waiver (0403/466)	88,753,483	6,508,589	25,759,286	62,994,197	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	865,333	1,730,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	2,118,667	4,237,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	58,667	218,667	581,333	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	996,865	3,715,589	9,878,031	13,593,620
Medical Services Surplus (0403/633)	-	-	18,429,035	-	18,429,035
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	-	1,003,876	3,011,627	4,015,503
Lottery Waiver (0420/539)	29,950,955	-	7,487,738	22,463,217	29,950,955
Lottery Transfer (5405/871)	14,502,312	-	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	-	-	-	44,505,920	44,505,920
Lottery Surplus (5405/68199)	6,000,000	-	-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	-	-	-	25,000,000	25,000,000
Trust Fund Appropriation (5185/189)	11,395,066	-	-	132,172,171	132,172,171
Provider Tax (5090/189)	193,537,029	31,232,156	100,432,156	180,877,880	281,310,035
NSGO UPL (5084/6717)	-	-	-	1,241,403	1,241,403
Certified Match	23,334,733	219,110	2,204,305	7,627,595	9,831,900
Reimbursables - Amount Reimbursed	2,371,126	224,922	3,872,296	-3,872,296	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	704,455	62,249	238,797	661,203	900,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	274,842	-	16,368	-16,368	-
<b>TOTAL MATCHING FUNDS</b>	928,789,645	116,073,929	349,541,380	761,156,520	1,110,697,899
<b>FEDERAL FUNDS</b>	3,164,785,003	226,028,654	992,727,586	2,273,653,710	3,266,381,296
<b>TOTAL REVENUE SOURCES</b>	\$ 4,093,574,648	\$ 342,102,583	\$ 1,342,268,966	\$ 3,034,810,230	\$ 4,377,079,196
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 4,042,658,754	\$ 290,257,704	\$ 1,290,566,405	\$ 2,876,748,506	\$ 4,167,314,911
<b>TOTAL</b>	\$ 50,915,894	\$ 51,844,880	\$ 51,702,561		\$ 209,764,284

Note: FMAP (74.34% applicable Oct. 2018 - Sep. 2019) (74.94% applicable Oct. 2019 - Jun. 2020)



**Joint Committee on Government and Finance**

**January 2020**

**Department of Health and Human Resources**

**MEDICAID WAIVER REPORT  
October 2019 Data**

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

<b>Aged &amp; Disabled Waiver Reported Oct 31, 2019</b>	<b>FY 2019</b>	<b>Jul 19</b>	<b>Aug 19</b>	<b>Sep 19</b>	<b>Oct 19</b>	<b>Nov 19</b>	<b>Dec 19</b>	<b>Jan 20</b>	<b>Feb 20</b>	<b>Mar 20</b>	<b>Apr 20</b>	<b>May 20</b>	<b>Jun 20</b>	<b>FY 2020 YTD</b>
<b>Slots Approved By CMS (1)</b>	6,192	6,523	6,523	6,523	6,523									6,523
-Slots Available for Traditional (ADW-WV) enrollees	6,102	6,447	6,447	6,447	6,447									6,447
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	90	76	76	76	76									76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees														
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,651	5,886	5,911	6,072	6,379									6,379
Applicants determined eligible this month and added to MEL (3)	1,364	180	165	126	141									612
Applicants determined ineligible	74	4	3	4	9									20
<b>ACTIVE MEMBERS</b>														
Active Traditional Members at the end of the month	5,828	5,784	5,765	5,865	6,086									6,086
Active Take Me Home Members at the end of the month	69	69	69	69	70									70
Active Money Follows the Person Members at the end of the month														
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,897	5,853	5,834	5,934	6,156									6,156
<b>Active members enrolled during the calendar month</b>	1,348	43	49	203	323									618
-Total Active Traditional members enrolled during the calendar month	1,297	40	46	199	318									603
-Total Active TMH-WV members enrolled during the calendar month	51	3	3	4	5									15
-Total Active MFP-WV members enrolled during the calendar month														
Members discharged during the calendar month	1,112	87	68	94	101									350
ADW Members whose case was closed by reason	Member is deceased	578	40	32	40	51								163
	Other (4)	534	47	36	54	50								187
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
# Eligible applicants closed during the calendar month (removed from MEL)	1,046	83	250	362	203									898
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	696	67	235	348	184								834
	Applicant became deceased	136	7	8	6	13								34
	Other (5)	214	9	7	8	6								30
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	2	28	19	26	9									21
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	12	75	65	64	5									52
Applicants on the MEL at the end of the month	348	445	360	124	62									62
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	108	237	169	199	230									209

(1) Of the 6523 slots approved by CMS, 76 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.

(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) Reported in actual number of days on the MEL.

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

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

<b>Intellectual/Developmental Disabilities Waiver Reported Oct 31, 2019</b>		<b>FY 2019</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Jan-20</b>	<b>Feb-20</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>YTD 2020</b>
Slots approved by CMS		4,896	4,896	4,896	4,896	4,896									4,896
Total number of members served YTD (unduplicated slots used) (1)		4,880	4,821	4,827	4,837	4,851									4,851
Total number of members served YTD in Traditional Slots		4,868	4,816	4,818	4,827	4,841									4,841
Total number of members served YTD in Adult Ben H. slots (Active)		6	2	5	6	6									6
Total number of members served YTD in Children Ben H. slots (Active)		1	3	4	4	4									4
Applicants determined eligible (2)		206	13	30	6	31									80
Applicants determined ineligible (3)		221	17	26	23	33									99
<b>ACTIVE MEMBERS</b>															
# of active members at the end of the month (unduplicated slots active) (1)		4,759	4,814	4,813	4,811	4,816									4,816
Discharged members at the end of the calendar month		137	9	10	14	11									44
Discharged members who were discharged by reason	Deceased	55	4	2	10	4									20
	Left program to enter a facility	20	2	0	1	3									6
	a. Hospital	0	0	0	0	0									0
	b. ICF/IID	7	0	4	0	1									5
	c. Nursing Facility	14	2	2	1	2									7
	d. Psychiatric Facility	0	0	0	0	0									0
	e. Rehabilitation Facility	0	0	0	0	0									0
	f. Other Facility	1	0	0	0	0									0
Other (6)	59	3	2	3	4									12	
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
Total number of applicants on the MEL at the end of the month		1,118	1,058	1,077	1,071	1,084									1,084
Number of applicants added to the MEL (4)		206	13	30	6	31									80
Applicants enrolled (removed from the MEL)		360	64	9	12	16									101
Applicants removed from the MEL due to Death (5)		5	0	0	0	0									0
Applicants removed from the MEL due to Other (6)		66	9	2	0	2									13
Applicants on the MEL who are in a Nursing Facility (9)		2	4	3	3	5									5
Applicants on the MEL who are in an ICF/IID Group Home (9)		111	99	107	98	106									106
Applicants on the MEL receiving Personal Care Services each month (8) (9)		76	69	74	77	73									73
Longest on the MEL to date (7)		1592	1,623	1,601	1,624	1,634									1,634

(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**

<b>Traumatic Brain Injury Waiver Reported October 31, 2019</b>	<b>FY 2019</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>Jan-20</b>	<b>Feb-20</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>FY2020 YTD</b>
Slots Approved By CMS (1)	82	79	79	79	79	79	79	79	79	79	79	79	79	79
-Slots Available for Traditional (non TMH-WV) enrollees	82	75	75	75	75	75	75	75	75	75	75	75	75	75
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	0	4	4	4	4	4	4	4	4	4	4	4	4	4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	82	75	74	74	74									74
Applicants determined eligible this month and added to MEL (3)	9	1	0	0	2									3
Applicants determined ineligible	2	0	0	0	0									0
<b>ACTIVE MEMBERS</b>														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	75	74	73	72	70									70
Active members enrolled during the calendar month	12	0	0	0	0									0
-Total Active Traditional members enrolled during the calendar month	12	0	0	0	0									0
-Total Active TMH-WV members enrolled during the calendar month	0	0	0	0	0									0
Members discharged during the calendar month	8	1	1	1	2									5
TBIW Members whose case was closed by reason	Member is deceased	2	1	0	0	1								2
	Other (4)	6	0	1	1	1								3
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
# Eligible applicants closed during the calendar month (removed from MEL)	4	0	0	1	0									1
TBIW Applicants removed from the MEL	Applicant offered a slot	4	0	0	1	0								1
	Applicant became deceased	0	0	0	0	0								0
	Other (5)	0	0	0	0	0								0
Applicants on the MEL who are in a nursing facility	0	0	0	0	1									1
Applicants on the MEL receiving Personal Care	0	2	0	0	0									2
Applicants on the MEL at the end of the month	8	9	9	8	10									10
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	121	256	287	317	348									302

(1) Of the 79 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. Beginning SFY 2019-2020, the program was over the number of slots available for Traditional enrollees. There are no available Traditional slots beginning SFY 2017-2018, therefore medically eligible applicants that are Traditional will be placed on the MEL.

(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) Reported in actual number of days on the MEL.

**NOTE: All data as reported by the Utilization Management Contractor is point-in-time**

Joint Committee on  
Government and Finance  
Report

*JANUARY 2020*

Department of Health and Human Resources

State Children's Health Insurance Program  
UPDATE



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual**  
**For the Five Months Ending November 30, 2019 and November 30, 2018**

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2020	Year-to-Date	November 30, 2019	November 30, 2018	\$	%	\$	%
<b>Beginning Operating Fund Balance</b>			<b>\$5,262,949</b>	<b>\$5,541,320</b>	<b>(\$278,371)</b>	<b>-5%</b>		
<b>Revenues</b>								
Federal Grants			\$22,930,532	\$20,969,121	\$1,961,411	9%		
State Appropriations			\$0	\$0	\$0	#DIV/0!		
Premium Revenues	\$1,529,958	\$637,483	\$633,017	\$631,364	\$1,653	0%	(\$4,466)	-1%
Investment Earnings (Interest)			\$72,358	\$38,488	\$33,870	88%		
<b>Total Operating Fund Revenues</b>			<b>\$23,635,907</b>	<b>\$21,638,973</b>	<b>\$1,996,934</b>	<b>9%</b>		
<b>Expenditures:</b>								
<b>Claims Expenses:</b>								
Physicians & Surgical			\$5,385,901	\$6,059,428	(\$673,527)	-11%		
Prescribed Drugs			\$4,338,326	\$3,036,348	\$1,301,978	43%		
Outpatient Services			\$4,172,967	\$3,322,310	\$850,657	26%		
Dental			\$3,434,092	\$3,218,532	\$215,560	7%		
Inpatient Hospital Services			\$1,535,037	\$1,425,066	\$109,971	8%		
Other Services			\$1,389,020	\$1,150,079	\$238,941	21%		
Therapy			\$956,060	\$829,243	\$126,817	15%		
Inpatient Mental Health			\$199,633	\$299,940	(\$100,307)	-33%		
Vision			\$298,718	\$324,977	(\$26,259)	-8%		
Durable & Disposable Med. Equip.			\$188,787	\$192,975	(\$4,188)	-2%		
Medical Transportation			\$198,006	\$175,077	\$22,929	13%		
Outpatient Mental Health			\$169,685	\$158,109	\$11,576	7%		
Less: Other Collections**			(\$41,928)	(\$115,084)	\$73,155	-64%		
Drug Rebates	(\$2,168,732)	(\$903,638)	(\$1,397,975)	(\$929,961)	(\$468,015)	50%	\$536,265	-59%
<b>Total Claims Expenses</b>	<b>\$50,481,331</b>	<b>\$21,033,888</b>	<b>\$20,826,328</b>	<b>\$19,147,039</b>	<b>\$1,679,289</b>	<b>9%</b>	<b>(\$207,560)</b>	<b>-1%</b>
<b>Administrative Expenses:</b>								
<b>Salaries and Benefits</b>								
Program Administration	\$5,679,624	\$2,366,510	\$1,486,138	\$596,420	\$889,718	149%	(\$880,372)	-37%
Eligibility			\$0	\$1,485	(\$1,485)	-100%	\$0	
Outreach & Health Promotion	\$100,000	\$41,667	\$0	\$0	\$0	0%	(\$41,667)	-100%
Current	\$350,000	\$145,833	\$53,355	\$34,880	\$18,475	53%	(\$92,478)	-63%
<b>Total Administrative Expenses in Operating Fund</b>	<b>\$6,129,624</b>	<b>\$2,554,010</b>	<b>\$1,539,493</b>	<b>\$632,785</b>	<b>\$906,708</b>	<b>143%</b>	<b>(\$1,014,517)</b>	<b>-40%</b>
<b>Total Operating Fund Expenditures</b>	<b>\$56,610,955</b>	<b>\$23,587,898</b>	<b>\$22,365,821</b>	<b>\$19,779,824</b>	<b>\$2,585,997</b>	<b>13%</b>	<b>(\$1,222,077)</b>	<b>-5%</b>
<b>Adjustments</b>								
<b>Ending Operating Fund Balance</b>			<b>\$6,776,879</b>	<b>\$7,043,471</b>	<b>(\$266,592)</b>	<b>-4%</b>		
Money Market			\$690,543	\$1,041,793				
Bond Pool			\$4,609,730	\$4,394,598				
Cash on Deposit			\$1,476,606	\$1,607,079				
<b>Unrealized Gain/Loss on Investment</b>			\$1,089	(\$3,772)	\$4,861	-129%		
<b>Ending Fund Balance (Accrued Basis)</b>			<b>\$6,777,967</b>	<b>\$7,039,699</b>	<b>(\$261,731)</b>	<b>-4%</b>		
<b>Program Expenses outside of Operating Funds:</b>								
Salaries and Benefits	\$702,625	\$292,760	\$250,692	\$250,883	(\$191)	0%	(\$42,068)	-14%
Eligibility	\$350,000	\$145,833	\$230,880	(\$19,710)	\$250,589	-1271%	\$85,046	58%
<b>Total Administrative Expenses:</b>	<b>\$7,182,249</b>	<b>\$2,992,604</b>	<b>\$2,021,065</b>	<b>\$863,958</b>	<b>\$1,157,106</b>	<b>134%</b>	<b>(\$971,539)</b>	<b>-32%</b>
<b>Total WVCHIP Expenditures</b>	<b>\$57,663,580</b>	<b>\$24,026,492</b>	<b>\$22,847,393</b>	<b>\$20,010,998</b>	<b>\$2,836,395</b>	<b>14%</b>	<b>(\$1,179,099)</b>	<b>-5%</b>

**Footnotes:**

- 1) Statement is on cash basis
- 2) Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2019 is \$4,697,000. The September 30, 2018 estimate was \$4,780,000
- 3) Administrative Accounts Payable balance on November 30, 2019 is \$1,061,493. The November 30, 2018 balance is \$537,728
- 4) 2018 and 2017 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) was 93.96% starting 10/01/2019 and 100% 07/01/2019 thru 09/30/2019. FMAP was 100% in SFY2019
- 6) Other Collections are primarily provider refunds and subrogations (amounts received from other insurers responsible for bill WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners

Unaudited - For Management Purposes Only

# WVCHIP Enrollment Report

ATTACHMENT 1

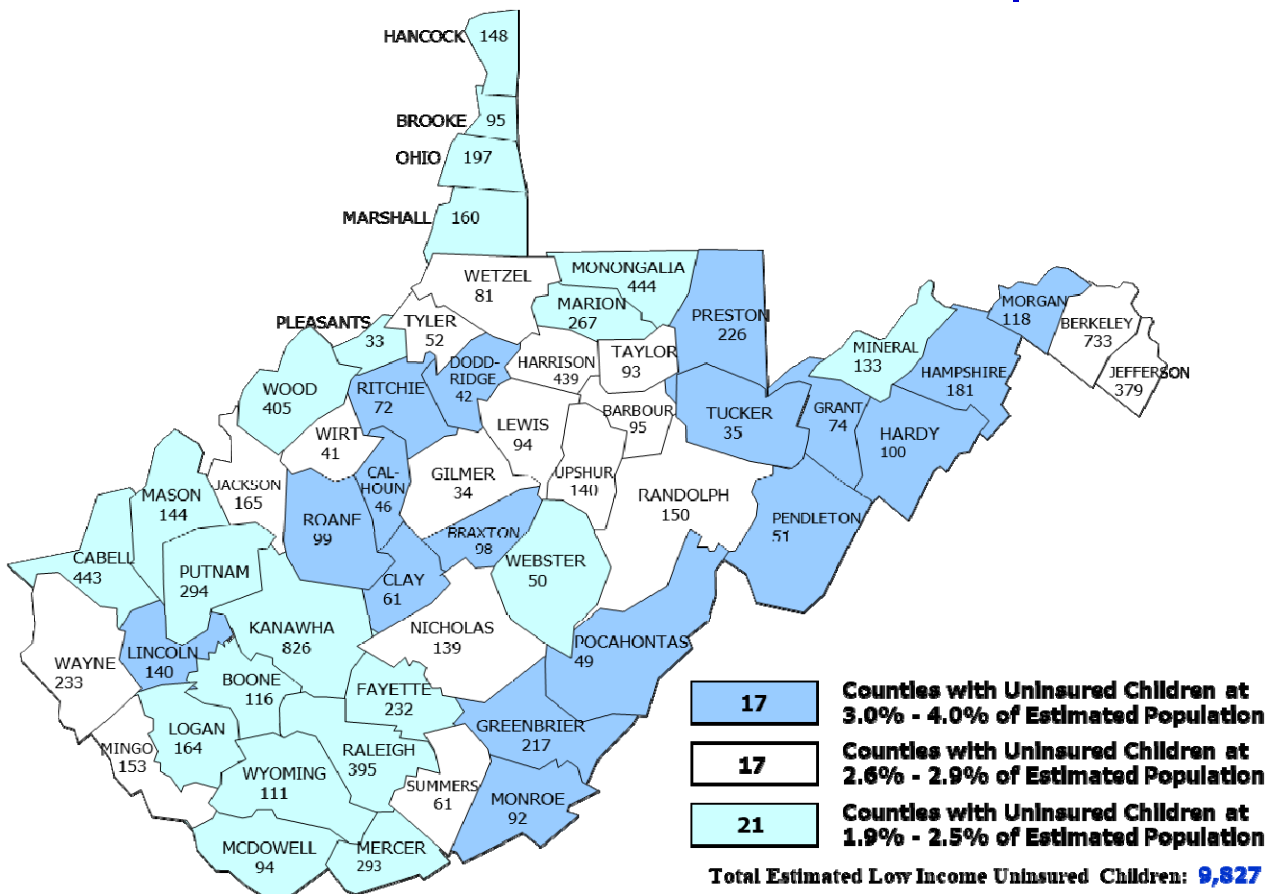
DECEMBER 2019

County	County Pop. 2017 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-19	Total Medicaid Enrollment Dec-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2017 SAHIE Uninsured Est.	2017 SAHIE % Uninsured
Barbour	3,313	254	1,711	1,965	59.3%	95	2.9%
Berkeley	27,850	1,881	11,781	13,662	49.1%	733	2.6%
Boone	4,870	250	2,859	3,109	63.8%	116	2.4%
Braxton	2,922	145	1,477	1,622	55.5%	98	3.4%
Brooke	4,112	1	71	72	1.8%	95	2.3%
Cabell	19,229	908	9,030	9,938	51.7%	443	2.3%
Calhoun	1,388	99	808	907	65.3%	46	3.3%
Clay	2,031	123	1,307	1,430	70.4%	61	3.0%
Doddridge	1,394	96	682	778	55.8%	42	3.0%
Fayette	9,190	746	4,986	5,732	62.4%	232	2.5%
Gilmer	1,159	84	559	643	55.5%	34	2.9%
Grant	2,381	124	1,148	1,272	53.4%	74	3.1%
Greenbrier	7,002	617	3,627	4,244	60.6%	217	3.1%
Hampshire	4,576	278	2,285	2,563	56.0%	181	4.0%
Hancock	5,835	568	4,008	4,576	78.4%	148	2.5%
Hardy	2,833	217	1,560	1,777	62.7%	100	3.5%
Harrison	15,044	923	6,272	7,195	47.8%	439	2.9%
Jackson	6,419	331	2,967	3,298	51.4%	165	2.6%
Jefferson	13,314	697	3,749	4,446	33.4%	379	2.8%
Kanawha	37,910	2,181	18,979	21,160	55.8%	826	2.2%
Lewis	3,522	210	1,952	2,162	61.4%	94	2.7%
Lincoln	4,737	283	2,913	3,196	67.5%	140	3.0%
Logan	6,850	406	4,260	4,666	68.1%	164	2.4%
Marion	11,604	669	5,256	5,925	51.1%	267	2.3%
Marshall	6,263	316	2,515	2,831	45.2%	160	2.6%
Mason	5,782	264	2,774	3,038	52.5%	144	2.5%
McDowell	3,790	207	2,807	3,014	79.5%	94	2.5%
Mercer	12,553	948	7,878	8,826	70.3%	293	2.3%
Mineral	5,593	289	2,173	2,462	44.0%	133	2.4%
Mingo	5,446	249	3,817	4,066	74.7%	153	2.8%
Monongalia	17,800	930	5,363	6,293	35.4%	444	2.5%
Monroe	2,750	279	1,191	1,470	53.5%	92	3.3%
Morgan	3,319	241	1,481	1,722	51.9%	118	3.6%
Nicholas	5,218	372	2,887	3,259	62.5%	139	2.7%
Ohio	8,251	394	3,861	4,255	51.6%	197	2.4%
Pendleton	1,264	91	559	650	51.4%	51	4.0%
Pleasants	1,491	72	612	684	45.9%	33	2.2%
Pocahontas	1,509	119	804	923	61.2%	49	3.2%
Preston	6,566	431	2,937	3,368	51.3%	226	3.4%
Putnam	13,491	709	4,520	5,229	38.8%	294	2.2%
Raleigh	15,997	1,124	8,919	10,043	62.8%	395	2.5%
Randolph	5,463	459	2,911	3,370	61.7%	150	2.7%
Ritchie	1,974	98	1,101	1,199	60.7%	72	3.6%
Roane	3,035	262	1,686	1,948	64.2%	99	3.3%
Summers	2,212	175	1,440	1,615	73.0%	61	2.8%
Taylor	3,526	206	1,602	1,808	51.3%	93	2.6%
Tucker	1,171	123	497	620	52.9%	35	3.0%
Tyler	1,808	89	740	829	45.9%	52	2.9%

# WVCHIP Enrollment Report

## DECEMBER 2019

County	County Pop. 2017 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-19	Total Medicaid Enrollment Dec-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2017 SAHIE Uninsured Est.	2017 SAHIE % Uninsured
Upshur	5,112	366	2,852	3,218	62.9%	140	2.7%
Wayne	8,517	447	4,793	5,240	61.5%	233	2.7%
Webster	1,711	125	1,251	1,376	80.4%	50	2.9%
Wetzel	3,164	174	1,790	1,964	62.1%	81	2.6%
Wirt	1,257	61	683	744	59.2%	41	3.3%
Wood	18,379	1,069	8,805	9,874	53.7%	405	2.2%
Wyoming	4,477	310	2,591	2,901	64.8%	111	2.5%
<b>Totals</b>	<b>378,374</b>	<b>23,090</b>	<b>182,087</b>		<b>0.0%</b>	<b>9,827</b>	<b>2.6%</b>



The above map shows the most recent 2017 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 2.6%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer sponsored insurance and should be a more accurate way to target outreach than in previous years.

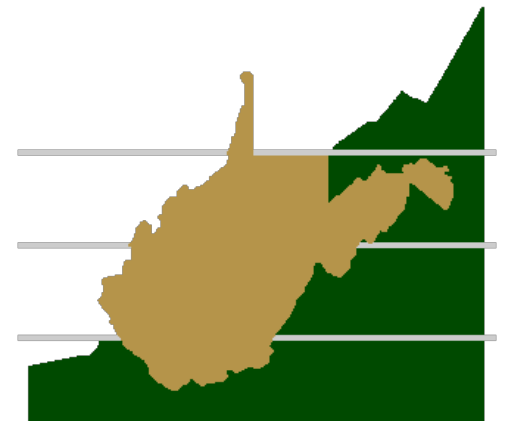


# WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

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Participant Plan Performance Report

November 30, 2019



# Participant Plans Allocation & Performance Net of Fees

Period Ending: November 30, 2019

	6/30/2019		11/30/2019		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
<b>WVIMB Fund Assets</b>	<b>19,986,151</b>	<b>100.0</b>	<b>20,435,465</b>	<b>100.0</b>								
<b>Pension Assets</b>	<b>16,174,170</b>	<b>80.9</b>	<b>16,526,457</b>	<b>80.9</b>								
Public Employees' Retirement System	6,895,387	34.5	7,072,631	34.6	1.8	5.2	3.8	11.6	10.3	7.6	9.0	6.9
Teachers' Retirement System	7,836,784	39.1	7,973,461	39.0	1.8	5.2	3.8	11.6	10.3	7.6	9.0	6.8
EMS Retirement System	84,650	0.4	88,171	0.4	1.8	5.3	3.9	11.6	10.3	7.6	9.0	
Public Safety Retirement System	689,820	3.5	695,487	3.4	1.8	5.3	3.8	11.5	10.3	7.6	9.1	7.0
Judges' Retirement System	212,655	1.1	219,076	1.1	1.8	5.3	3.9	11.6	10.3	7.7	9.1	6.9
State Police Retirement System	207,101	1.0	218,049	1.1	1.8	5.2	3.8	11.6	10.3	7.6	9.0	6.9
Deputy Sheriffs' Retirement System	232,576	1.2	241,232	1.2	1.8	5.2	3.9	11.6	10.3	7.6	9.0	6.9
Municipal Police & Firefighter Retirement System	11,090	0.1	12,667	0.1	1.7	5.1	3.7	11.6	10.1	7.5		
Municipal Model A	2,925	0.0	2,944	0.0	1.8	5.2	3.8	11.6	10.5	7.7		
Municipal Model C	1,182	0.0	1,227	0.0	1.5	4.9	3.8	11.3				
Municipal Model F	0	0.0	1,512	0.0	1.4	5.2	4.1					
<b>Insurance Assets</b>	<b>2,829,801</b>	<b>14.2</b>	<b>2,903,358</b>	<b>14.3</b>								
Workers' Compensation Old Fund	1,105,721	5.5	1,082,115	5.3	1.0	3.1	3.1	9.9	6.5	4.7	5.4	
Workers' Comp. Self-Insured Guaranty Risk Pool	34,207	0.2	34,849	0.2	1.0	3.1	3.0	9.6	6.4	4.6	4.9	
Workers' Comp. Self-Insured Security Risk Pool	52,220	0.3	52,398	0.3	1.0	3.1	3.0	9.6	6.5	4.6		
Workers' Comp. Uninsured Employers' Fund	13,468	0.1	13,934	0.1	1.0	3.0	2.9	9.2	6.3	4.4	4.6	
Pneumoconiosis	238,605	1.2	237,795	1.2	1.0	3.1	3.0	9.6	6.4	4.5	5.6	5.7
Board of Risk & Insurance Management	158,696	0.8	163,505	0.8	1.0	3.1	3.0	9.6	6.5	4.5	5.7	
Public Employees' Insurance Agency	225,314	1.1	231,919	1.1	0.9	2.6	2.9	9.9	6.4	4.5	5.6	
WV Retiree Health Benefit Trust Fund	1,001,570	5.0	1,086,843	5.3	1.8	5.3	3.9	11.7	10.3	7.7	8.5	
<b>Endowment Assets</b>	<b>982,180</b>	<b>4.9</b>	<b>1,005,650</b>	<b>4.8</b>								
Berkeley County Development Authority	6,177	0.0	6,416	0.0	1.8	5.3	3.9	11.6	10.3			
Wildlife Fund	65,000	0.3	65,207	0.3	1.8	5.2	3.9	11.6	10.3	7.6	9.0	7.4
Prepaid Tuition Trust	34,513	0.2	30,137	0.1	0.0	0.6	2.1	8.9	7.6	5.7	7.5	6.5
Revenue Shortfall Reserve Fund	197,342	1.0	220,164	1.1	0.1	0.1	2.1	9.6	4.0	2.9	3.7	
Revenue Shortfall Reserve Fund - Part B	465,189	2.4	479,342	2.3	0.6	2.3	3.0	10.8	6.5	4.7	5.7	
WV DEP Trust	9,258	0.0	9,646	0.0	1.8	6.0	4.2	11.0	9.0	6.2		
WV DEP Agency	204,701	1.0	194,738	1.0	1.2	3.9	3.3	10.3	7.3	5.1		

Composite Asset Allocation & Performance Net of Fees

Period Ending: November 30, 2019

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	20,441,666	100.00									
Total Equity Composite	9,984,203	48.84	2.45	8.82	5.41	13.00	11.55	7.68	10.16	6.74	
+/- Total Equity Base Index (b)			(0.03)	1.24	(0.01)	(1.36)	(0.69)	(0.09)	0.72	0.90	
Domestic Equity Composite	5,003,140	24.47	4.01	8.37	7.61	16.30	14.21	10.23	13.54	7.60	
+/- Russell 3000 Index			0.21	0.47	0.34	0.81	(0.01)	(0.38)	0.13	1.03	
International Equity Composite	4,981,063	24.37	0.92	9.26	3.27	9.77	8.89	5.10	6.72	6.26	
+/- MSCI AC World ex US IMI Index (c)			(0.08)	1.92	0.35	(1.86)	(0.79)	0.52	1.42	1.69	
Fixed Income Composite	3,196,795	15.64	0.00	1.03	2.56	10.76	5.08	3.91	4.57	5.70	
+/- Bloomberg Barclays Capital Universal (d)			0.02	1.16	0.13	(0.08)	0.73	0.54	0.59	0.50	
Core Fixed Income Composite	951,023	4.65	(0.06)	(0.38)	2.71	11.13	4.43	3.54	4.19		
+/- Bloomberg Barclays Capital Aggregate			(0.01)	(0.10)	0.18	0.34	0.33	0.46	0.60		
Total Return Fixed Income Composite (k)	2,245,772	10.99	0.03	1.64	2.49	10.60	5.36	4.06	4.78	6.17	
+/- Bloomberg Barclays Capital Universal			0.05	1.77	0.06	(0.24)	1.01	0.69	0.80	0.91	
TIPS Composite	407,595	1.99	0.17	(0.93)	1.78	8.66	3.20	2.33	3.10		
+/- Bloomberg Barclays Capital U.S. TIPS			0.02	0.03	0.02	0.05	0.05	0.03	0.01		
Cash Composite	112,800	0.55	0.13	0.45	0.82	2.21	1.58	1.03	0.58	1.87	
+/- Citigroup 90 Day T-Bill (e)			(0.02)	(0.04)	(0.07)	(0.10)	(0.03)	0.01	(0.03)	(0.02)	
Private Equity Composite	1,980,698	9.69	2.98	3.59	3.57	19.22	20.08	16.62	15.38		
+/- Russell 3000 + 3% (f, g)								3.01	(1.54)		
Real Estate Composite	1,964,219	9.61	0.27	1.26	1.36	7.07	8.43	8.94	9.24		
+/- NCREIF + 1% (f)								(0.71)	(1.36)		
Hedge Fund Composite	2,174,075	10.64	0.95	0.95	1.47	5.58	4.10	2.97	4.65		
+/- HFRI FOF + 1% (h)			0.32	0.13	0.99	0.11	(0.39)	(0.06)	0.99		
Opportunistic Income Composite	621,281	3.04	1.86	1.90	1.91	6.95	6.14				
+/- CS Leveraged Loan + 2% (i)			1.14	0.92	0.10	0.93	(0.24)				

# Participant Plans Allocation vs. Strategy

Period Ending: November 30, 2019

	Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Opportunistic Income		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

## Pension Assets

Public Employees' Retirement System	52.1	55.0	11.7	15.0	11.2	10.0	11.1	10.0	10.2	10.0	3.5	0.0	0.2	0.0
Teachers' Retirement System	52.1	55.0	11.5	15.0	11.3	10.0	11.2	10.0	10.2	10.0	3.5	0.0	0.2	0.0
EMS Retirement System	52.3	55.0	12.0	15.0	11.0	10.0	10.9	10.0	10.2	10.0	3.4	0.0	0.2	0.0
Public Safety Retirement System	52.2	55.0	11.2	15.0	11.3	10.0	11.3	10.0	10.3	10.0	3.6	0.0	0.1	0.0
Judges' Retirement System	52.4	55.0	11.7	15.0	11.1	10.0	11.0	10.0	10.3	10.0	3.5	0.0	0.0	0.0
State Police Retirement System	52.2	55.0	12.6	15.0	10.7	10.0	10.7	10.0	10.1	10.0	3.4	0.0	0.3	0.0
Deputy Sheriffs' Retirement System	52.3	55.0	12.0	15.0	11.0	10.0	10.9	10.0	10.2	10.0	3.4	0.0	0.2	0.0
Municipal Police & Firefighter Retirement System	50.8	55.0	14.1	15.0	10.3	10.0	10.2	10.0	9.6	10.0	3.2	0.0	1.8	0.0
Municipal Model A	52.2	55.0	11.5	15.0	10.8	10.0	10.7	10.0	10.4	10.0	3.4	0.0	1.0	0.0
Municipal Model C	49.5	50.0	26.6	30.0	5.2	5.0	5.2	5.0	10.2	10.0	1.6	0.0	1.7	0.0
Municipal Model F	55.7	55.0	42.4	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0

## Insurance Assets

Workers' Compensation Old Fund	31.9	30.0	48.1	50.0	0.0	0.0	0.0	0.0	16.1	15.0	0.0	0.0	3.9	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	31.4	30.0	43.0	45.0	0.0	0.0	0.0	0.0	20.9	20.0	0.0	0.0	4.7	5.0
Workers' Comp. Self-Insured Security Risk Pool	31.7	30.0	42.9	45.0	0.0	0.0	0.0	0.0	21.2	20.0	0.0	0.0	4.2	5.0
Workers' Comp. Uninsured Employers Fund	31.3	30.0	37.8	40.0	0.0	0.0	0.0	0.0	20.7	20.0	0.0	0.0	10.2	10.0
Pneumoconiosis	31.7	30.0	43.1	45.0	0.0	0.0	0.0	0.0	21.2	20.0	0.0	0.0	4.0	5.0
Board of Risk & Insurance Mgmt.	31.3	30.0	43.1	45.0	0.0	0.0	0.0	0.0	20.7	20.0	0.0	0.0	4.9	5.0
Public Employees' Insurance Agency	26.2	25.0	53.1	55.0	0.0	0.0	0.0	0.0	20.7	20.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	52.0	55.0	12.7	15.0	10.8	10.0	10.7	10.0	10.0	10.0	3.4	0.0	0.4	0.0

## Endowment Assets

Berkeley County Development Authority	52.3	55.0	12.2	15.0	11.0	10.0	10.9	10.0	10.2	10.0	3.4	0.0	0.0	0.0
Wildlife Fund	52.1	55.0	12.2	15.0	11.0	10.0	11.0	10.0	10.1	10.0	3.5	0.0	0.1	0.0
Prepaid Tuition Trust	0.0	0.0	70.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	30.0
Revenue Shortfall Reserve Fund	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	23.6	22.5	76.4	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	66.4	65.0	13.0	15.0	0.0	0.0	0.0	0.0	20.5	20.0	0.0	0.0	0.1	0.0
WV DEP Agency	40.0	40.0	36.6	40.0	0.0	0.0	0.0	0.0	19.9	20.0	0.0	0.0	3.5	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Barclays Capital Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2019, the Total Equity Base Index is 100% MSCI ACWI Gross. From January 2014 to December 2018, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (IMI). From April 2008 to December 2013, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACWI ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Bloomberg 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) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (l) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.

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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Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.



**WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER**

*James A. Dodrill*  
*Insurance Commissioner*

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

*Joint Committee on Government & Finance*

*January 2020*

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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"<sup>1</sup>, 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. At October 2019, there were 10,994 active 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.

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<sup>1</sup> As a result of their merger, Motorists Insurance Group and BrickStreet Mutual Insurance Co. are now **Encova Mutual Insurance Group**.

## 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 was 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.

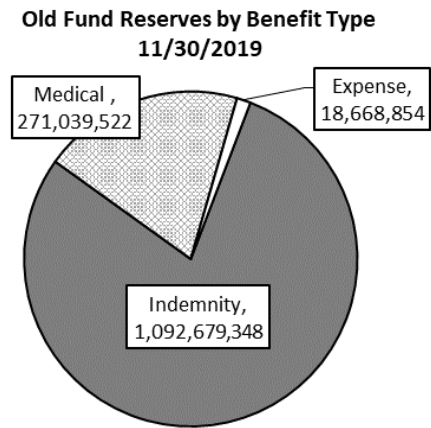
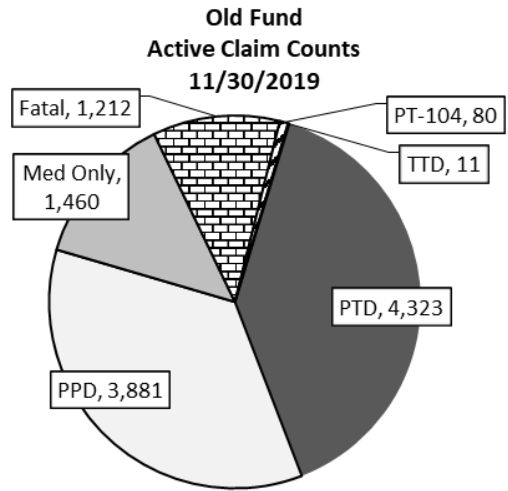
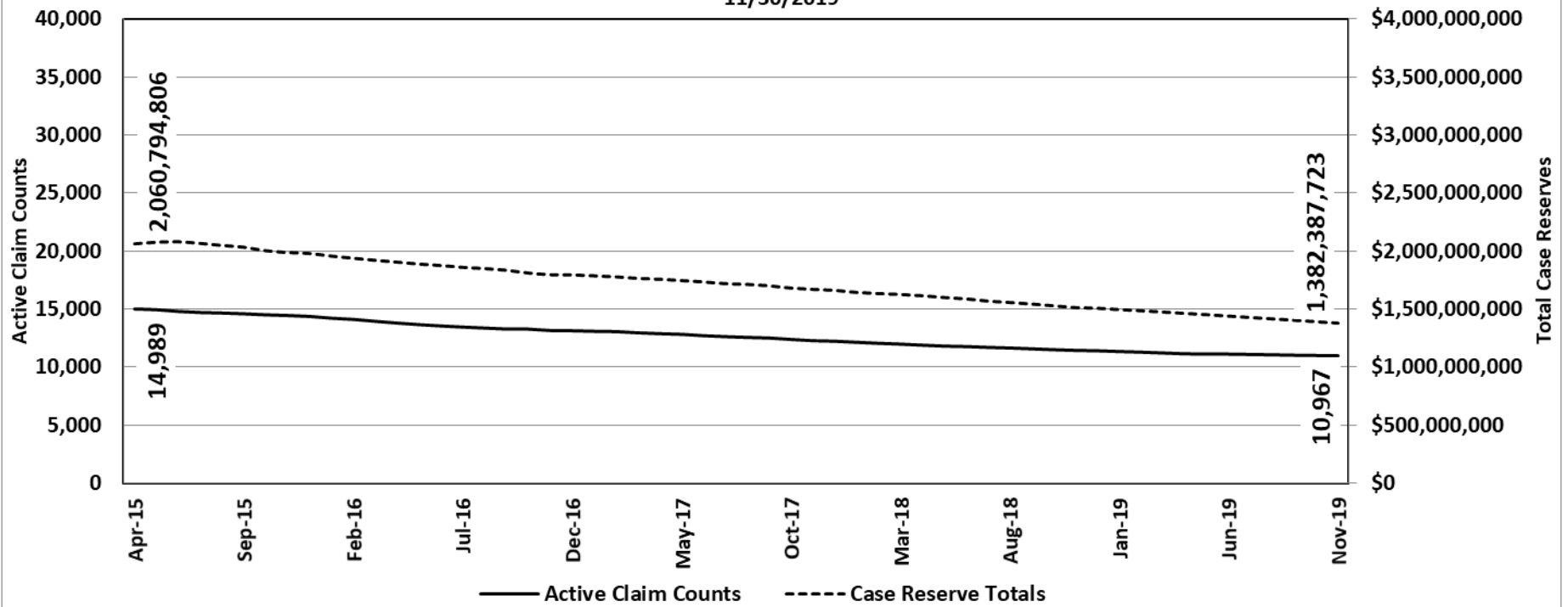
**Self-Insured Security Fund:** State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or 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.

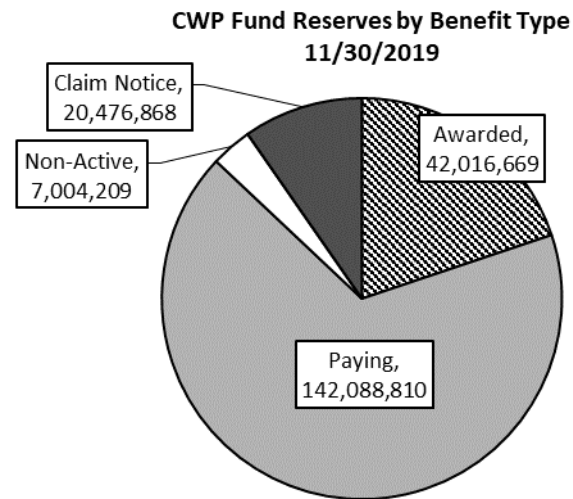
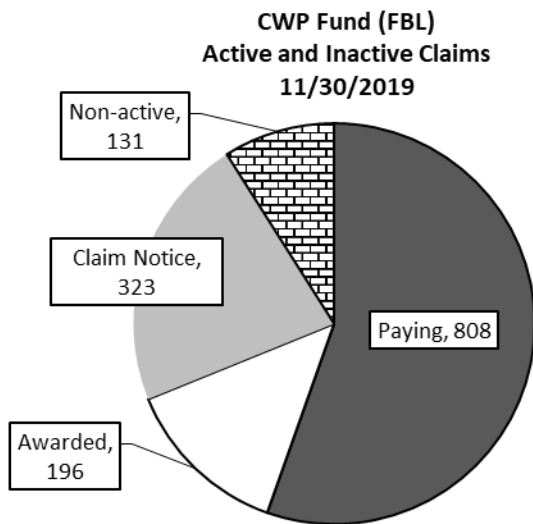
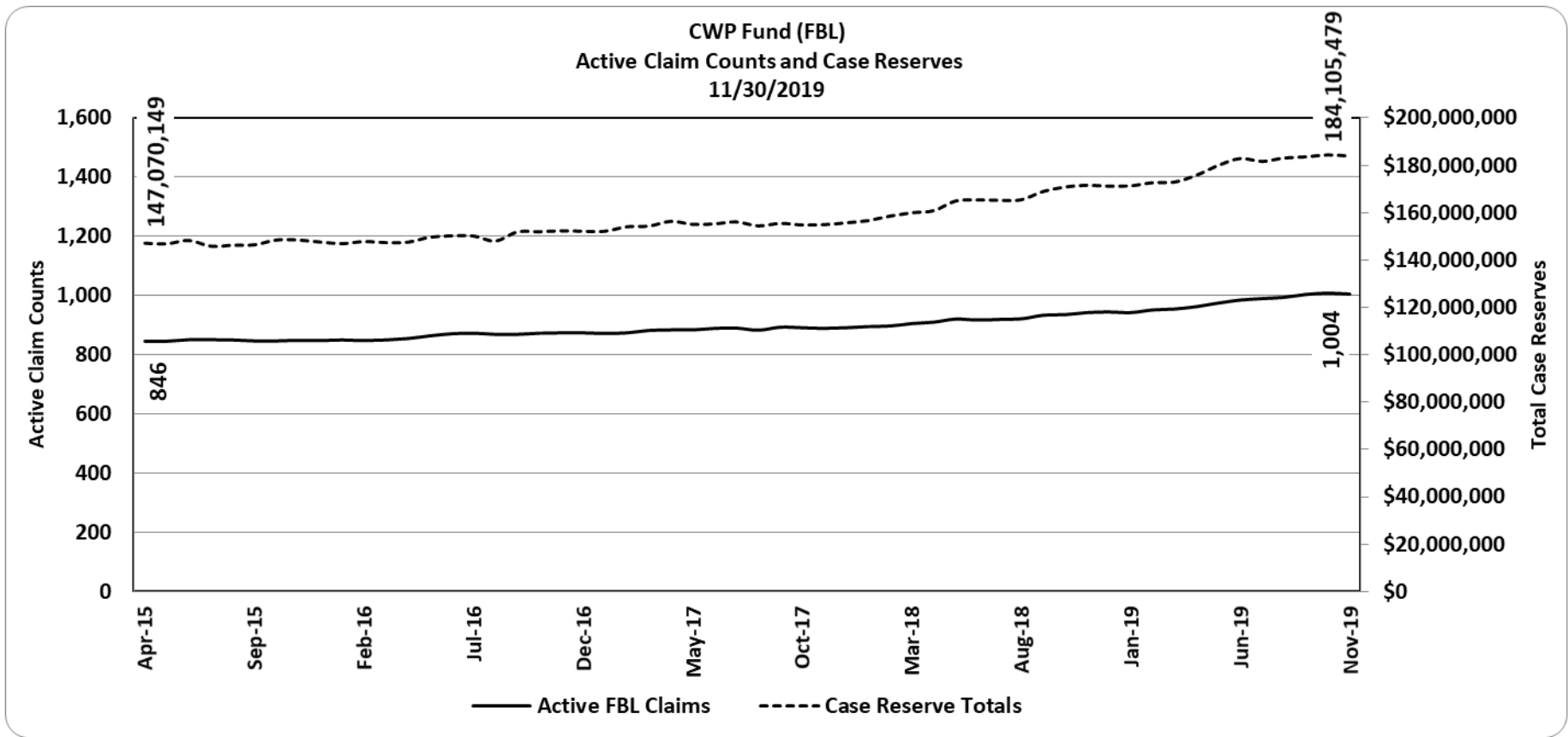
**TPD:** (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average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

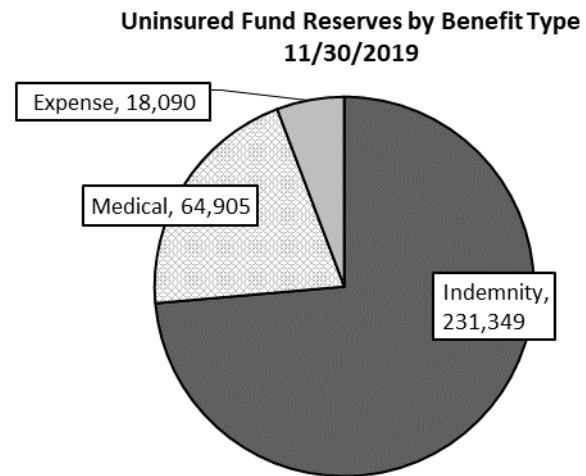
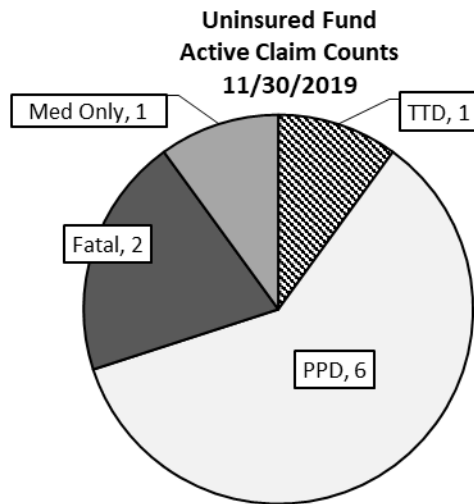
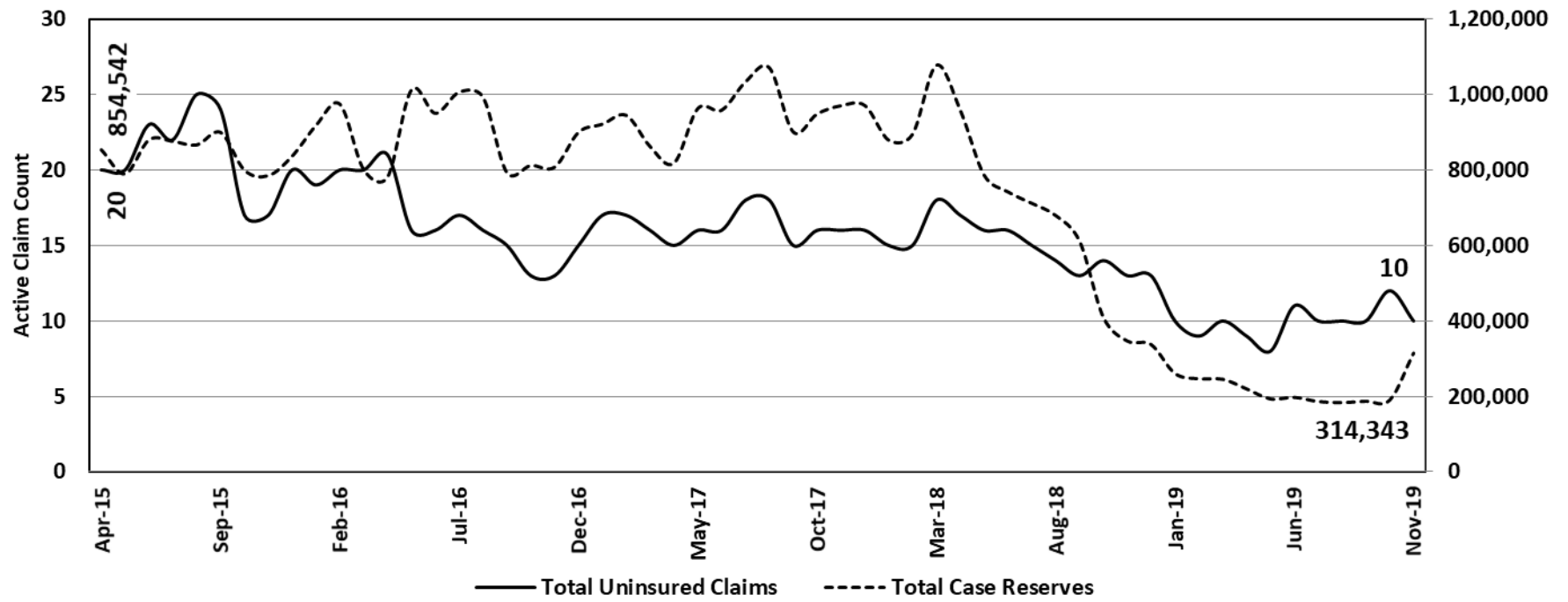
**Uninsured Fund:** State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund  
Active Claim Counts and Case Reserves  
11/30/2019**

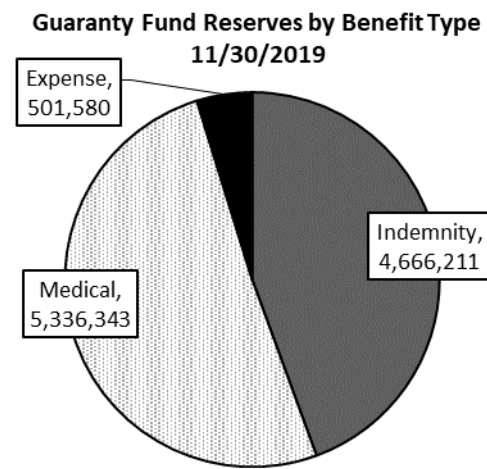
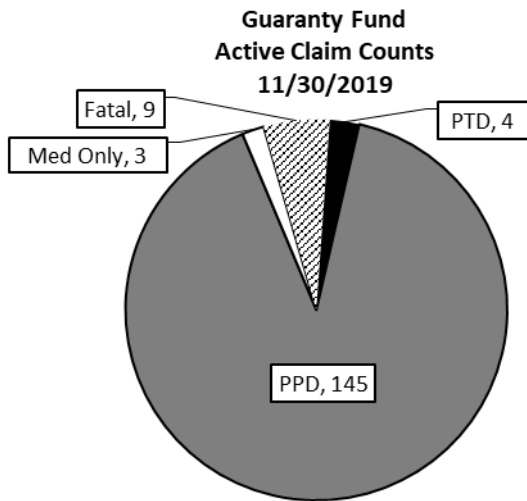
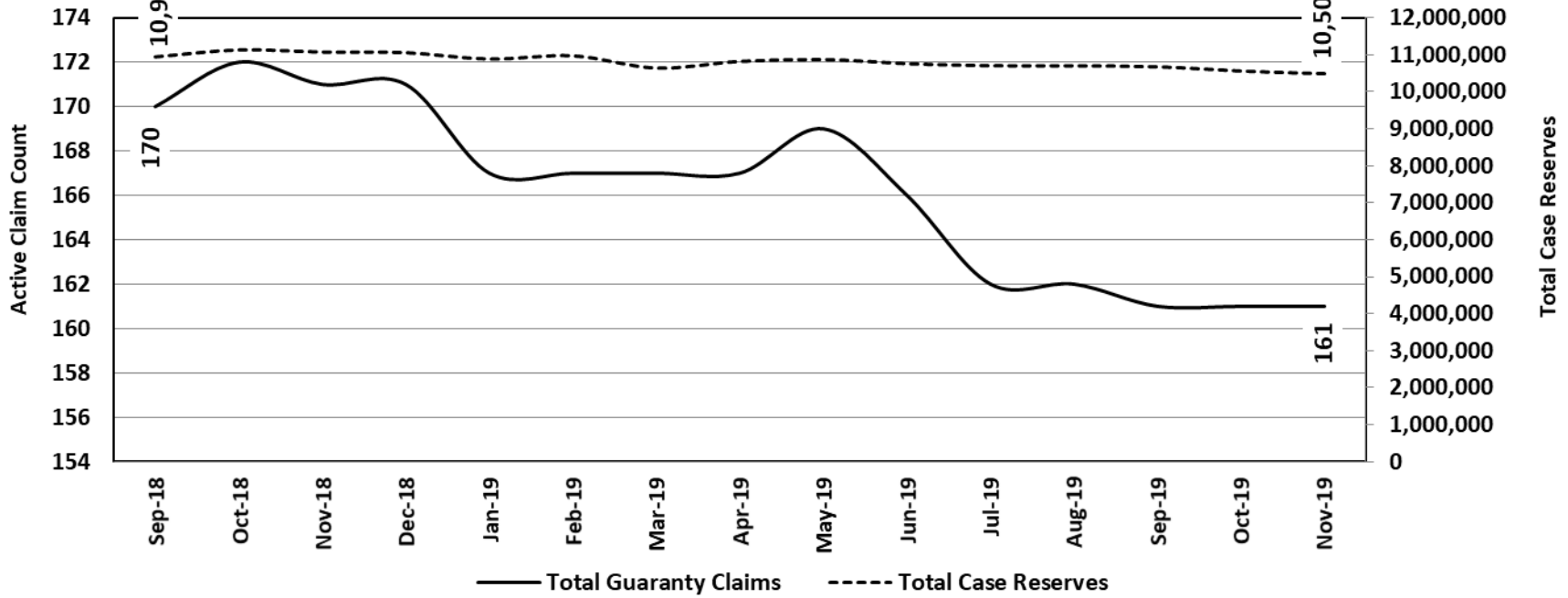




**Uninsured Fund  
Active Claim Counts and Case Reserves  
11/30/2019**

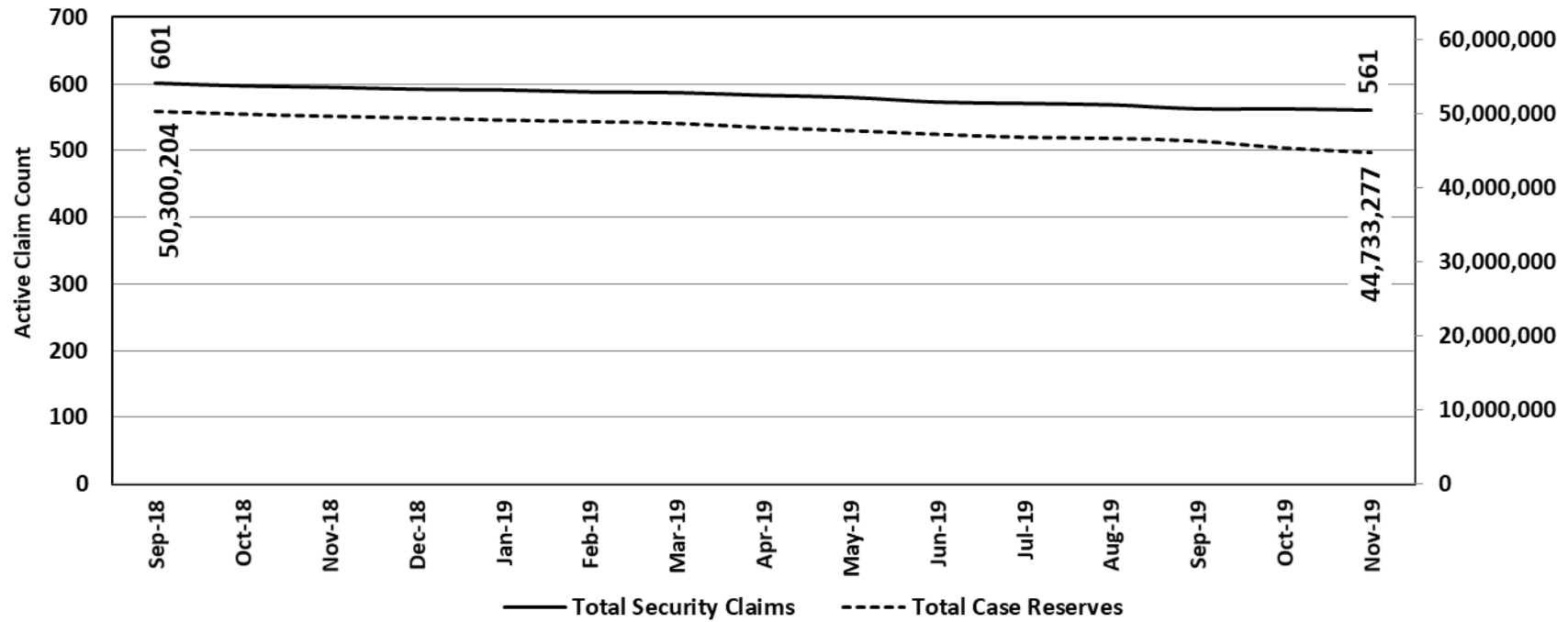


**Guaranty Fund  
Active Claim Counts and Case Reserves  
11/30/2019**

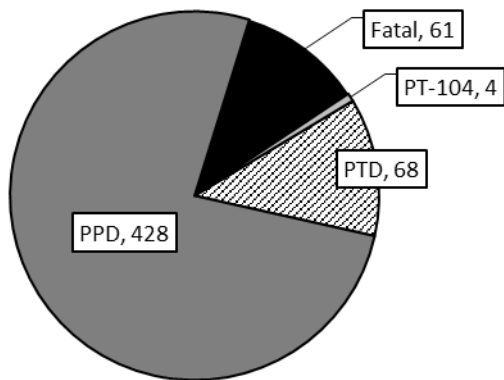




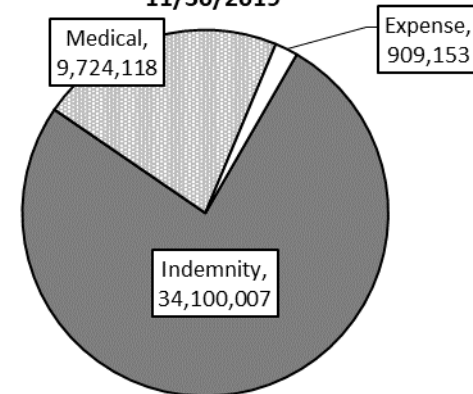
**Security Fund  
Active Claim Counts and Case Reserves  
11/30/2019**



**Security Fund  
Active Claim Counts  
11/30/2019**



**Security Fund Reserves by Benefit Type  
11/30/2019**



OLD FUND CASH STATEMENT  
NOVEMBER 30, 2019

Three Year History for years ended:

	YTD FY2020	YTD FY2019	Change	FY2019	FY2018	FY2017
<b>Cash Beginning Balances</b>	<b>1,077,104,966</b>	<b>1,190,163,510</b>	<b>(113,058,544)</b>	<b>1,190,163,510</b>	<b>1,263,372,448</b>	<b>1,280,647,632</b>
<b>Revenues</b>						
Personal Income Tax	-	-	-	-	-	-
Severance Tax	-	812,164	(812,164)	812,164	-	13,887,551
Debt Reduction Surcharge	-	2,885,792	(2,885,792)	4,078,894	6,668,291	12,336,645
Self-Insured Debt Reduction Surcharge	-	1,069,864	(1,069,864)	1,628,881	2,130,127	4,346,111
Video Lottery	-	-	-	-	2,750,000	5,500,000
Employer Premium	24,043	26,273	(2,230)	70,302	513,387	62,806
Other Income - Return of Unclaimed Property	-	-	-	-	273,871	354,423
<b>Operating Revenues</b>	<b>24,043</b>	<b>4,794,093</b>	<b>(4,770,049)</b>	<b>6,590,241</b>	<b>12,335,675</b>	<b>36,487,535</b>
Investment / Interest Earnings (Losses)	52,199,995	(27,628,104)	79,828,099	17,915,993	67,551,779	112,116,554
<b>Total Revenues</b>	<b>52,224,039</b>	<b>(22,834,011)</b>	<b>75,058,050</b>	<b>24,506,234</b>	<b>79,887,454</b>	<b>148,604,089</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	10,007,510	9,866,491	141,018	21,861,068	25,531,399	27,437,375
Permanent Total Disability	32,042,683	34,633,055	(2,590,372)	81,018,639	86,779,468	92,140,733
Permanent Partial Disability	35,850	78,677	(42,827)	120,930	301,824	336,015
Temporary Disability	-	41,756	(41,756)	49,001	18,268	-
Fatals	8,199,877	8,666,019	(466,142)	20,440,045	21,608,332	22,990,499
104 weeks death benefit	2,477,653	1,953,153	524,500	4,630,636	5,182,930	5,825,439
Settlements	2,211,980	1,541,658	670,322	3,688,819	7,058,622	11,716,131
Loss Adjustment Expenses	739,951	623,400	116,551	1,400,225	1,324,887	1,446,808
<b>Total</b>	<b>55,715,503</b>	<b>57,404,209</b>	<b>(1,688,706)</b>	<b>133,209,364</b>	<b>147,805,732</b>	<b>161,893,000</b>
Less: Claims credits and overpayments	566,893	1,624,012	(1,057,119)	2,443,869	2,877,784	5,080,389
<b>Total Benefits Paid</b>	<b>55,148,610</b>	<b>55,780,196</b>	<b>(631,587)</b>	<b>130,765,495</b>	<b>144,927,948</b>	<b>156,812,611</b>
Administrative Expenses	1,690,032	2,412,288	(722,257)	6,799,283	8,168,444	9,066,663
<b>Total Expenditures</b>	<b>56,838,641</b>	<b>58,192,485</b>	<b>(1,353,844)</b>	<b>137,564,778</b>	<b>153,096,392</b>	<b>165,879,274</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(4,614,602)</b>	<b>(81,026,496)</b>	<b>76,411,893</b>	<b>(113,058,544)</b>	<b>(73,208,938)</b>	<b>(17,275,184)</b>
<b>Cash Ending Balances</b>	<b>1,072,490,364</b>	<b>1,109,137,014</b>	<b>(36,646,650)</b>	<b>1,077,104,966</b>	<b>1,190,163,510</b>	<b>1,263,372,448</b>

Note: The purpose of this report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of cash and investments with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. 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  
NOVEMBER 30, 2019

				Three Year History for years ended:			
		YTD FY2020	YTD FY2019	Change	FY2019	FY2018	FY2017
<b>Cash Beginning Balances</b>		<b>232,485,887</b>	<b>246,768,365</b>	<b>(14,282,479)</b>	<b>246,768,365</b>	<b>251,313,328</b>	<b>245,945,240</b>
<b>Revenues</b>							
	Investment Earnings (Losses)	10,948,847	(5,602,585)	16,551,432	3,546,660	13,912,317	22,100,417
	Other Income - Return of Unclaimed Property	-	-	-	-	645	8,353
<b>Total Revenues</b>		<b>10,948,847</b>	<b>(5,602,585)</b>	<b>16,551,432</b>	<b>3,546,660</b>	<b>13,912,961</b>	<b>22,108,770</b>
<b>Expenditures</b>							
Claims Benefits Paid:							
	Medical	2,073,195	1,848,056	225,139	4,623,840	6,709,112	4,032,649
	PTD and Fatal Indeminty	3,732,589	3,524,478	208,111	8,683,360	7,945,389	8,174,289
	Loss Adjustment Expenses	1,755,147	1,708,725	46,422	3,620,512	3,165,542	3,783,923
	<b>Total</b>	<b>7,560,931</b>	<b>7,081,259</b>	<b>479,672</b>	<b>16,927,711</b>	<b>17,820,043</b>	<b>15,990,861</b>
	Less: Claims Credits and Overpayments	38,760	49,995	(11,235)	85,884	268,646	125,895
	<b>Total Benefits Paid</b>	<b>7,522,170</b>	<b>7,031,264</b>	<b>490,907</b>	<b>16,841,827</b>	<b>17,551,397</b>	<b>15,864,966</b>
	Administrative Expenses	387,408	411,430	(24,022)	987,312	906,527	875,715
<b>Total Expenditures</b>		<b>7,909,578</b>	<b>7,442,694</b>	<b>466,885</b>	<b>17,829,139</b>	<b>18,457,924</b>	<b>16,740,681</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>		<b>3,039,269</b>	<b>(13,045,279)</b>	<b>16,084,548</b>	<b>(14,282,479)</b>	<b>(4,544,963)</b>	<b>5,368,089</b>
<b>Cash Ending Balances</b>		<b>235,525,156</b>	<b>233,723,087</b>	<b>1,802,070</b>	<b>232,485,887</b>	<b>246,768,365</b>	<b>251,313,328</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. Assets of the CWP Fund are invested with the WV Investment Management Board. The investment earnings are presented in the month in which the State Treasurer records the earnings. 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  
NOVEMBER 30, 2019

	YTD FY2020	YTD FY2019	Change	Three Year History for years ended:		
				FY2019	FY2018	FY2017
<b>Cash Beginning Balances</b>	<b>33,373,873</b>	<b>34,042,831</b>	<b>(668,958)</b>	<b>34,042,831</b>	<b>33,836,322</b>	<b>33,462,454</b>
<b>Revenues</b>						
Guaranty Risk Pool Assessments	-	(354)	354	(354)	-	-
Collateral Proceeds	-	252,925	(252,925)	252,925	-	-
Investment Earnings (Losses)	1,574,718	(791,155)	2,365,873	523,349	1,873,190	3,012,508
<b>Total Revenues</b>	<b>1,574,718</b>	<b>(538,583)</b>	<b>2,113,301</b>	<b>775,921</b>	<b>1,873,190</b>	<b>3,012,508</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	127,326	148,889	(21,563)	496,368	239,490	503,912
Permanent Total Disability	42,662	42,662	-	102,389	181,821	63,717
Permanent Partial Disability	94,607	133,818	(39,211)	260,557	522,798	972,712
Temporary Disability	-	2,537	(2,537)	13,148	56,649	375,328
Fatals	94,503	94,503	-	226,808	253,055	277,011
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	125,000	170,000	3,800
Non Awarded Partial Disability	-	-	-	-	10,904	4,407
Loss Adjustment Expenses	39,617	54,637	(15,020)	112,306	123,706	255,219
Total	398,715	477,046	(78,331)	1,336,576	1,558,423	2,456,105
Less: Claims Credits and Overpayments	-	205	(205)	205	12,868	2,723
Total Benefits Paid	398,715	476,841	(78,126)	1,336,371	1,545,555	2,453,382
Administrative Expenses	29,724	39,011	(9,287)	108,508	121,127	185,258
<b>Total Expenditures</b>	<b>428,439</b>	<b>515,852</b>	<b>(87,413)</b>	<b>1,444,879</b>	<b>1,666,682</b>	<b>2,638,640</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,146,279</b>	<b>(1,054,435)</b>	<b>2,200,714</b>	<b>(668,958)</b>	<b>206,509</b>	<b>373,868</b>
<b>Cash Ending Balances</b>	<b>34,520,152</b>	<b>32,988,395</b>	<b>1,531,756</b>	<b>33,373,873</b>	<b>34,042,831</b>	<b>33,836,322</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 assets of the Self-insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL  
NOVEMBER 30, 2019

	YTD FY2020	YTD FY2019	Change	Three Year History for years ended:		
				FY2019	FY2018	FY2017
<b>Cash Beginning Balances</b>	<b>50,905,481</b>	<b>53,404,259</b>	<b>(2,498,778)</b>	<b>53,404,259</b>	<b>54,448,203</b>	<b>53,859,338</b>
<b>Revenues</b>						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	243,007	(243,007)	243,007	-	-
Investment Earnings (Losses)	2,401,287	(1,224,268)	3,625,556	770,092	3,015,368	4,914,238
<b>Total Revenues</b>	<b>2,401,287</b>	<b>(981,261)</b>	<b>3,382,549</b>	<b>1,013,099</b>	<b>3,015,368</b>	<b>4,914,238</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	249,673	223,834	25,839	527,648	802,935	778,632
Permanent Total Disability	594,472	635,171	(40,699)	1,519,062	1,603,037	1,576,942
Permanent Partial Disability	-	5,229	(5,229)	5,702	-	-
Temporary Disability	-	-	-	-	-	-
Fatals	424,380	474,199	(49,819)	1,090,855	1,230,799	1,333,911
104 Weeks Death Benefit	22,194	-	22,194	8,932	37,804	134,935
Settlement Agreements	19,836	5,236	14,600	19,065	207,565	14,165
Loss Adjustment Expenses	73,150	52,108	21,042	96,587	88,371	151,558
Total	1,383,705	1,395,777	(12,072)	3,267,851	3,970,511	3,990,143
Less: Claims Credits and Overpayments	76,570	33,394	43,176	54,962	223,585	38,143
Total Benefits Paid	1,307,136	1,362,383	(55,247)	3,212,889	3,746,926	3,952,000
Administrative Expenses	96,990	100,103	(3,113)	298,987	312,386	373,374
<b>Total Expenditures</b>	<b>1,404,126</b>	<b>1,462,486</b>	<b>(58,360)</b>	<b>3,511,876</b>	<b>4,059,312</b>	<b>4,325,374</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>997,162</b>	<b>(2,443,747)</b>	<b>3,440,909</b>	<b>(2,498,778)</b>	<b>(1,043,944)</b>	<b>588,865</b>
<b>Cash Ending Balances</b>	<b>51,902,643</b>	<b>50,960,511</b>	<b>942,132</b>	<b>50,905,481</b>	<b>53,404,259</b>	<b>54,448,203</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 assets of the Self-insured Security Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND  
NOVEMBER 30, 2019

Three Year History for years ended:

	YTD FY2020	YTD FY2019	Change	FY2019	FY2018	FY2017
<b>Cash Beginning Balances</b>	13,211,915	12,989,971	221,944	12,989,971	12,760,544	11,864,792
<b>Revenues</b>						
Fines and Penalties	171,960	340,324	(168,364)	588,767	436,728	595,742
Investment Earnings (Losses)	601,537	(291,778)	893,315	179,479	660,537	962,646
<b>Total Revenues</b>	<b>773,497</b>	<b>48,546</b>	<b>724,951</b>	<b>768,246</b>	<b>1,097,265</b>	<b>1,558,387</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	5,738	121,727	(115,988)	129,612	164,187	30,783
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	6,841	17,003	(10,162)	30,633	33,025	51,760
Temporary Disability	20,485	29,850	(9,365)	35,751	104,582	25,414
Fatals	20,846	20,846	-	50,030	50,030	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	40,500	94,500	(54,000)	106,000	344,000	255,715
Loss Adjustment Expenses	23,340	26,919	(3,579)	52,714	5,846	6,969
Total	117,750	310,844	(193,094)	404,740	701,671	420,672
Less: Claims Credits and Overpayments	3,659	10,007	(6,348)	50,676	47,333	33,341
Total Benefits Paid	114,091	300,837	(186,746)	354,064	654,338	387,331
Administrative Expenses	43,921	53,317	(9,396)	192,238	213,501	275,304
<b>Total Expenditures</b>	<b>158,012</b>	<b>354,154</b>	<b>(196,142)</b>	<b>546,302</b>	<b>867,839</b>	<b>662,635</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>615,484</b>	<b>(305,608)</b>	<b>921,093</b>	<b>221,944</b>	<b>229,426</b>	<b>895,753</b>
<b>Cash Ending Balances</b>	<b>13,827,399</b>	<b>12,684,363</b>	<b>1,143,036</b>	<b>13,211,915</b>	<b>12,989,971</b>	<b>12,760,544</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 assets of the UEF are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. 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.

# BOARD OF TREASURY INVESTMENTS

**CALENDAR NOTE**

Board Meeting  
January 30 2020

## OPERATING REPORT NOVEMBER 2019

**Board of Treasury Investments**

315 70<sup>th</sup> Street, SE  
Charleston WV  
25304  
(304) 340-1564  
www.wvbt.com

**Board of Directors**

John D. Perdue,  
State Treasurer,  
Chairman

James C. Justice II,  
Governor

John B. McCuskey,  
State Auditor

Glenda Probst,  
Appointed by the  
Governor

Michael L. Glasser,  
Esq. Attorney  
Appointed by the  
Governor

**Executive Staff**

Executive  
Director

Kara K. Hughes,  
CPA, MBA, CFE,  
CGIP

Chief Financial  
Officer

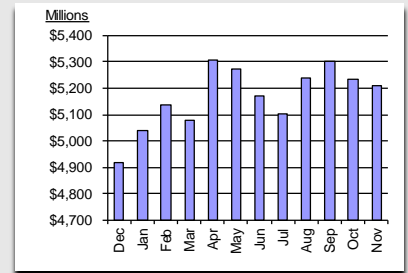
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$5,211,581,000**

Last Month  
**\$5,236,151,000**

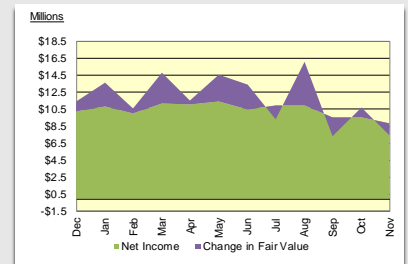
Beginning of Fiscal Year  
**\$5,169,224,000**



**Net Assets for the Past 12 Months**

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$51,055,000**



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

### Money Market Pools

As of November 30, 2019

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	1.9008%	36 Days	\$3.9 Billion
WV Gov't Money Market	1.6511%	36 Days	\$253.9 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

### NOVEMBER 2019

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#### **Strong Performance Year-to-Date**

##### **Market Results**

Following a relatively quiet month, developed equities ended higher as improving economic data assuaged near-term fears of a slowdown. US markets led the way with the S&P 500 Index increasing 3.6% during the month, adding to year-to-date gains of 27.6% - putting it on track for the best calendar year return since 2013. Internationally, the MSCI EAFE Index ended up 1.1% as strengthening manufacturing data and a perceived lull in trade tensions boosted sentiment. Emerging market equities lagged their developed counterparts as weakening data out of China and uncertainty in Hong Kong weighed on returns for the region. As a result, the MSCI Emerging Markets Index declined 0.1% during the month.

In the absence of any major central bank announcements, global bond yields moved marginally higher. The US and German 10-year bonds increased nine and seven basis points, respectively. In response, the Barclays US Treasury Index declined 0.3% for the month. The long end of the curve, measured by the 30-year US bond, also increased two basis points to a yield of 2.20% - resulting in a 0.5% decline for the Barclays Long Treasury Index. In credit, spreads broadly declined. The Barclays US High Yield Index eked out a 0.3% monthly return as spreads on the index declined 22 basis points. Finally, in emerging markets, modest dollar strength impacted local-currency debt, resulting in a 1.8% loss in the JPM GBI-EM Global Diversified Index.

##### **Market Outlook**

As we head into the final month of the year, we continue to express caution on risk assets given strong performance year-to-date and the potential for heightened volatility as part of the late stage US economic cycle. As such, we maintain our recommendation to reduce return-seeking credit exposure.



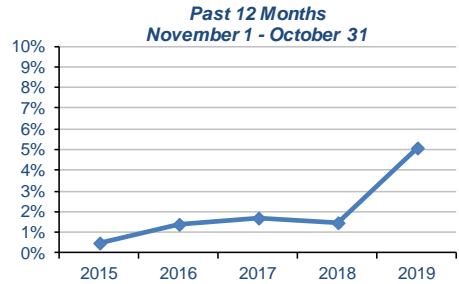
# West Virginia Board of Treasury Investments Financial Highlights as of November 30, 2019

## WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2019	5.1%	\$ 815.6
2018	1.4%	\$ 712.4
2017	1.7%	\$ 758.4
2016	1.4%	\$ 775.4
2015	0.5%	\$ 803.8

### WV Short Term Bond Pool Rates of Return

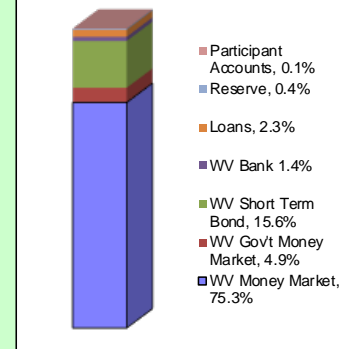


*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

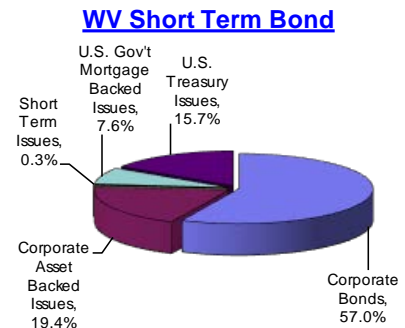
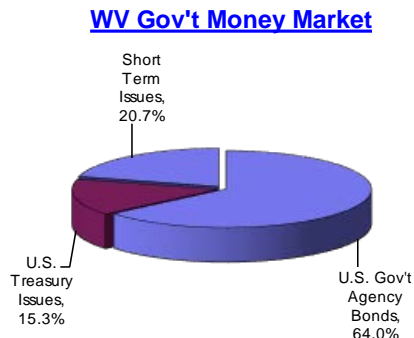
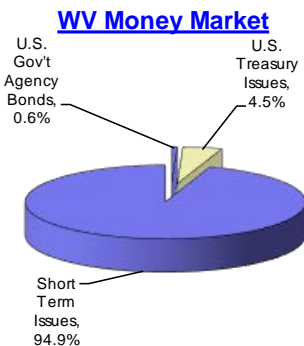
## Summary of Value and Earnings (In Thousands)

<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,926,345	\$ 6,362	\$ 36,126
WV Gov't Money Market	253,916	391	2,246
WV Short Term Bond	815,575	346	10,519
WV Bank	72,320	135	746
Loans	120,819	241	1,211
Reserve	19,766	31	178
Participant Accounts	2,840	(2)	29
	<u>\$ 5,211,581</u>	<u>\$ 7,504</u>	<u>\$ 51,055</u>

### Percent of Total Net Asset Value



## Securities by Type for Operating Pools (Percentage of Asset Value)



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**  
**NOVEMBER 30, 2019**  
*(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	\$ 3,922,968	\$ 253,797	\$ -	\$ 71,856	\$ 140,312	\$ -	\$ 4,388,933
At fair value	-	-	813,522	-	-	2,811	816,333
Other assets	3,734	150	3,984	467	277	29	8,641
Total assets	<u>3,926,702</u>	<u>253,947</u>	<u>817,506</u>	<u>72,323</u>	<u>140,589</u>	<u>2,840</u>	<u>5,213,907</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	357	31	1,931	3	4	-	2,326
Total liabilities	<u>357</u>	<u>31</u>	<u>1,931</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>2,326</u>
<b>Net Position</b>							
Held in trust for investment pool participants	3,926,345	253,916	815,575	72,320	140,585	-	5,208,741
Held in trust for individual investment account holders	-	-	-	-	-	2,840	2,840
Total net position	<u>\$ 3,926,345</u>	<u>\$ 253,916</u>	<u>\$ 815,575</u>	<u>\$ 72,320</u>	<u>\$ 140,585</u>	<u>\$ 2,840</u>	<u>\$ 5,211,581</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 3,382	\$ 165	\$ 1,791	\$ 136	\$ 274	\$ 9	\$ 5,757
Net (amortization) accretion	3,158	239	(22)	-	-	(1)	3,374
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>6,540</u>	<u>404</u>	<u>1,769</u>	<u>136</u>	<u>274</u>	<u>8</u>	<u>9,131</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	178	14	52	1	2	-	247
Total investment expenses	<u>178</u>	<u>14</u>	<u>52</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>247</u>
Net investment income	6,362	390	1,717	135	272	8	8,884
Net realized gain (loss) from investments	-	1	106	-	-	-	107
Net increase (decrease) in fair value of investments	-	-	(1,477)	-	-	(10)	(1,487)
Net increase (decrease) in net position from operations	6,362	391	346	135	272	(2)	7,504
Participant transaction additions:							
Purchase of pool units by participants	834,483	16,490	-	141	35	-	851,149
Reinvestment of pool distributions	6,362	391	2,618	135	272	-	9,778
Contributions to individual investment accounts	-	-	-	-	-	20	20
Total participant transaction additions	<u>840,845</u>	<u>16,881</u>	<u>2,618</u>	<u>276</u>	<u>307</u>	<u>20</u>	<u>860,947</u>
Total additions	847,207	17,272	2,964	411	579	18	868,451
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	6,362	390	1,717	135	272	-	8,876
Net realized gain (loss) from investments	-	1	106	-	-	-	107
Total distributions to pool participants	<u>6,362</u>	<u>391</u>	<u>1,823</u>	<u>135</u>	<u>272</u>	<u>-</u>	<u>8,983</u>
Participant transaction deductions:							
Redemption of pool units by participants	840,403	35,886	6,596	141	1,012	-	884,038
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>840,403</u>	<u>35,886</u>	<u>6,596</u>	<u>141</u>	<u>1,012</u>	<u>-</u>	<u>884,038</u>
Total deductions	<u>846,765</u>	<u>36,277</u>	<u>8,419</u>	<u>276</u>	<u>1,284</u>	<u>-</u>	<u>893,021</u>
Net increase (decrease) in net position from operations	442	(19,005)	(5,455)	135	(705)	18	(24,570)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	442	(19,005)	(5,455)	135	(705)	18	(24,570)
Net position at beginning of period	<u>3,925,903</u>	<u>272,921</u>	<u>821,030</u>	<u>72,185</u>	<u>141,290</u>	<u>2,822</u>	<u>5,236,151</u>
Net position at end of period	<u>\$ 3,926,345</u>	<u>\$ 253,916</u>	<u>\$ 815,575</u>	<u>\$ 72,320</u>	<u>\$ 140,585</u>	<u>\$ 2,840</u>	<u>\$ 5,211,581</u>

# West Virginia Employee Suggestion Award Board

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Report to the Joint Committee on Government & Finance

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## Current Members of the Board

### EXECUTIVE BRANCH

Secretary Bill Crouch  
Secretary Allan L. McVey  
Joshua Spence

### HOUSE OF DELEGATES

Daniel Linville, Chair  
Terri Sypolt  
Evan Hansen

### SENATE

Bill Hamilton  
Dave Sypolt  
Douglas Facemire

## 2019 Activities of the Board

Following the designation of new legislative members to the Employee Suggestion Award Board (“Board”) in 2019, the Board convened in September 2019 to resume activity after a long hiatus. At that time the Board elected officers and established simple procedures for the Board’s staff to undertake basic administrative tasks and to prepare information for the use of the Board.

It was immediately apparent that the Board had very little in the way of technical resources to enable state employees to submit applications to the Board for recognition of their cost-saving suggestions. In addition, there was no central repository or filing facility open to all members of the Board that would enable the members to review applications and other related materials outside of meetings of the Board. After a brief discussion of these needs, the Board requested its staff to seek solutions from the state’s Office of Technology (“OT”). OT received the Board’s outline of requirements and prepared a Statement of Work proposal to develop a database of employee applications, create a digital repository of application documents, and to construct a web-based interface to allow state employees to submit applications on-line. The Board has reviewed this proposal and now must identify a source or sources to fund the development of these tools.

When the Board convened in September, there were 32 applications pending for the Board's review. Many of these applications had been submitted in prior years. Much of the information related to the applications was several years old, the Board requested each agency for which a suggestion may be implemented to update the agency's comments and analysis of the suggestion. These agencies were given 60 days to respond.

The Board then met again in December 2019 to review the applications with updated information provided by the relevant agencies. By the dates of this meeting, the Board had received updates for 20 of the 32 pending applications. Of these, agencies reported that the employees' suggestions had been adopted or implemented in some form. The Board reviewed each of these applications and determined that five of them were not eligible for an award, pursuant to the Board's code, rules, or the employee's circumstances.

The Board determined that two employee suggestions have resulted in significant savings to the state and has approved awards to be granted to the employees who submitted these suggestions. There will be a formal award ceremony, hosted by the Governor, scheduled for early 2020.

## **Awards Approved by the Board**

The Board has determined that suggestions made by two state employees have resulted in significant savings to the state and, pursuant to state law, the employees qualify to receive a share of the savings as an award for the employees' ingenuity.

**LoriJan Woodward** proposed a way to reduce travel expenses and the consumption of time for travel resulting from certain administrative hearings conducted around the state. Her suggestion was to conduct these hearings through Internet video links using desktop computer tools. The Department of Health and Human Resources determined that this resulted in a savings of at least \$9,155.13 in the first year of implementation. The Board recognized the benefit and approved an award, as provided by statute, of 20 percent of this savings or \$1,831.03.

**Judy Lupson** proposed a streamlined method for the Department of Environmental Protection ("DEP") to collect groundwater protection fees related to septic systems. The DEP reported that this method has resulted in a first-year savings of at least \$9,925.43. Based upon this information, the Board approved an award, pursuant to the statutory formula, of \$2,607.18.

## **Obtaining IT Services for Communications with State Employees and the Board**

To carry out its mission, the Board has found that it needs several technological tools that facilitate the submission of applications by state employees and the review of applications by members of the board. Because use of websites is now so widespread, it is logical that the core functions of submission and review be accomplished through a website interface available to anyone with an Internet connection.

The Board has outlined its basic requirements to the Office of Technology and requested a plan to implement such tools. The OT has provided a Statement of Work specifying what its team can develop for the Board and this proposal appears appropriate for the Board's functions. The OT presented the SOW as an "at cost" project for the sum of \$11,500. (Attached to this report.)

Because the Board has no budget appropriation of its own, the Board must now seek sources of funds that can be lawfully provided to pay for this work. Typically, such expenses for an administrative body are born by the agency within which the body is located, but in this case the Board is composed of members of the Legislature, two members of the Department of Administration and one member from the Department of Health and Human Resources. Thus, funding for this project, if not provided through a specific appropriation, must come from sources within the budgets of the Legislature and the represented agencies. (It should be noted that the Chief Technology Officer for OT is a statutory member of the Board and he has indicated that he will attempt to calculate a discount of this project cost.)

## Current Applications for Awards

ID	Date	Relevant Agency	Application Status
ESAB-1	03/20/14	DHHR	Pending
ESAB-2	04/07/14	DOE	Pending
ESAB-3	06/09/14	DOA & DOT	Pending
ESAB-4	07/11/14	DOH/or Treasurer	Application Denied
ESAB-5	09/02/14	Dept. of Revenue	Application Denied
ESAB-6	09/09/14	DMAPS	Pending
ESAB-7	12/17/14	DOT	Pending
ESAB-8	12/17/14	DOT	Pending
ESAB-9	01/28/15	DOT	Pending
ESAB-10	01/28/15	DMAPS	Pending
ESAB-11	03/11/15	Commerce	Pending
ESAB-12	09/11/15	DOT	Pending
ESAB-13	09/20/15	Administration	Application Denied
ESAB-14	10/22/15	Revenue	Application Denied
ESAB-15	10/27/15	Administration	Application Denied
ESAB-16	11/24/15	Commerce	Pending
ESAB-17	02/10/16	DMAPS	Pending
ESAB-18	02/12/16	DOA	Pending
ESAB-19	03/22/16	Ofc of Insp. Genl.	<b>Award Approved</b>
ESAB-20	12/21/17	DOT	No agency response
ESAB-21	04/04/18	REV/OIC	No agency response
ESAB-22	05/14/18	DEP	<b>Award Approved</b>
ESAB-23	06/23/18	DOC	Pending
ESAB-24	07/20/18	DOT	No agency response
ESAB-25	08/02/19	DOT	No agency response
ESAB-26	08/02/19	DOT	No agency response
ESAB-27	08/05/19	DOT	No agency response
ESAB-28	08/12/19	ESAB	Pending
ESAB-29	08/12/19	DOT	No agency response
ESAB-30	08/15/19	State	Pending
ESAB-31	08/16/19	DOT	No agency response
ESAB-32	08/16/19	DOT	No agency response



# Application Development Statement of Work

In Direct Support of the Post Audit  
Division (PAD)

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## 1. OVERVIEW

This Statement of Work ('SOW') document identifies the responsibilities between the Post Audit Division (PAD) and the West Virginia Office of Technology ('WVOT').

This SOW describes the transactions to be facilitated and the services to be provided through WVOT for the ESAB (Employee Suggestion Award Board) and the responsibilities of the parties for the successful completion of this project.

## 2. PROJECT CHECKLIST

Project Signature	
Appendix A: Letter of Acceptance	



#### 4. PURPOSE STATEMENT

The goal of this project is to provide an online submission form for state employees to submit their ideas and share point online repository to maintain historical cases information.

#### 5. SCOPE STATEMENT

##### 5.A OVERVIEW

This project will consist of the following components:

1. Online Form Submission application
2. Share Point Online Repository storing all cases related documentation.

##### 5.B PRIMARY BUSINESS REQUIREMENTS AND FUNCTIONALITY

1. Online Form Submission via Dot. Net web application
2. Share Point Online Repository storing all cases related documentation.

##### 5.C EXTERNAL INTERFACE REQUIREMENTS

None

##### 5.D FINANCIAL TRANSACTIONS

None

#### 6. ANTICIPATED RISKS

##### 6.A WORKING WITH THIRD PARTY SOFTWARE

None

##### 6.B REGULATORY AND COMPLIANCE RISKS

None

#### 7. DELIVERABLES, ESTIMATES, AND PROJECTIONS

This section will describe the principle deliverables required of WVOT for completion of the project along with estimates for each task.

Task	Estimated Hours
<b>Current Process Analysis, Process Improvements, and Design</b>	8
<b>Application Management</b>	8
<b>Application &amp; Database Development</b>	85
<b>Integration Services</b>	0
<b>Application Testing</b>	8

<b>Application Roll-Out &amp; Training</b>	1
<b>Total Estimate</b>	<b>110</b>

Key Project Milestones	Estimated Date
<b>Development Start Date</b>	12/09/2019
<b>Agency Testing Start Date</b>	02/03/2020
<b>Agency Testing End Date</b>	02/10/2020
<b>Completion Date</b>	02/14/2020

The key project milestone dates are dependent upon receipt of the signed Statement of Work by 6<sup>th</sup> Dec,2019. Failure to receive documents by defined date may result in delay of project commencement.

#### 7.A FEES AND WVOT COMPENSATION

The Application will be partially or fully developed based upon the Statement of Work defined herein. Below listed are the different tasks that will be performed under WVOT Application Development services 2019.

Task/Phase	Hours	Hourly Rate	Total Fee
<b>Current Process Analysis, Process Improvement &amp; Design</b>	8	\$105	\$840
<b>Application Management</b>	8	\$105	\$840
<b>Application &amp; Database Development</b>	85	\$105	\$8,925
<b>Integration Services</b>	0	\$105	\$0
<b>Application Testing</b>	8	\$105	\$840
<b>Application Roll-Out &amp; Training</b>	1	\$105	\$105
<b>TOTAL</b>	<b>110</b>		<b>\$11,550</b>

WVOT will invoice the Agency each month for the total time and materials charge hours multiplied by the total number of hours worked by WVOT that month. For Example, if WVOT worked 20 hours in a month, WVOT shall remit an invoice to the Agency for \$2100.00

Each invoice is payable to WVOT 30 days from the receipt date of the invoice.

#### 7.B POST DEPLOYMENT SUPPORT

WVOT will provide technical support to application users and administrative users during regular business hours, Monday through Friday 8am to 5pm EST. (To be later defined in Agency SLA)

## 8. RESPONSIBILITIES

### 8.A RESPONSIBILITIES OF THE AGENCY

To accomplish the tasks outlined in this SOW, WVOT will require the Agency to perform at a minimum the below listed items in a timely manner. If the agency fails to provide any one of these items, the delivery dates for the WVOT deliverables may require adjustment. WVOT will not be held responsible for delays to unavailability of data or resources from the Agency.

1. Designate a Project Manager with responsibility and authority for review and approval of deliverables under this SOW.
2. Provide timely authorization for the project and for each approval required during the project.
3. Assist WVOT in resolving any problems what arise both during and after the implementation of this project.
4. Provide transfer of necessary IT knowledge, environment and business processes to WVOT. Verbal walkthroughs and documentation will satisfy this responsibility unless determined otherwise through formal communication with the Agency's designated Project Manager.
5. Review, test and approve the system prior to implementation.
6. Sign and return to WVOT the Letter of Acceptance before the application is implemented into a 'go-live' or production state.
7. Assist WVOT in determining the information necessary to comply with state law, rules and regulations pertaining to the access to Agency Data Records, conducting Transactions and obtaining related services, as necessary.
8. The Agency will identify any ongoing reports it requires from WVOT related to this application.
9. Agrees to implement (through WVOT) reasonable system and data security procedures to prevent unauthorized access and disclosure of Data Records. Such reasonable procedures may include user authentication policies, firewalls, and encryption of confidential Data Records during transmission and storage.
10. If a HIPAA covered agency, identify in Appendix D any Protected Health Information (PHI) that will be processed by this application.

### 8.B RESPONSIBILITIES OF WVOT

1. Designate a Project Manager to serve as the primary point of contact for the WVOT deliverables and who will coordinate completion of the WVOT deliverables with the Agency project team.
2. Develop the application as defined in the scope statement contained herein.
3. Provide day-to-day management of the work plan.
4. Host periodic team meetings to review the status of project activates against the plan.
5. Provide project plan updates to the Agency project manager, as required.
6. Perform user training for the Agency's technical and financial resources. The Agency will make necessary personnel available for training on the system.

7. Provide the Agency with system training. At the end of training, user log in information, URL for the test and production applications will be provided to the Agency.
8. Provide executive briefings to the Project Sponsor, as required.
9. Provide full technical support to the Agency. Such support shall be directed to answering User questions and remotely resolving problems related to screen and record formats, codes, abbreviations, billing policies, error messages, batch run problems and other concerns related to accessing the system services outlined herein.
10. Recognize that authorized online access or transactions provide no right to possession or ownership of the Agency's Data Records at any time.
11. Provide only pass-through services for the Agency when possible or as outlined herein and shall not access or retain any data submitted by system users or any Agency Data Records for any reason other than the information that it is permitted to retain under this Agreement. WVOT will ensure that WVOT does not aggregate state sources of information to which it has access, including Agency's data and data submitted by system users, for building comprehensive data records or for any other purpose.
12. Take all reasonable precautions to protect against unauthorized access or release of Agency Data Records, Confidential Records or Confidential Information in the custody of the Agency.
13. Immediately notify the Agency if it discovers that information provided under this SOW have been disclosed or is being used in violation of this SOW or state law.
14. Keep such records as required to document usage associated with providing access to the Agency Data Records as defined herein; provide the Agency with access to these usage records at reasonable times for inspecting, auditing and copying purposes if so requested by the Agency; and provide the Agency online read only access to WVOT computerized transaction log, which will include the User ID, transaction data including date, time and type of query or transaction, and fee information, if any. Reasonable times include normal West Virginia State business operating hours but may include holiday or weekends only in emergency.
15. Place the application into production and make the system available for use by the Agency after receipt of an executed Letter of Acceptance from the Agency.
16. WVOT will implement technical or functional modifications and /or enhancements, if possible, to the system as necessary, within a reasonable time-frame as is mutually agreed upon by the parties.
17. Training
  - a. Conduct training according to the Agency's requirements, which may include delivery of training through a variety of methods including regional on-site (train the trainers) sessions, Internet-based training such as web-based training sessions (webinars), integrated help tools and demo modules, and/or functional sample sites.
18. All contracts for electronic commerce between WVOT and any State Agency shall be submitted to the West Virginia State Treasurer's Office ('WVSTO') for a determination of whether all statutory requirements have been met and/or whether the State Agency is entitled to an exemption from the provisions of W.Va. Code 12-3A-6. WVOT will not enter into a Service Level Agreement to develop an electronic commerce transaction without first receiving a State Agency exception or a determination from the WVSTO that the Agreement conforms to State law. If the WVSTO

determines that there is a problem, WVOT agrees to make the necessary corrections to comply. The WVSTO agrees to complete this determination within fifteen (15) business days of receipt from WVOT.

19. PCI Compliance: In the event WVOT processes or collects credit card information, WVOT agrees that it will adopt and comply with the current version of the PCI Data Security Standards.
20. HIPAA Compliance: In the event WVOT processes Protected Health Information (PHI), WVOT agrees that it will comply with the HIPAA Privacy and Security Rules found at 45 CFR Parts 160 and 164.

## 9. DELIVERY OF FINAL APPLICATION

Following user acceptance testing, the Agency will be requested by WVOT to sign the formal Letter of Acceptance ('Letter'). The Project Sponsor, as previously identified in this SOW, must execute this Letter and WVOT's Chief Technology Officer ('CTO') must receive this Letter before the application can be placed into production and made available for use by the Agency. Once WVOT receives the executed Letter from the Agency, the application will be deemed accepted, placed into the production environment and thus the project will be considered complete and delivered. A copy of this Letter is attached hereto as Appendix A.

## 10. CHANGE PROCESS

The scope of work as specified in this document shall not change except when approved in accordance with the following processes and/or protocols:

### 10.A PRIOR TO SOFTWARE DELIVERY:

1. WVOT and Agency Project Managers will review any issues that may arise and determine if the resolution will lead to a change in the scope of work, which is defined as a change that will affect cost, schedule, or staffing.
2. The proposed change is formally documented, including the impact on schedule, cost and staffing.
3. The proposed change in the scope of work is reviewed by WVOT and Agency Project Managers and taken before the WVOT CTO for approval, if required.
4. Once the change in the scope of work is approved, the change becomes an Addendum to the SOW.

### 10.B AFTER SOFTWARE DELIVERY:

1. Maintenance: After the application is launched, if maintenance issues arise or reporting an error becomes necessary, the Agency should contact WVOT. Maintenance includes changes that do not materially change the utility, efficiency, functional capability, or application of the software. All other requested changes will be deemed significant maintenance efforts, requiring the Agency to submit a written change request to WVOT. WVOT will then evaluate the request, seeking additional information, if necessary. Then prioritize it in consideration of other ongoing development projects with the approval of the WV CTO, if required.
2. Software Modifications and Enhancements: For software modifications or additions that materially change the utility, efficiency, functional capacity, or application of the software the Agency will submit a written change request. WVOT will then evaluate the request, seeking additional information, if necessary. Then prioritize it in consideration of other ongoing development projects with the approval of the WV CTO, if required.

## 11. ONGOING MAINTENANCE AND SUPPORT

After the application is delivered, as defined above, WVOT will provide support for the proper installation and ongoing general operation of the current release of the application. WVOT shall use reasonable efforts to provide troubleshooting to correct alleged errors in the application reported by the Agency.

WVOT will make reasonable efforts to correct any errors or provide a work-around solution. If a work-around is the immediate solution, WVOT will make reasonable efforts to provide a final resolution for the error. Maintenance and Support as described



herein does not include software modifications or additions that materially change the utility, efficiency, functional capacity, or application of the software.

## 12. FUTURE SOFTWARE MODIFICATIONS AND ENHANCEMENTS

At the Agency's request, WVOT may consider developing modifications or additions that materially change the utility, efficiency, functional capacity, or application of the software ('Enhancements') at such charge and on such schedule as the parties may mutually agree in writing. Such modifications or additions will be undertaken on a project basis, subject to the review and approval of the WVOT CTO, if required.

## 13. SIGNOFF

I, the undersigned, have the authority to make binding decisions on behalf of my respective department regarding projects in collaboration with WVOT.

I also have the authority to allocate department resources towards the above-described project.

I have read the above document and understand all the implications thereof. Any future changes to this SOW will be made through a formal written request to WVOT.

By signing, I acknowledge that the project described herein has received any required legal reviews and complies with current State of West Virginia statutes and administrative rules.

Post Audit Division

\_\_\_\_\_  
Adam Fridley

\_\_\_\_\_  
Date

WVOT Director of Application Solutions

\_\_\_\_\_  
Jamison Mitchell

\_\_\_\_\_  
Date

WVOT Chief Technology Officer

\_\_\_\_\_  
Josh Spence

\_\_\_\_\_  
Date

APPENDIX A: LETTER OF ACCEPTANCE

TO: West Virginia Office of Technology

FROM: Post Audit Division

DATE: \_\_\_\_\_

RE: Letter of Acceptance

LETTER OF ACCEPTANCE

On behalf of the State of Post Audit Division (PAD), which is responsible as the owner and official custodian for the Agency's records, this certifies that West Virginia Office of Technology has built and developed the below enumerated Application in accordance with the Agency's guidelines and the rules governing dissemination of the Agency's records and WVOT is authorized to deploy this service.

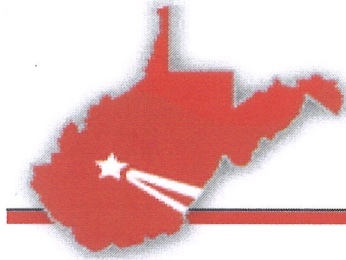
The Agency further certifies that it understands WVOT exercises no control or censorship whatsoever over the content of the Agency's records or other data or text furnished by the Agency as displayed on this application.

Applicable Application(s): ESAB Online Application

**Post Audit Division**

\_\_\_\_\_  
Adam Fridley

\_\_\_\_\_  
Date



West Virginia  
**Real Estate Division**

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**2019 REAL PROPERTY AND LEASE  
REPORT FOR ALL STATE SPENDING  
UNITS**

Pursuant to W. Va. Code §5A-10-9(c) and 148 CSR 19, Section 10.

Prepared by

REAL ESTATE DIVISION

John K. McHugh  
Executive Director



WV REAL ESTATE DIVISION  
601 57th Street, S.E., Suite #3  
Charleston WV 25304  
Ph: 304-558-3062

A digital copy of this report can be found at  
<https://realestatedivision.wv.gov>



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**Reference wvOASIS Inventory Reports**  
WV-FIN-AM-044 Real Estate Reporting by Spending Unit  
Business Intelligence Report





## **I. BACKGROUND**

### **A. HB4236 Real Property Reporting**

On March 3, 2018, the West Virginia Legislature passed HB4236 (effective ninety days from passage) “to amend and reenact §5A-10-9 of the Code of West Virginia, 1931” requiring “agencies to provide an annual inventory of real property holdings to the Real Estate Division; removing the exemption of certain agencies from reporting property holdings to the Real Estate Division; clarifying the information to be reported annually by agencies; and requiring an annual report by the Real Estate Division to the Governor and Legislature.” The Act was codified in W. Va. Code §5A-10-9 (2018).

Pursuant to the provisions of W. Va. Code §5A-10-9(a) and (b), “All real property owned or leased by the state shall be accounted for by the state spending unit<sup>1</sup> that owns, leases or is in the possession of the real property” and “each state spending unit” must maintain a record of each item of real property it owns and/or leases and “annually furnish its records to the Real Estate Division.”

Records furnished to the Real Estate Division “shall include a description of each item of real property including address, lot number, and if available, the following identifying information: (1) The date of purchase and the purchase Cost/Yearly Rent of the real property; (2) If the state is leasing real property, the date of lease and the rental costs of the real property; (3) The name of the state spending unit holding title to the real property for the state; (4) A description of the current uses of the real property and the projected future use of the real property; and (5) A description of each building or other improvement located on the real property” W. Va. Code §5A-10-9(e). The specific items enumerated in W. Va. Code §5A-10-9(e) modify the goal of reporting real property and leases described in W. Va. Code §5A-10-9(a) and (b).

Pursuant to the revised statute, “[b]eginning July 1, 2019, and every year thereafter, the Real Estate Division shall report to the Governor and Joint Committee on Government and Finance those agencies that have not provided a complete annual record [of each item of real property it owns and/or leases]” W. Va. Code §5A-10-9(c).

### **B. 148 CSR 19 Real Property Accounting and Records**

On March 1, 2019, the Legislature, through SB 157, authorized revisions to the Real Estate Division’s Legislative Rule regarding “Leasing of Space and Acquisition of Real Property on Behalf of State Spending Units,” as set forth in 148 CSR 19, by adding a requirement for additional identifying information regarding real property accounting and records, and further requiring each state spending unit to “annually report its real property inventory in the

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<sup>1</sup> W. Va. Code §4-11-2 defines “spending unit” broadly as “the State of West Virginia, and all agencies, officers, departments, divisions, boards, commissions, councils, committees or other entities of state government for which appropriation is requested or to which appropriation is made by the Legislature.”



centralized accounting system maintained by the Enterprise Resource Planning Board [wvOASIS].”<sup>2</sup>

Pursuant to 148 CSR 19, Section 10.1, “All real property owned or leased by the State shall be accounted for by the spending unit that owns, leases, or is in the possession of the real property.” Section 10.2, further provides “[E]ach spending unit shall establish and maintain a record of each item of real property it owns, leases, or possesses, shall annually report its real property inventory in the centralized accounting system maintained by the Enterprise Resource Planning Board, and provide, on or before December 30<sup>th</sup>, its records to the Real Estate Division in a format that is approved by the Real Estate Division: *Provided*, That any change in ownership status or occupancy of real estate must be reported within thirty days of the change by the spending unit to the centralized accounting system maintained by the Enterprise Resource Planning Board, and to any cabinet secretary or equivalent agency head to which the spending unit reports.”

The real property reporting was also clarified in the rule to require: (1) A description of the real property including address and lot number if available, or a description of the subject lease, and the county where the property is located; (2) The date the property was purchased or leased; (3) The purchase Cost/Yearly Rent of the property or the rental costs of leased real property; (4) The name of the spending unit or owner holding title to or leasing the real property; (5) A description of the current uses of the property as well as a description of projected future uses; (6) A description of all buildings, structures or other improvements located on the property; and (7) The identity of any written agreements affecting the real property, including but not limited to, covenants, easements, rights of ways, etc.

### **C. Assistance by Real Estate Division and wvOASIS**

To assist state pending units with reporting of real property and leases in wvOASIS, the wvOASIS Team (in conjunction with Real Estate Division) produced instruction manuals in 2018 describing in detail how to input information into wvOASIS.<sup>3</sup> This information was circulated repeatedly to state spending units, posted on the Real Estate Division’s website at: <https://realestatedivision.wv.gov/Pages/default.aspx> and in MyApps, Enterprise Readiness Training. The wvOASIS Team Lead periodically revised and updated instruction manuals to address reporting requirements.

By memorandum dated September 7, 2018, to “[a]ll State Spending Units,” the Real Estate Division established an initial deadline of Friday, May 31, 2019, for spending units to input the required data into wvOASIS. This date was necessary to provide the Real Estate

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<sup>2</sup> This report was generated using the “Fixed Asset” module of wvOASIS, which was designed primarily for financial reporting. The “Fixed Asset” module is used to prepare the Comprehensive Annual Financial Report (CAFR), which is audited by an independent audit firm, and required by W. Va. Code §5A-2-33(8) and §5A-2-33(9). In some instances (e.g., bonded buildings and capital leases), property is reported (for accounting purposes) by the state spending unit that controls the property, rather than the spending unit vested with legal title.

<sup>3</sup> The wvOASIS Team deserves considerable credit for assisting state spending units in downloading a massive amount of information in a relatively short period of time, and for drafting instructions, which were very helpful and easy to understand.



Division enough time to compile the required report to the Governor and Joint Committee on Government and Finance.

By follow-on Memorandum dated February 12, 2019, to “[a]ll State Spending Units,” the Real Estate Division provided additional information regarding the required level of detail for reporting, citing statutes and WV case law.

The Real Estate Division together with *wv*OASIS Team Lead provided continuing assistance to state spending units through e-mail correspondence and telephone calls to ensure reporting of real property and leases, as required by state law.

#### **D. Submission of Reports through *wv*OASIS**

Although the technical deadline for reporting real property and leases in *wv*OASIS is December 30, 2019, the actual requirement for reporting by all state spending units, without exception, stems from the 2018 amendment to W. Va. Code §5A-10-9, which required all agencies to provide an annual inventory of real property holdings to the Real Estate Division, removed the exemption of certain agencies from reporting property holdings to the Real Estate Division, and clarified the information to be reported annually by agencies. Rather than submitting two separate reports (i.e., a manual report to Real Estate Division, as well as a report in *wv*OASIS), state spending units have submitted reports regarding real property and leases through *wv*OASIS.

Based upon reporting by state spending units in *wv*OASIS, the WV Real Estate Division provides this report to the Governor and Joint Committee on Government and Finance. It is not possible for the Real Estate Division to fully audit every spending unit’s report against county records, so we are providing a summary of each spending unit’s report on real property and leases and identifying potential gaps in reporting based upon statutory requirements. The information in this summary report is only as good as the data provided by state spending units, which are individually responsible by law for tracking their real property and leases.

## **II. SUMMARY**

Overall, state spending units made a good-faith effort to provide detailed real property and lease reports in *wv*OASIS consistent with W. Va. Code §5A-10-9(e) and 148 CSR 19, Section 10. Some reports are more responsive than others, but all spending units with real property and leases to report submitted information through *wv*OASIS. The information provided by each spending unit is depicted in the *wv*OASIS Business Intelligence Report, WV-FIN-AM-044, “Real Estate Reporting by Spending Unit.” A total of 167 spending units<sup>4</sup> reported the following land, buildings<sup>5</sup> and leases:

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<sup>4</sup> This summary report does not include inactive spending units (e.g., 0207-Public Safety Ret. Bd., 0230-CHIP or 0231-OT) or spending units with a start date of JUL 2019 (e.g., 2401-WV State Bar and 0623-Admin Services).

<sup>5</sup> Reporting of real property in *wv*OASIS is based upon financial accounting principles and designates real property as “Fixed Assets.” Within the “Fixed Assets” module, *wv*OASIS anticipates a separation of land from buildings for accounting purposes.



**5,507** parcels of land with an initial purchase price of **\$552,945,302.42**;  
**3,343** buildings with a total purchase price of **\$3,306,327,746.17**; and  
**903** operating leases, with a yearly rent cost of **\$57,832,657.41**.

Below is a list of each state spending unit, together with a summary of their respective reports in wvOASIS. The Real Estate Division's summary report addresses whether a spending unit's report provides information consistent with the applicable statute and rule through comments following a summary of the spending unit's report. If there are no comments associated with a spending unit, the spending unit's report appeared generally consistent with the applicable statute and rule.

### III. REPORTING BY STATE SPENDING UNITS

#### A. Executive, Legislative and Judicial

##### 1. 0100 – Governor

No real property or leases to report.

##### 2. 1200 – Auditor

Real Property Owned	Number Reported	Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	5	\$646,089.96

##### 3. 1300 – Treasurer

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	5	\$455,892.00

##### 4. 1400 – Agriculture

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	60	\$1,695,381.00
Buildings	85	\$8,641,418.00
Real Property Leased	11	\$95,376.00





**5. 1500 – Attorney General**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	5	\$306,390.60

**6. 1600 – Secretary of State**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	3	\$62,617.20

**7. 1601 – Election Commission**

No real property or leases to report.

**8. 2100 – Senate**

No real property or leases to report.

**9. 2200 – House of Delegates**

No real property or leases to report.

**10. 2300 – Joint Expenses (includes CSI)**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$43,358.04

**11. 2400 – Supreme Court**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	56	\$2,321,678.64



**B. Administration**

**1. 0201 – Secretary’s Office**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	3	\$2,361,715.00
Buildings	42	\$317,152.962.13
Real Property Leased	1	\$42,226.08

**2. 0203 - Cons. Public Ret. Board**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$279,969.60

**3. 0204 – Teachers’ Ret. Sys.**

No real property or leases to report.

**4. 0205 – PERS**

No real property or leases to report.

**5. 0206 – Judges’ Ret. Sys.**

No real property or leases to report.

**6. 0208 - Teachers Def. Contribution**

No real property or leases to report.

**7. 0209 – Finance**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$111,993.36

**8. 0210 - IS&C (Includes Office of Technology)**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	7	\$765,504.00



**9. 0211 - General Services**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	252	\$14,090,512.76
Buildings	36	\$147,395,753.76
Real Property Leased	14	\$544,466.28

**10. 0213 – Purchasing**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$108,357.60

**11. 0214 - Surplus Property**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$54,303.96

**12. 0215 - Travel Management (Includes Aviation Division)**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$33,292.80

**13. 0216 - Fleet (new FY19)**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$21,384.00

**14. 0217 - Uniform State Laws**

No real property or leases to report.

**15. 0218 - BRIM**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$221,708.76



**16. 0219 - Grievance Board**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	4	\$134,762.52

**17. 0220 - Ethics Commission**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$42,923.76

**18. 0221 - Public Defender**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$145,582.20

**19. 0222 – Personnel (Includes EEO)**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$428,447.04

**20. 0224 - Comm/Handicapped**

No real property or leases to report.

**21. 0225 - PEIA**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$277,510.12

**22. 0228 - WV Pros. Atty.'s Institute**

Real Property Owned	Number Reported	Initial Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$26,400.00





**23. 0229 - Deputy Sheriff's Retire. System**

No real property or leases to report.

**24. 0232 - Retiree Health Ben Trust Fund**

No real property or leases to report.

**25. 0233 - Real Estate Division (Includes Public Land Corp)**

**a. Real Estate Division<sup>6</sup>**

Real Property-RED	Number Reported	Initial Cost/Yearly Rent
Land	17	\$305,692.00
Buildings	0	0
Real Property Leased	1	\$69,872.52

**b. Public Land Corporation<sup>7</sup>**

Real Property-PLC	Number Reported	Initial Cost/Yearly Rent
Land	27	\$135,012.00
Buildings	0	0
Real Property Leased	2	0

**26. 0234 - Emergency Medical Serv Retire Sys**

No real property or leases to report.

**27. 0235 - Muni Police Off & Firefight Ret Sys**

No real property or leases to report.

**28. 0236 - WV Pub Safety Dis & Ret (Plan A)**

No real property or leases to report.

**29. 0237 - WV State Police Ret Sys (Plan B)**

No real property or leases to report.

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<sup>6</sup> The cost of certain real property owned by the Real Estate Division is tracked separately in wvOASIS by other spending units responsible for the payment of bonds and/or construction/maintenance of buildings on the property. To avoid duplication of costs in wvOASIS, the Real Estate Division excluded costs tracked by other agencies.

<sup>7</sup> When Public Land Corporation ("PLC") was formed pursuant to W. Va. Code §5A-11-1, certain real property in the name of PLC remained with Division of Natural Resources ("DNR") and continues to be tracked by DNR, as reflected in DNR's real property report in wvOASIS. The property reported by PLC is limited to the real property identified in a list provided and verified by DNR, and excludes property tracked separately by DNR.



### C. Education

#### 1. 0402 - Dept. of Education (Includes School Building Authority)

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	4	\$9,392.00
Real Property Leased	2	\$1,137,747.96

#### 2. 0403 - Deaf & Blind

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	9	\$182,736.00
Buildings	13	\$5,602,260.00
Real Property Leased	0	0

The agency's report in wvOASIS is missing data referenced in the applicable statute and rule. The agency is making appropriate changes in wvOASIS.

### D. Arts, Culture & History

#### 1. 0432 - Culture & History

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	2	\$142,500.00
Buildings	10	0
Real Property Leased	1	\$5,280.00

The agency is supplementing their report in wvOASIS to provide additional identifying information for land.

#### 2. 0433 - Library Commission

No real property or leases to report.

#### 3. 0439 - Educational Broadcasting

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	4	\$8,000.00
Buildings	13	\$6,112,096.26
Real Property Leased	16	\$38,648.52

The agency's report in wvOASIS is missing data referenced in the applicable statute and rule in relation to land. The agency is making appropriate changes in wvOASIS.



**E. Higher Education Policy Commission**

**1. 0441 – HEPC – Administration (Includes Lease for 0943-WV Ctr Nursing**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	2	\$15,130,000.00
Buildings	25	\$15,484,860.00
Real Property Leased	1	\$479,516.88

**2. 0442 – HEPC - System**

No real property or leases to report.

**3. 0477 – HEPC - Health Sciences**

No real property or leases to report.

**4. 0463 - WVU**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	605	\$89,326,148.50
Buildings	365	\$1,145,550,230.31
Real Property Leased	60	\$6,106,592.64

**5. 0471 - Marshall University**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	434	\$32,787,584.00
Buildings	64	\$379,723,979.37
Real Property Leased	21	\$1,731,183.00

**6. 0476 - Osteopathic Medicine**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	22	\$1,481,595.97
Buildings	21	\$56,547,952.46
Real Property Leased	0	0

**7. 0482 - Bluefield**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	27	0
Buildings	16	\$5,779,333.0
Real Property Leased	2	\$206,194.92



### 8. 0483 - Concord University

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	40	\$360,025.02
Buildings	52	\$39,494,034.00
Real Property Leased	0	0

The institution's report is unclear regarding two (2) leases with Concord University Research Development Corporation. Leases require separate entries from buildings in wvOASIS. The institution has been notified and should submit changes in wvOASIS.

### 9. 0484 - Fairmont State University

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	65	\$7,932,175.21
Buildings	32	\$193,213,141.36
Real Property Leased	1	\$192,096.00

### 10. 0485 - Glenville

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	45	\$462,993.00
Buildings	40	\$12,879,453.00
Real Property Leased	0	\$0

The institution's report in wvOASIS is missing data referenced in the applicable statute and rule. The institution has been notified and should submit modification requests in wvOASIS to supplement the report.

### 11. 0486 - Shepherd University

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	40	\$1,331,273.00
Buildings	45	\$122,912,729.70
Real Property Leased	4	\$113,004.00

### 12. 0488 - West Liberty University

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	28	\$5,617,881.78
Buildings	30	\$84,481,292.01
Real Property Leased	7	\$854,763.24





**13. 0490 - WV State University**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	53	\$2,417,245.00
Buildings	48	\$40,372,105.00
Real Property Leased	0	0

**14. 0495 – WV Network**

No real property or leases to report.

**F. Council for C & T College Education**

**1. 0420 - Council for C&T College Ed**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$65,793.84

**2. 0444 - Mountwest C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	18	\$52,515.44
Buildings	3	\$7,751,455.59
Real Property Leased	2	\$63,663.00

**3. 0445 - New River C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	0
Buildings	11	\$16,517,644.00
Real Property Leased	0	0

The institution's report in *wvOASIS* suggests duplication of purchase cost for several buildings. The Institution is aware and is submitting changes.

**4. 0446 - Pierpont C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$376,000
Buildings	4	\$19,669,142.18
Real Property Leased	0	0



**5. 0447 - Blue Ridge C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$1,605,549.85
Buildings	1	\$15,541,062.70
Real Property Leased	7	\$467,234.64

**6. 0464 - WVU at Parkersburg**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	7	\$2,305,855.80
Buildings	10	\$41,328,820.67
Real Property Leased	0	0

**7. 0487 - Southern WV C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	19	\$1,445,158.00
Buildings	8	\$25,572,676.00
Real Property Leased	1	\$1

**8. 0489 - WV Northern C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	15	\$1,933,716.00
Buildings	9	\$12,118,214.59
Real Property Leased	1	\$40,350.00

**9. 0492 - Eastern WV C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	3	\$224,230.00
Buildings	3	\$9,562,693.51
Real Property Leased	0	0

**10. 0493 - BridgeValley C&T College**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	13	\$500,273.00
Buildings	23	\$26,847,513.53
Real Property Leased	5	\$991,311.60



## G. Health & Human Resources

### 1. 0501 – Secretary’s Office

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$17,436.96

### 2. 0506 – Health (Includes Nursing Home Licensing Bd. Fund)

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	66	\$2,501,374.98
Buildings	87	\$82,830,323.24
Real Property Leased	29	\$1,156,237.60

### 3. 0507 - Health Care Authority

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$110,400.00

### 4. 0510 - Human Rights

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$106,529.04

### 5. 0511 - Human Services

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	5	\$18,101.67
Buildings	6	\$931,749.00
Real Property Leased	66	\$13,124,944.20

## H. Military Affairs and Public Safety

### 1. 0601 – Secretary’s Office

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$142,779.72



**2. 0603 - Adjutant General**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	18	\$5,938,785.00
Buildings	27	\$346,402,122.34
Real Property Leased	18	\$814,116.00

**3. 0604 - Armory Board**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	39	\$1,019,489.95
Buildings	149	\$59,713,565.64
Real Property Leased	4	0

**4. 0605 - WV Parole Bd.**

No real property or leases to report.

**5. 0606 - Homeland Sec Emergency Mgmt.**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	4	\$125,814.00
Real Property Leased	0	0

**6. 0608 - Corrections & Rehab**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	110	\$194,659,336.21
Buildings	240	\$9,447,889.84
Real Property Leased	39	\$1,954,664.52

**7. 0612 - WV State Police**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	59	\$2,198,310.23
Buildings	97	\$38,440,112.12
Real Property Leased	29	\$624,319.72

The agency's real property report is missing data referenced in the applicable statute and rule. The agency is making appropriate changes in wvOASIS.





**8. 0619 - Fire Commission**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$163,426.80

**9. 0620 - Justice & Community Services**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$198,561.96

**10. 0622 - Protective Services**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$32,165.28

**I. Department of Veterans' Assistance**

**1. 0613 - Veterans' Affairs**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$540,000.00
Buildings	0	0
Real Property Leased	19	\$228,876.00

**2. 0618 - Veterans' Home**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$125,000.00
Buildings	10	\$1,301,034.00
Real Property Leased	0	0

**J. Revenue**

**1. 0303 - Div. of Financial Institutions**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$102,229.08



**2. 0701 – Secretary’s Office**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$53,707.20

**3. 0702 - Tax**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	13	\$1,528,939.68

**4. 0703 - State Budget Office**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$33,295.08

**5. 0704 - Insurance Commission**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	13	\$1,394,299.68

**6. 0705 - Lottery**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	2	\$1,680,859.01
Buildings	2	\$39,377,400.45
Real Property Leased	8	\$80,027.04

**7. 0706 - Municipal Bond Comm**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$31,050.00



**8. 0707 - Racing**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$52,112.52

**9. 0708 - ABCA**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$611,381.25
Buildings	1	\$1,638,618.75
Real Property Leased	2	\$204,555.00

The agency's report lists a leased property as an owned building and is missing some data referenced in the statute and rule requiring submission of modification requests in wvOASIS.

**10. 0709 - Office of Tax Appeals**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$46,550.04

**11. 0933 - Athletic Commission**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$4,562.52

**K. Transportation**

**1. 0802 - Motor Vehicles**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	21	\$2,717,566.44



## 2. 0803 - Highways

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	685	\$29,444,686.86
Buildings	0	0
Real Property Leased	9	\$2,308,278.64

The WVDOH report includes maintenance facilities, leased property, uneconomic remnants and excess real property. Roadway easements and right-of-way necessary for current or future roadway purposes are not included in the WVDOH report in wvOASIS. Property included in the state road system is depicted on state road maps and tracked in the WVDOH Geographic Information System. WVDOH is continuing to update its report in wvOASIS.

## 3. 0804 - State Rail Authority

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	16	\$5,691,754.00
Buildings	4	\$686,741.08
Real Property Leased	5	0

The agency's report is missing data referenced in the applicable statute and rule. The agency is making appropriate changes in wvOASIS.

## 4. 0805 - Public Transit

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$49,600.32

## 5. 0806 - Public Port Authority

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	3	\$2,943,024.33
Buildings	1	\$42,270,751.86
Real Property Leased	1	\$7,694.76

The agency's real property report in wvOASIS is missing data referenced in the applicable statute/rule, including an operating lease. For purposes of this report, we have included the lease information. The agency should submit modification requests in wvOASIS to supplement the report.





**6. 0807 - Aeronautics Commission**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$600.00
Buildings	0	0
Real Property Leased	1	\$14,329.20

**7. 0808 - Office of Admin. Hearings**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$83,963.00

**8. 0809 - Parkways**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1,439	\$12,019,256.07
Buildings	160	\$105,745,568.79
Real Property Leased	0	0

Parkways Authority operates and owns the West Virginia Turnpike including ancillary administrative, maintenance and rest stop facilities and the Tamarack facility. The report for Parkways Authority in *wvOASIS* includes land information derived from maps developed in the mid-1950's. Also included are parcels acquired since the creation of the Parkways Authority in 1989. Because original cost information was not included with the referenced maps, an allocation of costs from the Authority's financial statements was included. Right-of-way acquired by WVDOH for the Turnpike upgrades is not included in the report.

The Authority's maintenance management system identifies 160 separate buildings, some of which do not have separate mailing addresses or tax parcel identifications. The Authority is gathering additional information for uploading into *wvOASIS*. The Authority has no leased property.

**L. Commerce**

**1. 0304 - Tourism Commission**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	1	\$1,995.00
Real Property Leased	1	\$373,641.96



**2. 0305 - Forestry**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	5	\$208,863.00
Real Property Leased	22	\$231,545.52

**3. 0306 - Geological & Economic Survey**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	3	\$23,959.00
Real Property Leased	0	0

**4. 0307 - WV Development Office**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	5	\$997,635.96

The agency's report is missing an amount on one lease. They are aware and correcting. The amount above reflects the correct yearly rent.

**5. 0308 - Labor**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	3	\$101,334.00
Real Property Leased	1	\$413,402.04

**6. 0310 - DNR**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1,229	\$96,298,731.33
Buildings	1,519	\$169,347,719.29
Real Property Leased	182	\$582,249.00

**7. 0314 - Miners Health Safety & Training**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	2	\$421,251.48
Buildings	3	\$401,715.00
Real Property Leased	7	\$393,601.92



**8. 0319 - Coal Mine Health & Safety**

No real property or leases to report. The agency is occupying space with 0314-Miner's Health Safety & Training.

**9. 0323 - Workforce West Virginia**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	16	\$2,457,088.92

**10. 0327 – Secretary's Office**

No real property or leases to report. The agency is occupying space with 0307-WV Development Office.

**11. 0328 - Division of Energy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$27,645.00

**12. 0932 - Rehabilitation Services**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	38	\$2,290,009.92

The agency is correcting some lease data in wvOASIS, but reported rent is accurate.

**M. Environment**

**1. 0311 - Environmental Quality Board**

No real property or leases to report.

**2. 0312 - Solid Waste Management**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$10
Buildings	0	0
Real Property Leased	0	0



**3. 0313 - Environmental Protection**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	6	\$3,665,315.55
Buildings	7	\$183,081.04
Real Property Leased	35	\$3,883,006.42

**4. 0315 - Oil & Gas Commission**

No real property or leases to report.

**5. 0325 - Air Quality Board**

No real property or leases to report.

**N. Bureau of Senior Services**

**1. 0508 - Bureau of Senior Services**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	2	\$169,081.68

**O. Misc. Boards & Commissions**

**1. 0316 - Water Development**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	1	\$514,684.04
Buildings	2	\$4,086,411.71
Real Property Leased	0	0

The agency's real property report in wvOASIS is missing data referenced in the applicable statute and rule. The agency should make appropriate changes in wvOASIS.

**2. 0505 - Barbers & Cosmetologists**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$1,927.68





**3. 0509 - Hospital Finance Authority**

No real property or leases to report. The agency is occupying space leased by 1300-Treasurer, pursuant to an MOU.

**4. 0901 - Appraiser Licensing Board**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$24,750.00

**5. 0902 - Funeral Service Examiners**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$19,116.00

**6. 0903 - Professional Surveyors**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$10,332.00

**7. 0904 - Counseling**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$8,537.04

**8. 0905 - Social Work Examiners**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$14,244.00

**9. 0906 – LPN's**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$42,165.90



**10. 0907 – RN’s**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$99,456.00

**11. 0908 - Chiropractic Examiners**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$7,200.00

**12. 0909 - Dentists**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$15,759.96

**13. 0910 - Landscape Architects**

No real property or leases to report. The agency is occupying space with 0948-Hearing Aid Dealers.

**14. 0911 - Occupational Therapy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$6,000.00

**15. 0912 - Optometry**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$8,184.00



**16. 0913 - Pharmacy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	1	\$372,736.34
Real Property Leased	0	0

**17. 0914 - Psychologists**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$5,592.00

**18. 0915 - Med Imaging & Radiation Therapy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$11,520.00

**19. 0916 - Sanitarians**

No real property or leases to report.

**20. 0917 - Engineers**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$46,914.12

**21. 0918 - Accountancy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$30,000.00

**22. 0919 - Architects**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$9,144.48



**23. 0921 - Osteopathy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$16,874.41

**24. 0922 - Physical Therapy**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$26,319.96

**25. 0923 - Veterinary Medicine**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$7,215.96

**26. 0924 - Consumer Advocate**

The agency's lease is reported by 0926-Public Service Commission. No other real property or leases to report.

**27. 0926 - Public Service Commission (includes lease for 0924-Cons Adv.)**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	2	\$1,217,135.00
Buildings	2	\$8,055,527.00
Real Property Leased	1	\$35,040.00

**28. 0927 - Real Estate Commission**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$46,878.00

**29. 0929 – Board of Foresters**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$900.00





**30. 0930 - Speech Pathologist/Audiologist**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$9,900.00

**31. 0935 - Bd. of Respiratory Care**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$15,900.00

**32. 0936 – Dietitians’ Licensing Board**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$3,300.00

**33. 0937 - Board of Acupuncture**

No real property or leases to report.

**34. 0938 - Massage Therapy Board**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$7,812.00

**35. 0939 - WV Courthouse Improve Authority**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	1	\$140,000.00
Real Property Leased	0	0

**36. 0941 – National Coal Heritage Area Authority**

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	4	\$29,124.60



### 37. 0943 - WV Center for Nursing

The agency's lease is reported under 0441-HEPC Administration. No other real property or leases to report.

### 38. 0944 - Economic Development Authority<sup>8</sup>

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	7	\$7,276,962.57
Buildings	8	\$24,501,726.07
Real Property Leased	0	0

### 39. 0945 - Board of Medicine

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$169,866.24

### 40. 0946 - Municipal Pension Oversight Board

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$21,999.96

### 41. 0947 - ERP Board

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$284,670.00

### 42. 0948 - Hearing Aid Dealers

Real Property Owned	Number Reported	Purchase Cost/Yearly Rent
Land	0	0
Buildings	0	0
Real Property Leased	1	\$3,159.00

<sup>8</sup> Economic Development Authority ("EDA") is vested with legal title to certain real property reported (for accounting purposes) by other state spending units in wvOASIS. Although legal title may not transfer for years, the property is being tracked (and reported) by spending units responsible for paying bonds and/or tracking maintenance. To avoid duplicate reporting, EDA did not report real property tracked separately by other spending units for accounting purposes.



### **43. 0950 - Board of Treasury Investments**

No real property or leases to report. The agency is occupying space leased by 1300-Treasurer.

#### **IV. ISSUES**

The information in this summary report is only as good as the data provided by state spending units, which are individually responsible by law for tracking their real property and leases. For purposes of the report, we are assuming the information provided is accurate. If an obvious problem was detected during review, the Real Estate Division attempted to notify the spending unit to help resolve it.

This report was generated using the Fixed Asset module of *wvOASIS*, which was designed primarily for financial reporting. The Fixed Asset module is used to prepare the Comprehensive Annual Financial Report (CAFR), which is audited by an independent audit firm, and required by W. Va. Code §5A-2-33(8) and §5A-2-33(9). In some instances (e.g., bonded buildings and capital leases), property is reported (for accounting purposes) by the state spending unit that controls the property, rather than the spending unit vested with legal title.

Reporting of real property in *wvOASIS* is based upon financial accounting principles designating real property as "Fixed Assets." Within the "Fixed Assets" module, *wvOASIS* anticipates separation of land from buildings for purposes of reporting.

#### **V. RECOMMENDATIONS**

State spending units must continue to actively track their real property and leases and should also compare their information regarding real property to information of record in each county.

#### **VI. CONCLUSIONS**

Overall, state spending units provided real property and lease reports in *wvOASIS* consistent with W. Va. Code §5A-10-9(e) and 148 CSR 19, Section 10. Some reports are more responsive than others, but all spending units with real property and leases to report provided information in *wvOASIS*.

