



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Blair)

April 7, 2021

4:00 p.m. – 5:00 p.m.

Senate	House
Blair, Chair	Hanshaw, Chair
Baldwin	Boggs
Plymale (absent)	Capito (absent)
Takubo (absent)	Householder
Tarr	Howell
Trump (absent)	Skaff
Weld (absent)	Summers

Speaker Hanshaw: “Let’s go ahead and call today’s Joint Committee meeting to order. We are short a quorum at this moment, so we will forego approval of the minutes until we do have a quorum present. Let’s begin with our reports of agencies this afternoon. We’d like to start with the broadband connectivity update, Mr. Secretary.

Secretary Carmichael: “Mr. Speaker, Mr. President, ladies and gentlemen of the committee ... did you ever hear that song “I’ve Looked at Life from Both Sides Now”? That’s me now.

So, I just wanted to go through a little bit about the status of broadband in West Virginia and the plans, really the most important component of what we want to talk about today, I think, is the \$138 million that’s anticipated with the ARP Act that will shortly be forthcoming. And in fact, I think we just received guidance from the Treasury Department that ... and I have Kelly Workman and Jamie Huffman with me from the Development

Office and Broadband, that it must be spent on unserved, unfunded areas. And so, that will be a critical component as we move forward and how you allocate these funds.

What we've done though, in the Development Office, is to be proactive in terms of how we can structure several funds and how we can utilize those to quickly incentivize broadband deployment in West Virginia. So, I'll just walk you through a couple of the plans that we have in place and see if it comports with what your thinking is, and we can obviously modify it to accommodate your thoughts.

So, West Virginia's Broadband Investment Plan, as it's set up under the American Recovery Rescue Plan Act, to expand and improve broadband services. So, what we really wanted to do is to allocate four different funding streams to help provide broadband to these unserved, unfunded areas. And there's a couple of different ways to do it. But the sp ... let me give you a question and see if you know anybody ... Have you ever heard this phrase, "My neighbor has broadband but I can't get it." And if you do, you know, shake your head or give me some positive feedback. Everybody's like amen, right?

So, you hear this all the time and there are economic reasons as to why you ... those providers can't get out that last mile or those last two miles and so forth. It's cost prohibitive, right? It might cost \$20,000 to build and you get \$100 a month and so it takes a long time in terms of cost recovery. So, what we're structuring, and we'll go over it in a little more detail, is a plan to incentivize and extend these network line extensions. This would be to current providers that can reach out further into the communities, and we have all the mapping data that can show that we won't enable them to just go get those low hanging fruits and as we'll structure a plan in which they submit their mapping data, we'll help them do that and then approve those plans and be able to match some funding

strengths for them. That is a very quick hit, so that you can talk about how we can quickly get to a site that doesn't currently have broadband and you can turn it up and make a real difference for those people. So, that's program number one.

The first two programs are structured to do this very quickly. So, rapid wireless deployment projects, this would be one, and you've all heard of our siren towers that we use for our public service network, and this was put in place. They were put in place back during the BTOP days and, you know, West Virginia had received a lot of funding and built these towers and put up our public safety network, and some of these towers are being utilized for wireless connectivity, fixed wireless connectivity. But there's no data packets going across the siren network ever, and that's a travesty really. So, we need to be able to upgrade some of those tower networks and reach like areas of Braxton County. Some of these areas in Clay County and others, that are very remote and very hard to get to, the towers are there. And if we can just ... and we can utilize microwave technology to get to these towers to provide the connectivity and then the wireless, fixed wireless devices, for line of site to these areas and quickly turn up a lot of homes, a lot of addresses, a lot of potential businesses and state parks. There are several state parks that don't have internet, do not have internet connections, that can have utilizing fixed wireless devices and microwave technology and passing packets over our existing siren network. So, those two programs, as you contemplate how to spend the \$138 million, can make a very quick impactful difference.

The other two programs will take a little longer and as you know, you all passed HB2002, which will very much facilitate the stringing and hanging of fiber optic cable across West Virginia. It really did do a lot of good in terms of rights of way, as well as pole

attachments, and those use agreements with the power companies and the existing elects. So, it's very beneficial. You did a lot of good work in that area.

So, this major broadband infrastructure investment program, will be a program that we structure, and we'll stand all these programs up, and I'll give you a little more detail in a moment, but I just wanted to give you a high-level overview of these different programs that this would be people that would bring projects to the Development Office, to our Broadband Council and to the Development Office, that can then be approved. We'll score them, we'll use an outside consultant to help us do that. So, there's no, you know, any appearance of impropriety on it at all. We'll use complete third parties to help us evaluate those projects and develop a matrix that show how we're ... per home, what the expense is and so forth. So, we'll score those in that manner.

And then finally, local government ... this is a really important aspect. The local government, in addition to the \$138 million that West Virginia is getting dedicated towards broadband, the local counties and the municipalities are getting a tranche of money as well. Now they have a lot more discretion and flexibility with it. This \$138 million is specifically for broadband expansion, but we want to incentivize them to work together and coordinate their efforts and get synergy from these dollars that are available. Because what we want to avoid is instances in which, perhaps one county has decided to build their own internet. You know, one city wants to structure lines and points of presence and connection points and so forth that are incongruent with the broader network capacity and to not be as efficiently utilized. And so, there's all kinds of incentives. What we want to do is to provide matching funds to incentivize these local governments and other entities to work together. We can provide the mapping; we can provide all the cost analysis. We can

do a lot of that for them and then help them develop their projects in coordination with other counties in their area or with other local government entities. And so, you can see that this money can then be, almost multiplied exponentially, the good that it can do when we all work together. And I think the Development Office is a prime spot. Because we can show you all the tools that we already have in place for mapping, Ookla data, speed testing, all of those things, mapping data. We can do all of that for them and very much help facilitate their objective of providing broadband for their constituents.

So, high level overview, and I'll go into a little more depth with it. So, project goals and objectives. The first thing I think we have to all agree on is that we want to provide last mile service to people who don't have it, right? I mean, it's nice to provide competition with ... for those who don't like their current provider. That's nice and that'll be sort of a byproduct of doing this. But our prime objective should be to use this money to get the people that do not have broadband as defined by the FCC, which is 25 down, three up. And that's slow by today's standards, but it's still ... that's FCC definitions of broadband, and there are plenty of places in West Virginia ... Jamie can tell you, and Kelly, that that does not exist. And so, by definition, when we're building or helping facilitate to go get those addresses and bring them into the broadband definition, you'll pass areas that currently have broadband, and you can imagine that there will be providers who want to, you know, provide competition to those that currently have broadband in those areas, and that's fine. We're not, you know, obviously we're not prohibiting that. But our prime objective with \$138 million, if you share this goal, is to get to the people that do not currently have it.

So, that's our goal number one. We don't want to overbuild or utilize this \$138

million to build in areas that the federal government's already funding with RDOF. Now, you know, that's a controversial statement sometimes. Because people will say, "You know, look, frankly Frontier wants some of these areas, and I don't trust them to build it."

Well, we're going to very much monitor the deployment of the RDOF funds, and as you know, those funds are given out over a ten-year period. But the network has to be built 20% per year. So, at the end of year six, the network should be completely built out. Those are ... anyone who took those RDOF funds.

So, virtually, and I'll have to just check with my team here, all of those people bid gig service, right? So, everybody that won RDOF areas bid gig bits of service. So, we'll be ... that's, you know, fiber to the home. That's the only way to get it pretty much. So, that's a ... and we want them to succeed, right. We want them to succeed and be successful and deploy their networks and be ... make our constituents happy. But that is, you know, a prime objective, is to make sure that we don't over build in areas or utilize these limited resources to build in areas that are going to be built with other resources. Because it's, you know, it used to be that money wasn't free, and I think that may be changing now. So, preference always for gigabit services.

So, just really quickly, I'll just go over these components one more time in a little more detail. Expansion of existing fiber and cable networks. Those are the ones that says, "Look, I'll go ... my neighbor has it, but I don't have it," and we expect to get all those ... we expect to announce the program, the manner in which it will be deployed this month, and then start a rolling award process where these, you know, they have to meet certain criteria. They have to meet certain standards and so forth, but we'll have a rolling application and a rolling approval process throughout the summer.

We target approximately \$25 million for this project and we do ... we will require a match on some of the projects. Not dollar for dollar, but 25% or so forth, and this will really ... you'll see a real difference in your areas really quickly with this. Same way with rapid wireless deployment. You'll see a very quick hit in these areas, and you can go ... I know a lot of people say, "Yeah, I have fixed wireless. That's ... are you ... can you really get the speeds you need with fixed wireless?" Yes, you can. I mean the new fixed wireless devices; you can get gigabit speeds. We don't anticipate that we'll get many bids with gigabit service for fixed wireless. But we may get some, and we'll certainly get some for 110 or 500 meg, and that's light years above where these people currently ... where these towers are currently situated and where we anticipate them being able to utilize them. Because think of this, Mr. Speaker and Mr. President, this ... these areas in which we we're trying to reach with fixed wireless, would be years to build in terms of fiber deployment to some of these areas. So, this will be very quick. The purpose of this program will be to do it very quickly and so that we can turn and provide services to these needed constituents this year. So, and we target roughly \$25 million on these awards as well.

So, local government funding, our program, again, is to design to help cities and counties come together, work with us, help us knock some of the cost out of their systems. For instance, you know, our friends in Putnam County trying ... will design their network and so forth and we can help them and facilitate some of their ... and provide some matching funds and so forth so that they make sure ... we make sure they're connected at the proper points of presence and we're utilizing those moneys at the local level and at the state level to incentivize people to work together to build an interconnected network.

And so, that'll be a beneficial program we think.

Then finally, these major projects ... now these are the ones that, you know, you hear different people talk about, like the rock project is a major project or other major undertakings where people are really aggressively building middle mile networks and so forth, and those will be evaluated in a second category, are the way we would structure this, so that, you know, we don't unitize all of our funds for a major project undertaking when we have people that have no internet service. And, you know, you can imagine that ought to be our goal, to reach those who do not have any service.

So, eligible applicants would be for the existing network expansion or the rapid wireless deployment. We would look to make those eligible to apply those who are currently providing service in West Virginia or neighboring states. So that we don't, you know, if you're talking about quick hits and so forth, we're not really, I think we want to shy away from a start-up or somebody who's never done it. Just like the RDOF bids were scored. They were done in a manner in which your experience and your reliability in the industry was a factor, and it should be a factor here as well. We want successful applicants to apply for these grants and deploy internet quickly, and then with local government broadband funding incentives, the county municipal governments and affiliated organizations, like regional planning councils or other folks that may structure an organization to ... you know, for the purpose of deploying broadband. And then major projects would be, you know, private for profits, non-profits, public organizations, other entities that were really interested in these major, major undertakings.

Here's another point that I really want to focus on also is, you know, we talk about deploying all these networks and then spending the money and do we ever go back and

check? Did they really provide the service and did they really ... did we go back and audit it and so forth? And so, you know, we may ask for some help with you with some tools and so forth to make sure we're auditing, the fact that these people received the opportunity to purchase the network and it'll be deployed in a manner that, like RDOF, if you're familiar with the way the RDOF program worked. If you took the money, you had to agree that you would sell the service at no more than a certain rate, the average across the country for whatever the level of service that you're purchasing. So, that's important and so we don't want to just provide government funds for folks that ... or for entities that can then charge whatever they want for the service, right? So, there will be some constraints on it around that.

So, we've got a proposed timeline for the funding announcements, and I won't go over all of these, but just ... I think maybe, you know, if you're sitting in those chairs, you think it's comforting to know that there is at least some eyeballs on the streams and the dates and the times in which these programs will be rolled out. And I think it's incredibly important that we do this ... Kelly and Jamie can tell you. You know, when talking with our consultants, I'm always like, got to do it quicker. You know, you got to do it quicker. It's got to be done fast and I know how you want to see that, and so, that's ... it's important for you to know, without me going through each, you know, slide, and we'll make this presentation available to you, but that there is thought going around the time frames for the program announcements, for the evaluation of the projects, for the roll out of the projects, and for the post audit of the projects, and then oversight of all the projects, and we'll monitor the network analysis. You know, people ... anybody can come out and say I'm going to run a line to somebody's house and provide internet. But it's different when

you're interconnecting and making sure that it fits within the construct of a thoughtful network design.

And that's basically it. I'm happy to answer questions. I know we have ... I mean I've got some mapping data if anyone's, you know, really wanted to see that. But other than that, I'm happy to answer questions or I can kill another half hour."

Speaker Hanshaw: "Do we have questions for Secretary ...? President Blair.

President Blair: "Thank you, Mr. Speaker. I wanted this to be first. I wanted this on the agenda each month, and so, I wanted to talk to you, as well as members of the committee on what we're looking for here in the coming months. And that is, is an update on the deployment, what's taking place, where the mistakes are, where we can help. If we've got things going in ... on in our districts, or regions of the state that we know that's an issue, then this is going to be a clearing house for us to be able to come in and tell you. If you're having problems with something, with economic development and there's something that we can do to help, we need to know about it as well. So, it's not so that we can come in and complain or waste time. But it's the communication side, back and forth, making sure that we are on top of it and that we, together as a team, work together to get broadband deployed to every holler in this state as soon as we possibly can. So, I didn't have a question here. But I wanted to make sure that everybody understood that it's not to come in and complain about one street or whatever. But it is about getting the job done."

Secretary Carmichael: "I don't see it. I mean, I think it's very helpful for us to come here and to present to you. Because it's, as you know, I mean, economic development is tied to broadband expansion, and so before we can go much further in economic

development, we've got to have broadband everywhere."

President Blair: "Yeah, I have one more thing too. You're first thing on the agenda, and the reason for it is, is that we got everybody else is coming in here behind you, that I want them to be able to hear what's going on with broadband, going back, take it out, and ladies and gentlemen, I have zero problems with you being here to present on something else. But you've got something that you know of that can help us on broadband, speak up. I'm happy to do it. That's one of the reasons I asked for you to go first on this, so that we can utilize every tool that we got available to us."

Secretary Carmichael: "I appreciate ... and just so you know, this is ... this will likely be required to have your approval for these funding streams and mechanisms and so forth, and so, you know, we're ... that's ... I'm happy to talk to you about it and I just ... I think it's a thoughtful approach to segmenting these dollars and so, happy to answer any questions about it."

Speaker Hanshaw: "Delegate Summers."

Delegate Summers: "Thank you, Mr. Speaker. Thank you for being here. Two questions, one, the extension of the network line extensions. Is that going to be brought to you by providers that know they have a house right across, or is that going to be from individuals that say, hey ... like my ... the person across the street from me does not have it, and he said, "How do I get it?" Is it the companies that are going to know or how do you find out that information?"

Secretary Carmichael: "Yeah, what we'll ask for, and we'll ... when we release the program, if it meets with your approval, is we'll request bids from the various providers, and I think it needs to come from, I believe it needs to come from the providers. I mean,

otherwise you're going to get, you know, lots of different ... but the homeowner, the person who does not have it, should contact their provider, and you know ..."

Delegate Summers: "Well, they don't have a provider."

Secretary Carmichael: "Well, or who ... like your neighbor, whoever you utilize, and say ... they are certainly a potential customer, right, for a provider. But a provider ... what we anticipate is they'll have, you know, they'll operate in their own best interest, right? They'll say, "I want to expand to this area, and they may miss some areas that we want to see them pull into the network design, and so that network tools that we have in place, will enable us to go back to them and say, "You know, we need you to come into this area and pick this area up also." And so that's ... and the nice thing about this, Delegate Summers, is that it will happen quickly. This will happen very quickly."

Delegate Summers: "My second question is about the local government matching. Is that from ... is that from any moneys that they have or is that from the money that they're going to get that's coming down to all the counties and cities now or ...?"

Secretary Carmichael: "I don't think, from our perspective, we would necessarily care what source they utilize. So, ..."

Delegate Summers: "And lastly, I just want to say I love the accountability piece of it. Because we know that's what's been lacking in the past is people weren't held accountable for the service they did or did not put in. So, thank you for that."

Secretary Carmichael: "Yeah, I agree. That has to be part of the program."

Speaker Hanshaw: "Senator Tarr."

Senator Tarr: "Thank you, Mr. Speaker. Secretary Carmichael, I know there was a letter written by the legislature. A lot of legislators signed off on, as well as Senator

Capito, regarding the FCC's approval process for Frontier. Do we have an update right now? Has the FCC made a ruling on that with Frontier?"

Secretary Carmichael: "No, they have not and I was a signatory to that letter also, and it was ... right now the FCC is going through the long form application approval process for everyone who submitted the short form application, and was approved to participate in the RDOF bidding process, and there have been a lot of letters and, you know, effort to make sure that Frontier, in particular, is scrutinized very heavily by the FCC with their long form application in terms of, not only their financial viability and capability, but their network design and so forth.

Senator Tarr: "Has anybody else been ... had their long form approved yet?"

Secretary Carmichael: "You know, that's a good ... I don't think so. I think they'll probably be approved all at the same time, be announced. But, you know, I'm not fully informed on that."

Senator Tarr: "Thank you."

Secretary Carmichael: "Delegate Boggs."

Delegate Boggs: "Thank you, Mr. Speaker. Mitch, thank you for being here, good to see you as always, and I'm excited because you're excited about this. And I think that it's ... you sense the sense of urgency that I think we all do, especially those in areas that are unserved and underserved. Going back to Delegate Summers' question, if you have a provider, someone has a provider on the other side of the street that would be the natural source of someone to get it that doesn't have service now, and they just are lackadaisical about it, they don't seem like it's really urgent. When you make the announcement, will there be a method by which residents can contact your office or the

appropriate entity to say, “I want internet service,”? You know, will there be a way that they can do that to make sure that no one falls through the cracks?”

Secretary Carmichael: “Yeah, that’s a great question and this brings to mind the reason the Senate President wanted to have this meeting. That’s a great idea that we had not contemplated, the manner in which the individual citizen can contact our office to make sure that they’re included in the plans moving forward. And so, we need to incorporate that into our design.”

Delegate Boggs: “I appreciate you taking that into consideration. Because I fear that there will be some people that will make every effort to reach out to a provider, and the provider, depending on who that provider may be, may just really not be any more interested than they are today, and therefore it’ll fall through the cracks and then a lot of people around the state will still have a sour taste because yet another effort that we’ve heard about from broadband has fallen by the wayside and they’ve been left behind. And I know that’s not your effort and I know it’s not the ... excuse me, I know that’s not your goal and your focus. I know it’s not the goal or the focus of everyone around this table. But I think from, you know, over the last 25 years, I’ve watched a lot of efforts rise and fall and not meet expectations. So, I’m excited about this, and I just hope that you’d look into that if you would please and get back to us on that with the leadership here in Joint Committee.”

Secretary Carmichael: “Absolutely.”

Delegate Boggs: “Thank you.”

Secretary Carmichael: “In fact the map you have in front of you, or that you can see on the screen, these yellow areas are areas ... these represent the unserved. Oh,

I'm on PowerPoint. Anyway, we know the data. We know where the unserved areas are. We know the Oocla speed test data exactly where people are getting speeds, where they're not, and so we're, you know, cognizant of it and as we help people design these networks, we'll make sure. But I will ... we will incorporate your suggestion. That's a great idea."

Delegate Boggs: "Thank you, Sir."

Speaker Hanshaw: "Senator Tarr."

Senator Tarr: "Thank you, Mr. Speaker. Thank you, Mr. Secretary. I just have a couple of follow-up questions actually related to the Majority Leader's question. Do we know yet, in terms of counties and municipalities, they're getting these ARP dollars? Do they know yet, the rules? And specifically, I'm wondering do they know if they can use those funds that they're receiving as matching dollars?"

Secretary Carmichael: "You know, I don't know exactly what has been told to the counties and municipalities in terms of the flexibility of their discretion over those funds. I ... it's, you know, it's anecdotal information at this point for me. We just received ... just when we were walking in this room, the treasury guidance for the money the state is receiving. So, I know that I think Senator Manchin and others have had meeting with some of the counties and cities, these listing tours and so forth, haven't they? And are trying to give them guidance but I don't think, Mr. Leader, it's been released yet."

Senator Tarr: "Okay, but you all just got your treasury guidance."

Secretary Carmichael: "Yes, we did."

Senator Tarr: "Well, that's good news that it's starting to flow, and hopefully local municipal governments will have that soon. Okay, so that ... yeah, all I have right now is,

I have conflicting information. So, it sounds like we're in the same boat. We're waiting on that.

One other question, the existing line extensions, did I understand you correctly that I heard you say, you know, "We don't want start-ups. We don't want unproven people"? So, are we talking about using a known quantity of providers or ... who are we talking about?"

Secretary Carmichael: "Yes, and really, almost by definition, when you talk about line extensions for current providers, would be, you know, almost by definition, it'd be someone who's currently in the industry serving customers. And we're talking about helping them facilitate going a little deeper out into their service areas in a manner that's, right now, just currently cost inefficient, cost prohibited."

Senator Tarr: "So, we're talking about, I mean, are we talking about the big four providers in West Virginia that we've currently had?"

Secretary Carmichael: "I mean, just comes to my mind, companies like Suddenlink, Comcast, Shentel. You know, there are others that probably aren't coming to my mind. But ..."

Senator Tarr: "Frontier, Citynet."

Secretary Carmichael: "Yeah, I mean, although I would think they would ... yeah, for sure Citynet would be able to use it. Frontier, I would think they probably use it in more of the major projects kind of thing, and you know, we're not prohibiting anybody from bidding in this area of service line extensions. But, you know, what we're looking for is those areas like Delegate Summers was talking about where somebody across the street, you know, has service and then their neighbor does not. And as you get deeper and

deeper and deeper into those ... right now, frankly a lot of these networks are oversubscribed. I mean they just, you know ... and everyone knows in the evening, you know, and you hear complaints about it slowing down, the networks slowing down or buffering when you're trying to do some things. So, some of those components will be, you know, upgrading networks."

Senator Tarr: "Yeah, I mean, because right now, a lot of those providers, they don't meet the 25/3 definition."

Secretary Carmichael: "That's for sure, a couple of them you mentioned."

Senator Tarr: "But we're going to rely on those same providers ..."

Secretary Carmichael: "Nope. We're requiring speed validations and in fact, we're only going to ... we're scoring by the amount of speed that you'll be able to deploy. But we're certainly, we're not interested really, in funding anything that's 25/3, less than 25/3 and typically higher than that."

Senator Tarr: "Okay, yeah. I mean I heard you say RDOF was a gig. But I think Starlink, they were a major RDOF player in West Virginia and they don't offer a gig, do they?"

Secretary Carmichael: "No, they did gig service. But they do not and that'll be a component of the long form application."

Senator Tarr: "Okay, thank you, Mr. Secretary. Thank you, Mr. Speaker."

Speaker Hanshaw: "Any other member? If not, President Blair to close us out on this."

President Blain: "Thank you for being here today. I've listened to what we've talked about here today, and I see two things, maybe three, and I don't want to be

bureaucratic. Because we need to have metrics that's taking place, so that we know month to month to month, on what's taking place here. So, the first one is, is that, you know, we've done a great job tracking COVID and how many people. Your providers ought to be able to punch in a number once a month, or once a week, feed up to you guys how many more people in West Virginia are being served. How many more businesses are being served? Okay, that's one."

Secretary Carmichael: "Let me just pick up on that. That is a great point and it's kind of scary we think alike. Because I had sent out an email to all the providers on Friday saying, "What is the number of new connections for this year?" And it was very late on Friday, and so I didn't get a lot of responses back yet. But Prodigy did send back ... and I may ... there are at least 400 new customers this year. So, but I know exactly what you're thinking and I ... we'll definitely provide that update monthly."

President Blair: "It's a way to judge that's no different than what we've done with COVID. The Senator from Greenbrier got to talking about the counties and municipalities. You and I have talked in the past on that one, getting everybody ... all the counties and municipalities over here in the Culture Center, lining them up, and being able to get a network within all the state and counties and municipalities, where we're working together. Some of the counties and municipalities are doing their own thing. We do not want to be building over top of each other and figuring out how we can maximize these federal dollars that's coming in, to be able to get the biggest bang for the buck. I'd like to have a report back on that."

Secretary Carmichael: "Yeah, we ... yes, we will definitely reach out to the Municipal League and the counties and have a coordinated effort with them. That's a part

of our ... as you can see, part of our design process with matching funds.”

President Blair: “I get it. But we need to nail them down and so, if someone is running their own agenda out there, that’s fine. But if you’re going to run your own agenda ...”

Secretary Carmichael: “You’re not getting our money to do it.”

President Blair: “You’re not getting our money also, unless there’s ... so, it forces them in to coordinating so that one hand knows what the other hand is doing so that we get it deployed throughout the state. And then, going off of what Delegate Summers was talking about here, neighborhood connection plan. People need to have a portal, a phone number, or some way or another, so that you’re aware. And when you become aware, then we get aware of what’s going on. That way it’s done. So, if you put something together like that, and can report back on these ...”

Secretary Carmichael: “That’s a good idea.”

President Blair: “...the neighborhood of ... those are the three things I gained from today and thank you for being here and see you next month.”

Secretary Carmichael: “Yeah. Charlie, we’re talking about the internet. I’m kidding. Alright thank you.”

Speaker Hanshaw: “We thank you.”

Secretary Carmichael: “Yeah, thank you very much.”

Speaker Hanshaw: “Let’s turn back now to approval of the minutes, now that we do have a quorum of members present. We do need to approve the minutes of our April 17, 2021 meeting. We do have the minutes of that meeting available in your packet. So, at this time the Chair recognizes President Blair.”

President Blair: “Mr. Speaker, I move the minutes of April the 7th, 2021 meeting of the Joint Committee of Government and Finance be approved.”

Secretary Carmichael: “Senator Blair moves that the minutes of the April 21, meeting of the committee be approved as distributed. Is there a discussion on that motion? If not, those in favor of that motion, please say aye. Those opposed will please say no. The ayes have it, that motion is adopted. The minutes are approved as distributed. Let’s return now to our monthly and quarterly reports from the various agencies. Let’s begin with the Lottery update. Do we have the Lottery update? Do we have Mr. Myers available? Okay, if not, let’s go ahead and move on, then we’ll take the General Revenue Fund update. Mr. Muchow, Welcome.”

Mark Muchow: “Mark Muchow, Department of Revenue. The month of April is a nice recovery month from last year. Last year in April we had a very depressing month. That was the first month we’ve ... we were shut down. So, we had very low revenues last April. This April, very high revenues and a lot of interesting activity going on among the revenue numbers.

Total collections for April were \$539.8 million. That was about \$1.9 above estimate, 38.9% ahead of last year. So, that ... and again, last year was a bit depressed. So, year to date we’re now a little bit over \$4 billion, \$4,100,000,000 versus ... \$3.764 was the original estimate. So, we’re \$237.3 million above estimate, 8.4% ahead of last year.

On the individual components, the sales tax did very, very well in the month of April, extremely well as a matter of fact. In March, we were up 11.8% over last year, very good growth. In April we were ahead by 36% compared to last year, and if I compare it to two years ago, we were ahead by 25%, over 25%, 25.3. Of course, a number of people

got their stimulus payments from the Federal Government in March, \$1400 per person. That is the third stimulus payment in the last 12 months or so. You add them all together, about \$4.8 billion in federal stimulus payments to individuals in West Virginia, and that's huge. That's over 7% increase in disposable personal income and people went out and spent a lot of money in the month of March, and then came April collections. So, that was a very strong number there. That was \$126 million in collections in April, \$22.3 million above the estimate, and that brought our year-to-date sales tax to \$63 million above estimate, \$1.2 billion in collections, 8.5% ahead of last year.

On the other hand, the personal income tax decision was made, both at the federal level and the state level, to defer the due date on the annual return, not the estimated payment, but the annual return, until May 17th, and that had an impact on the income tax numbers. The income tax numbers were still very strong compared to last year. Last year we deferred the estimated and the annual, and we also had a bad month for withholding. So, last year was pretty bad on the collections for personal.

This year in personal income tax, \$241 million in April. That was \$81.2 below estimate, but still 16.6% ahead of last year. Now \$81 million and then some, is going to come in in May. So, it was simply a shifting of the timing of those collections. Year-to-date, personal income, \$1.8, almost \$1.83 billion. \$17 million above estimate, 11.4% ahead of last year. That includes ... that's \$18 ... almost \$187 million ahead of last year. That includes the \$144 million of carry-over from last year, and once we get the main numbers in, we'll be all caught up with last year with income tax.

On the subcomponents of income tax, the estimated tax for the month of April was about, a little over 8% lower than two years ago. I looked two years ago as opposed to

last year, and withholding tax was also ... it was strong compared to last year's withholding tax. But it was still down about 5.8% from two years ago. Year-to-date withholding taxes are running just a very, very slight positive compared to last year's. But we still have ... we started the pandemic with a loss of about 94,000 jobs. We're down to about 30,000 left to come back. So, we've gained 2/3 of the jobs lost, back. We've still got about 30,000 outstanding. A good part of those are in the leisure and hospitality areas, and as the economy opens up, people get more comfortable going out, we should see big improvements in the leisure and hospitality employment going forward.

Also, education employment, whether it's private sector or public sector, was down quite a bit from last year. There's still less students in higher education, less students in K-12 than in the past, and that has had an impact on education related employment. Those will come back. So, that's going on there.

The other ... two interesting things, corporate income tax, well above estimate. We collected \$63.3 million in April. That was \$40.8 million ahead of estimate, and about 200% ahead of last year, a very strong income tax month. Not more than about two or three years ago, we only collected about \$110 million for the entire year, about \$63 million in April, so, very strong. Major corporations did very well during the pandemic and if you checked your stock market portfolio recently, it shows up there as well.

Year-to-date on the corporate net, we've now collected \$247.2 million. That is more than double the original estimate, 76.3% ahead of last year. That's \$107 million more than last year. That \$107 million includes \$56 million of deferred money that was carried in the beginning of this year. So, half of the increase is due to the deferral and the other half is due to the actual growth, but very strong tax numbers there.

Severance tax, the numbers are very strong in April. We collected \$29 million. The estimate was \$14.9, \$14.2 million ahead of estimate. 182% ahead of last year. Last year was very depressed, again because of the pandemic. Year-to-date on severance, \$194.5, the estimate was \$175.1. So, we're now \$19.4 ahead. But compared to last year, we're still down about 16.3%. But that's a whole lot better than a few months ago. We were down about 30%. That's eased up to about 16% down, and just to take a look at the foreign exports. As the U.S. economy and foreign economies are opening up. Commodity prices are rising, whether it's lumber, oil, the prices are rising and natural gas prices are higher now than they were a year ago. And with that, we're seeing a rebound on severance tax. We've ... exports and nonmanufacturing goods kind of bottomed out in January and we're beginning to see a recovery. The February numbers were up, the March numbers were up. So, the export numbers for nonmanufacturing goods are on the rise, and also steam coal sales are on the rise as well. Because higher natural gas prices mean more steam coal consumption. So that's all good on the generated side. Those are the major components on general revenue.

And insurance tax was down \$2.1 million short of estimate in April and we're down, year-to-date, compared to estimate, about \$14 million, and that was a combination of some one time unusual refund payments and the fact that some motorists got a good break on their insurance premiums because there was less travel on the roads of West Virginia and a number of insurance companies gave folks a break on their auto insurance premiums, and this reflected in the tax for the year-to-date.

Moving to the road fund, the road fund collections in April ... I'm just looking at the state compose, not looking at federal reimbursement. We collected \$66.4 million. The

estimate was \$71.75 million. So, we were about \$5.4 million below estimate, but we were 26% ahead of last year. Year-to-date in the road fund, we've collected \$755.6 million. The estimate was \$715.6, so we're running \$40 million ahead of estimate or 5.5% ahead of last year. That \$40 million a head includes \$50 million of cares funds that was put in for medically accessed highways. If you take away that, we're actually down about \$10 million below estimate from ... and down probably \$10 or \$11 million from last year's collections. The good news is the motor vehicle sales tax is on fire, and if there were more motor vehicles available for sale, there'd be more sales. If you look around at the various car lots, there's not many cars out in those lots. There's a reason for that. There's a shortage of new cars and used cars. Somebody I know said that they had this car in 2017, bought it new, and somebody was offering them just \$1000 less than the new price tag that they bought in 2017. So, car prices are up, cars are in short supply, and the motor vehicle sales tax collections in April were ahead of estimate by \$7.4 million and year-to-date, ahead of estimate by \$53.4 million, 11% ahead of last year. So, stimulus money is also causing us to buy more automobiles.

On the negative side, the motor fuel tax, we're still not traveling as many miles as we did last year. That should change in coming months. But the motor fuel tax, we were down compared to last year by 12.1% in April, about almost \$6 million short of estimate in April and for the year-to-date, we're down 11.5%, there about \$34.4 million. That's \$43 million less than last year and that's simply because we're traveling less on the roads and consuming less gasoline. We're beginning ... as the month of April ends and we move into May, we are beginning to see that change in the trend. The trend is starting to curve back positive again. So, in the next few months we should see that improve a bit.

Also in the registration fees, we were \$6.9 million short of estimate in April, and for the year-to-date, we're short of estimate by \$25.4 million, and compared to where DMV believes it should be, we're off about, a good \$20 million below where we should be. I think there's still some people out there who's traveling the roads, who may need to renew their registrations. And there, a year ago, people were given a 90-day deferral to renew registrations. There could be some tags out there that need renewed. So as the DMVs open up and there's more access there, hopefully those moneys will come back. But we are running about \$20 million below what we normally would want to have in DMV funds. And with that I'll open up to any questions you may have."

Speaker Hanshaw: "Okay, questions for Mr. Muchow. Okay, if not, Mark, thank you very much. Let's turn to Workforce West Virginia Unemployment Compensation report."

Chris McCauley: "Mr. Speaker, Mr. President, and members of the committee, my name is Chris McCauley. I'm the Director of Unemployment for Workforce. Thank you for having me. There should be a couple of items in front of you, and the first one is the labor force summary through March, and I'll just make note on the first page that our unemployment rate in March dropped about 8/10 of a percentage to 6.1%. Which is always good news. Even though sometimes it doesn't seem like it when you're working it every day, but it also breaks it down by county behind this several pages. So, you can look at your areas and the different counties and how those are located on here. We've got some that are still over the 11% in that. So, this also, in front of you, you have a UC trust fund balance and then we tried to break it down so you could see how those disbursements and receipts were. And if you look at March, we're showing at the end

where this report was ran. It was about \$16 million, but please keep in mind that that also includes the loan advances that we take. Currently we're still borrowing money because they extended that interest, 0% through September. So, we're still using that loan bar to supplement the trust fund at this point. Which in turn will then be supplemented with the Cares Act money once it's ... the interest loan is over with that, and this breaks it down. The other thing I want to point out on here is that the federal moneys that are listed on here, such as the FPUC, the Federal Pandemic Unemployment Compensation, that's the additional \$300, for instance, that they're getting each week on top of their weekly benefit amount. The PEUC, the Pandemic Emergency Unemployment Compensation, all those federal dollars just go right into the trust fund and then straight back out. So, even though you see them included in the receipts in here, they're going back out to make the daily or weekly payments. So, this balance, the reason it's hard to predict is that it changes daily. It could be positive one day and the next day, depending on the disbursements, we could have to borrow more in order to cover that. Basically, that's it in a nutshell and I'm open for questions."

Speaker Hanshaw: "Let's take questions on the Employment Compensation Fund, Senator Tarr."

Senator Tarr: "Thank you, Mr. Speaker. Sir, do you have any idea about how long people are ... do you have any numbers on how long our average person is on unemployment right now as compared to what would be normal? I just ... out in my district and beyond, I'm seeing a lot of job, or help wanted signs out there. So, I talked to a gentleman yesterday, who said he was 25 people short for his business. He had a restaurant that I went to, and I don't want to blame you on this, just trying to frame it in

my question. A restaurant that's a pretty common restaurant the other day, that was closed during lunch on a national chain restaurant because they didn't have enough staff to come in and work. So, I'm just curious on the unemployment numbers, if there's ... I perceive that there's a lot of jobs available."

Chris McCauley: "Yes, sir."

Senator Tarr: "So, I would expect that our unemployment rate would have been going down a lot faster. So, are we tracking that somehow, to see if there are people who are on this who should be working?"

Chris McCauley: "Well, we do take, like, work refusals. We have, you know, on our website where they can report work refusals. That was part of DOL's requirements. We already had that in place prior to that, and you know, if we're contacted about that, we do investigate it and track it down. Because we hear the same concerns and the same complaints. And I'm from Parkersburg, just had a local business close down because they couldn't find a cook. It's been there for years, Donomilios, and that was kind of sad to hear that. I can get the average duration for you of what we're seeing. I'd be glad to get that and present that back to you all. I do not know that number off the top of my head. But it's definitely more than the normal. The normal, you know, is 26 weeks under normal circumstances, payable weeks, unless it's extended out for earnings and so forth. But we are aggressively pursuing any information that we get, trying to investigate those claims of unreported earnings. That's one of the things that we'll probably end up seeing a lot of as we proceed through our cross-match investigations and so forth. But we do hear the same concerns and if it is reported, we are investigating those and we will stop their unemployment until that's investigated, and find out, you know, if it was true or not."

Senator Tarr: “Okay. Alright, thank you.”

Chris McCauley: “You’re welcome, sir.”

Speaker Hanshaw: “Delegate Summers.”

Delegate Summers: “Thank you, Mr. Speaker. Thank you for being here. Two questions, you first mentioned about the Cares Act and the loan, that you’ll be able to fund that back. Is that going to fill this big hole that we’ve had to get us back to where we used to be, or no, we’ll still have a big hole, but it will just have paid out those ...”

Chris McCauley: “Our belief is ... I don’t know the total numbers of what we borrowed yet and what we need to pay back, but our understanding is that the Cares Act should cover that back to where we were solvent. If we borrow the Cares Act, if we use the Cares Act money now, it becomes solvent and then we can’t use the interest free loan. So, that’s why the choice is to continue to use that at this time. And then we will supplement that. I don’t have exact numbers for you, but I will be glad to try to get those.”

Delegate Summers: “And when will you make that decision to do that?”

Chris McCauley: “At this point, the interest free loan is through September.”

Delegate Summers: “Oh, September. Okay.”

Chris McCauley: “Yes ma’am.”

Delegate Summers: “Okay, and my second question is, can you talk to us a little bit about the fraud claims that have been going on and how you’ve been handling that?”

Chris McCauley: “To give you an example, we have a fraud unit established. It’s been established for a while. We’re growing as we speak and trying to increase that. We have purchased a few different programs. One is called Catch Intelligence, and they look at various schemes that are going on, and it’s been working quite well to help us to

understand and develop and stop potential fraud claims. We also purchase what's called GIACT, and that's both through our PUA, Pandemic Unemployment Assistance Program, and both the regular unemployment. We're working with NASWA to do what's called IDH, and it's kind of a little more in the background after the fact of information that's been provided to them. But we have also ... I don't want to give the ins and outs, but just to give you a prime example, in the last couple of weeks we have stopped potentially about 5000 fraud claims, potential fraud claims a week that we're identifying as potential fraud. To give you a rough comparison, before all the pandemic started, we averaged about 7000, 6000-7000 claims a month, and we're seeing an increase in the regular unemployment. At first it was the pandemic unemployment, now it's more on the regular UN."

Delegate Summers: "And the last question I had was, I believe there was an executive order that said you didn't have to prove that you were looking for work. You could just get unemployment. Has that ... did that go away, and has that changed?"

Chris McCauley: "It is effective June 1, and we're going to be getting information out that ... that will require individuals to seek work, not only seek work but full-time work, and be available for full-time work, able and available. For instance, if you're only ever worked part-time, and that's all you want to work, it doesn't apply. It goes back to our state guidelines. Which were you had to be able and available and seeking full-time work."

Delegate Summers: "Okay, I think that's been part of our concern as far as all these job openings and no one's taking them because they don't really have to, when they can sit home and get this money."

Chris McCauley: "Right, correct."

Delegate Summers: “Okay, thank you.”

Speaker Hanshaw: “Other questions on the unemployment fund? Yes, Delegate Howell.”

Delegate Howell: “Thank you, Mr. Speaker. I had a constituent call me about someone filing a claim in their name, and you know, I’ve heard from some other legislators that similar ... how much of that has been going on and what are we doing to help the people who’ve, you know, obviously this has been filed in their name. What do we do on that?”

Chris McCauley: “Well, we have established ... we’ve got an email, if you’d please write it down if you’d ... to help. It’s called reportunemploymentfraud@wv.gov, and that goes straight to our fraud unit to investigate. But it’s reportunemploymentfraud@wv.gov, and also on our website it has a phone number that you can call. You can also call our 1-800-252-JOBS and hit option 5, and it will take you to our fraud line. And we are working with several individuals. We’ll investigate those and determine the legitimacy, and then, especially in the concern of the, you know, making sure first of all, we’ve got it stopped. Then, I’m pleased to say, a majority of those, we already have issues put on and identified up front, not always, but sometimes. But that helps us. We encourage them to please let us know so that we can try to catch those various schemes that might be going on. Once they’re identifiable, withdraw that claim out of the system so it doesn’t impact the person. We send them also identity theft information of what they can do to protect themselves. And, you know, the big concern also with that is the 1099s. We want to make sure that none got paid, so that doesn’t impact any 1099s. If so, we take care of that.”

Delegate Howell: “Okay, thank you.”

Chris McCauley: “You’re welcome. Thank you, and if I may, also touch on what you asked about the executive order. The other part of that is it requires us to go back to the one week waiting period as well, and that is beneficial in the fraud area when we’re trying to identify and fight that, so payment doesn’t happen in that first week. It gives us more opportunity to identify those. So, that goes with the executive order as well.”

Speaker Hanshaw: “Any others? Okay, thank you, sir.”

Chris McCauley: “Thank you.”

Speaker Hanshaw: “Let’s turn now to PEIA, BRIM and Real Estate.”

Alan McVey: “Thank you, Mr. Speaker, Mr. President, committee. I’m Allen McVey, Secretary of the Department of Administration, and I have with me today Ted Cheatham with PEIA, Mary Jane Pickens with BRIM, and John McCue with Real Estate, and you have our report, our April report and we’re here to answer any questions or any concerns you may have.”

Speaker Hanshaw: “First, the PEIA report. Questions from any or the members? If not, let’s ... BRIM? Okay, and the Real Estate Division. Looks like you got an easy A today, Mr. Secretary.”

Alan McVey: “Well, I appreciate the fact that our reports are very readable and that you understand them and that there are no questions. But if you ever do, we’re a phone call away. So, thank you.”

Speaker Hanshaw: “We thank you. DHHR.”

Alan McVey: “I keep forgetting this. Because not only am I vaccinated, I had covid too.”

Speaker Hanshaw: “Welcome, Mr. Samples”

Jerimiah Samples: “Jerimiah Samples, DHHR. Mr. Speaker, you have the Medicaid and CHIP reports in your packet. I also have with us our child welfare ombudsman, Pam Woodman.”

Speaker Hanshaw: “Let’s take the Medicaid report first. Questions from any of our members on the Medicaid report? Yes, Delegate Summers.”

Delegate Summers: “I’m just going to ask one question. Thank you, Jeremiah. Are you seeing any huge outliers on this? Because it’s hard to go through and com ... since we haven’t been doing this as routinely, to go back and kind of compare other, you know, points from last year. I mean, are you seeing huge expanses in some areas?”

Jerimiah Samples: “Well, the pandemic for Medicaid has certainly created a lot of peculiarities in the numbers, and so if you look at enrollment, for example, because of the maintenance of effort, enrollment is through the roof for both expansion and regular Medicaid. In terms of the waivers themselves, because of action the Legislature took last year. The Age and Disabled Waiver has no wait list at all, and the IDD Waiver is pretty much, at the turn of the year in July, going to have no wait list as well again. So, we’re sitting pretty well on those two programs.”

Delegate Summers: “Okay, thank you.”

Speaker Hanshaw: “Alright, other questions on the Medicaid report? Okay, if not, the CHIP report? Okay, if none, other questions for Mr. Samples? Okay, if not ... yes, Delegate Summers.”

Delegate Summers: “I have a question for Mrs. Woodman when he’s finished.”

Speaker Hanshaw: “If there’s no objection, we’ll call another DHHR representative. If you could, just state your name for the committee.”

Pamela Woodman-Kaehler: “Yes, Pamela Woodman Kaylor, Office of Inspector General, Foster Care.”

Speaker Hanshaw: “Thank you. Delegate Summers.”

Delegate Summers: “Thank you, and to the committee, you should have received a report from Mrs. Woodman-Kaehler, outlining her first report to the committee being the foster care ombudsman, and I just wanted to take this time to thank her publicly. The report was extremely thorough, and I was excited to ... I read every word, and I think that you identified a lot of issues that we can now address. Which what I've found in dealing with this foster care problem is, it's just such a massive problem and I would look at it and couldn't figure out what to do, and you've given us a road map to kind of look at that. I couldn't figure out what to do. And you've given us a roadmap to kind of look at that. I thought that was very interesting out of the 312 complaints, that 88 were related to CPS. I mean, it was just a way for us to finally quantify what areas, where there were issues and I also really liked that you gave your key impressions of what you identified in those, and I just wanted to talk about a couple of those.

I was a little worried, but we do hear these complaints from our constituents, or concerns about fear of retaliation, and these children are the pawns in the scheme of things. The policy and procedures that need simplified because no one can follow them because they're too complicated. I did have a couple of concerns. I wanted to ask you about and I didn't know if you wanted to expand on them or not. But I wanted to bring them up and ... on page 20, when I read in your report, “the child's perspective and best interest is totally disregarded. I cannot ethically continue to participate in a system that so easily and repeatedly traumatizes kids.” That's very concerning when we're trying to find

foster families. I also read where a CPS worker is responsible for serving petitions and I didn't understand why that CPS worker had to serve a petition. If you could talk about that when we ... when I get done just reaching some other points. Nobody is really held accountable and there's always excuses. Accountability is big with us, and that's not tolerable.

Let me look here. I had a few other things. I read a section about payments, and people aren't sure when to get money or how to get money, and I know that the Legislature felt strongly enough about this that we increased that by \$16.9 million. But the people aren't sure of how to get paid. But anyway, I'm just ... I'm really, really pleased and just wanted to thank you for the work product that you put forward, and just wanted to give you the opportunity to elaborate on anything else if you wanted to."

Pamela Woodman: "First of all, thank you very much for the kind words. It's what I do, and what I really felt was very important in this initial report, was for our citizens to have their words heard, or read. Our citizens are speaking to us. It is in everyone's best interest, from my perspective, that we truly listen to what they're telling us. I think one of the things, Delegate Summers, that really stuck out at me, and I appreciate you listening to things that stuck out at you, was that these complaints are not coming from just one or two sources in terms of the role that they play in these cases. We're hearing these types of concerns coming from people in all different roles within the system, be they providers or foster kinship parents or non-placement relatives or DHHR employees even, who call. So, it lends some legitimacy that what we've heard anecdotally, has some threads and kernels of truth, and I really, truly believe, and I'm an accountability person as well, that we really need to respond to these things by understanding accurately their root causes.

So, in terms of all of the things that you mentioned, they are definitely the sorts of things that our office hears repeatedly, and what we are really working to do is answer the underlying why. When we hear any complaint, or any of the five or six sub complaints that typically are beneath the main complaint, and our future reporting is going to break that out better too. We really are trying to seek deeply to understand the why, to understand the motivation. It's sometimes not as simple as it may seem on the surface. As I've mentioned to someone recently, before this meeting today, what we see as problems, really, to me, are symptoms of underlying problems, and the better that we can understand the underlying causes, the root causes, the more accurate, appropriate, and likely for impact in a good way, the fixes that we put in place. I know I'm deviating a little bit, but I do have a point. What I am doing with this information, and again I really felt like people's words needed to be presented and heard, felt if you will, by those who would read and digest this report, is the next step here is recommendations. And what I'm attempting to do with our understanding of the why beneath payment issues, the why beneath why people express to us that they feel that the children's interests may be held in disregard, the why underneath why people aren't invited to MDT meetings. Getting to the why will help our office craft innovative, realistic, somehow feasible solutions and recommendations and suggestions that can be new and different than what has been written to solve these problems into so many well intended reports in the past. I have lists and lists and lists of recommendations that when, in proper manner and timing, they are released, which will be soon, I hope. I really hope that this body, and the larger body it represents, will really see some different perspective and some real innovation in proposed recommendations, and then I hope that those who are in authority to implement

them, will consider them thoughtfully, and implement them enthusiastically. Because only then are we really going to see true change.”

Delegate Summers: “Agreed.”

Speaker Hanshaw: “Do we have others who have questions or thoughts to share with our guest? If not, ma’am, we thank you very much. Okay let’s turn now to the Investment Management Board, Mr. Slaughter.”

Craig Slaughter: “Craig Slaughter, Director of the West Virginia Investment Management Board. You should have your March 31, 2021 numbers, I believe. You know, they’re great. Last month, that month we were up 2.3%. We’re up for the fiscal year-to-date. It’s 21.4% for PERS, is a proxy for all the plans. Compared to last year, we were only up, you know, 2.3 I think, or 3.2 last year. Which was amazing in and of itself. But, you know, the most important thing, I think is the 20-year number. We’re up 7.7%-7.9% for all the divine benefit pension plans. Which is outstanding. 7.5% is the bogey and we’re ... most of our peers aren’t at our bogey. So, I think we’re doing really well over the last 20 years.

A note of caution, I mean June 30 this past year, that 20-year number was significantly less than that. So, it’s ... things can change, and even over 20 years, things tend to smooth out. A really bad year can really hit you hard and you know, I think we just go through ... we know that April is a good month too. So, we’ve got ten months under our belt for this year, and it looks wonderful, and hopefully the next two months are good too. I’d be happy to take questions.”

Speaker Hanshaw: “Questions of Mr. Slaughter?”

Delegate Boggs: “It indicates as of the end of February.”

Craig Slaughter: “Oh gosh, I’m sorry. We ... I’m sorry, I got you ... we ... I do have the ... I brought the March numbers because we got those not too long ago, and I was kind of assuming that my ... we got those to you as well. But ...”

Delegate Boggs: “Well, it still sounds like good news.”

Craig Slaughter: “Well, yeah. That’s the good news. That’s the great news. The bad news, I didn’t get you the right thing. But yeah, the good news is wonderful, you know, March was up 2.3% again, and April is up probably another 2%-3%. So, even though we don’t have final numbers, we know what the markets are doing.”

Speaker Hanshaw: “Any others? If not, Mr. Slaughter, we thank you. Let’s turn now to Workers Compensation, Mr. Dodrill.”

James Dodrill: “Good afternoon, Mr. Speaker, Mr. President, members of the Committee. I believe you do have our report in your packet, and I am available to answer any questions in case there are any.”

Speaker Hanshaw: “Okay, questions of Commissioner Dodrill?”

James Dodrill: “I’m sorry, Mr. Speaker. I failed to introduce myself. For the record I am Commissioner Dodrill, Insurance Commissioner.

Speaker Hanshaw: “If there are none, Commissioner, you got an easy one today. Thank you for being here.”

James Dodrill: “Thank you, Mr. Speaker.”

Speaker Hanshaw: “Did I see Mr. Myers come in? Yes sir, we did. Let’s return to the Lottery report.”

John Myers: “My apologies, Mr. Speaker, for being late today. Somehow there was a mix-up on the calendars that didn’t show up on my calender. So, thank you. My

name is John Myers, I'm director of West Virginia Lottery, and we have submitted our financials and they should be in your packet today. Should there be any questions, I'm available to try to answer those."

Speaker Hanshaw: "Questions of Mr. Myers? Mr. President."

President Blair: "Well, and this is not going to ... I'll forward the word as a question. But I noticed the other day in the machines, the scratch offs that you got out. There's a new brand of them out there, where you can buy a \$20 one, a \$10 one, a \$5 one, and a \$1 one. That's a different twist of what I've seen in the past where it's all the same game, but you put different amounts in. Tell me more about that."

James Dodrill: "Well, it's a way to maximize, or minimize our cost of producing the tickets in some ways. Because we basically just put a new skin on the same game, you know, running behind this, the latex. So, that's a way that we are able to minimize our cost of production, keep our administrative cost low, and we have a little more profit that way."

President Blair: "Okay. I think it's a little bit more appealing to the consumer. I'm not sure of that yet, but I picked up on it right away when I seen them there. Thank you, Mr. Speaker."

Speaker Hanshaw: "Other questions for Mr. Myers? Okay, if not, we thank you for being here today, sir. For the benefit of the members, in your packets should be the report of Treasury. So, for information for the benefit of all members, that is included in your packet today. Is there other business to come before the committee today? Okay, if not ..."

President Blair: "I move we adjourn."

Speaker Hanshaw: “President Blair moves the committee adjourn. Those in favor of the motion will please say aye, any opposed will please say no. The motion is adopted, we are adjourned. Thank you all.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

May 26, 2021

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

- West Virginia Lottery as of April 30, 2021:
Gross profit for the tenth month of fiscal year 2021 was \$427.5 million. Gross profit for the tenth month of fiscal year 2020 was \$368 million.
- West Virginia Unemployment Compensation Fund as of April 30, 2021:
Total disbursements were \$994 million higher than in fiscal year 2020. Overall ending trust fund balance was \$229 million lower on April 30, 2021 than on April 30, 2020.
- General Revenue Fund as of April 30, 2021
The general revenue collections ended the tenth month of fiscal year 2021 at 106% of the estimate for the year. Total collections were \$237 million above the estimate for the fiscal year.
- State Road Fund as of April 30, 2021:
The state road fund collections ended the tenth month of fiscal year 2021 at 106% of the estimate for the year. Total collections were \$40 million above the estimate for the fiscal year.

aWEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
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: May 19, 2021

Re: Review of West Virginia Lottery Financial Information
As of April 30, 2021

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for April 30, 2021, 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 \$961 million for July - April of fiscal year 2020-2021. Table games accounted for \$21 million of this total. Historic Resort Hotel video lottery accounted for \$6.6 million of total gross receipts. Gross lottery revenue has increased by 17% when compared with July - April of fiscal year 2019-2020. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - April was \$427.5 million; for July - April of last fiscal year it was \$368 million. Expressed as a percentage, gross profit is 16% higher for fiscal year 2021 than for fiscal year 2020.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$424,836,000.00 has been accrued to the state of West Virginia for fiscal year 2020-2021. 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	\$57,955,000.00
Community and Technical College	\$4,493,000.00
Department of Education	\$18,883,000.00
Library Commission	\$11,514,000.00
Higher Education-Policy Commission	\$7,264,000.00
Tourism	\$6,733,000.00
Department of Natural Resources	\$3,443,000.00
Division of Culture and History	\$4,185,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$9,995,000.00
School Building Authority	\$18,000,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$142,965,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$21,015,000.00
Higher Education Improvement Fund	\$15,000,000.00
General Purpose Fund	\$55,026,000.00
Higher Education Improvement Fund	\$24,550,000.00
State Park Improvement Fund	\$1,274,000.00
School Building Authority	\$18,994,000.00
Refundable Credit	\$8,632,000.00
WV Racing Commission	\$1,693,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$51,658,000.00
Economic Development Authority	\$4,392,000.00
General Revenue Fund	\$6,498,000.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$39,861,000.00
Total State Excess Lottery Revenue Fund	\$265,593,000.00

Total Budgetary Distributions:	\$408,558,000.00
Veterans Instant Ticket Fund	\$544,000.00
Pension Plan	26,000.00
TOTAL TRANSFERS	*\$409,128,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2020:	\$115,331,000.00
Total Cash Distributions FY 2021:	409,128,000.00
Applied to FY 2020:	115,331,000.00
Applied to FY 2021:	293,797,000.00
Accrued for FY 2021 as of April 30:	131,039,000.00



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

RE: Monthly Report on Lottery Operations
Month Ending April 30, 2021

DATE: May 18, 2021

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

Financial statements of the Lottery for the month ending April 30, 2021 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$115,828,015 for the month of April.

Transfers of lottery revenue totaling \$53,048,657 made for the month of April 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 12 on pages 20 and 21 of the attached financial statements.

The number of traditional and limited retailers active as of April 30, 2021 was 1,507 and 1,229 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-**

April 30, 2021

WEST VIRGINIA LOTTERY

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

ASSETS	April 30, 2021	June 30, 2020
Current Assets:		
Cash and cash equivalents	\$ 144,389	\$ 132,073
Accounts receivable	44,094	152,449
Inventory	775	539
Other assets	1,876	2,167
Total Current Assets	<u>191,134</u>	<u>287,228</u>
Noncurrent Assets:		
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(18,226)</u>	<u>(16,844)</u>
Net Capital Assets	<u>43,326</u>	<u>44,708</u>
Total Noncurrent Assets	<u>43,326</u>	<u>44,708</u>
Total Assets	<u>\$ 234,460</u>	<u>\$ 331,936</u>
Deferred outflows of resources	<u>\$ 1,355</u>	<u>\$ 1,355</u>
Total assets and deferred outflows	<u>\$ 235,815</u>	<u>\$ 333,291</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 131,039	\$ 115,331
Estimated prize claims	16,248	123,916
Accounts payable	2,292	2,382
Other accrued liabilities	28,740	34,166
Total Current Liabilities	<u>178,319</u>	<u>275,795</u>
Deferred inflows	<u>\$ 1,907</u>	<u>1,907</u>
Net Position:		
Net Investment in capital assets	43,326	44,708
Unrestricted	<u>12,263</u>	<u>10,881</u>
Total Net Position	<u>55,589</u>	<u>55,589</u>
Total net position, liabilities, and deferred inflows	<u>\$ 235,815</u>	<u>\$ 333,291</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 TEN MONTH PERIOD ENDED APRIL 30, 2021

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2021	FY 2020	FY 2021	FY 2020
Lottery revenues				
On-line games	\$ 5,705	\$ 4,232	\$ 64,288	\$ 50,576
Instant games	18,440	14,045	142,028	109,502
Racetrack video lottery	37,415	-	324,595	345,974
Limited video lottery	50,423	-	395,059	285,650
Table games	2,453	-	21,287	25,255
Historic resort	535	-	6,616	4,734
Sports Wagering	242	12	3,477	1,801
Interactive Wagering	615	-	3,693	-
	<u>115,828</u>	<u>18,289</u>	<u>961,043</u>	<u>823,492</u>
Less commissions				
On-line games	406	295	4,501	3,543
Instant games	1,290	983	9,942	7,665
Racetrack video lottery	18,309	-	174,322	184,365
Limited video lottery	24,707	-	193,579	139,969
Table games	1,040	-	9,020	10,712
Historic resort	284	-	3,392	2,450
	<u>46,036</u>	<u>1,278</u>	<u>394,756</u>	<u>348,704</u>
Less on-line prizes	2,747	2,195	32,218	25,080
Less instant prizes	12,521	9,474	96,168	73,418
Less ticket costs	270	129	1,433	1,110
Less vendor fees and costs	1,219	902	8,934	7,000
	<u>16,757</u>	<u>12,700</u>	<u>138,753</u>	<u>106,608</u>
Gross profit	<u>53,035</u>	<u>4,311</u>	<u>427,534</u>	<u>368,180</u>
Administrative expenses				
Advertising and promotions	351	270	3,593	3,645
Wages and related benefits	936	810	9,090	8,880
Telecommunications	60	35	598	437
Contractual and professional	373	535	5,089	5,166
Rental	20	18	179	169
Depreciation and amortization	138	138	1,382	1,388
Other administrative expenses	159	92	1,271	1,987
	<u>2,037</u>	<u>1,898</u>	<u>21,202</u>	<u>21,672</u>
Other Operating Income	<u>3,016</u>	<u>188</u>	<u>26,993</u>	<u>3,990</u>
Operating Income	<u>54,014</u>	<u>2,601</u>	<u>433,325</u>	<u>350,498</u>
Nonoperating income (expense)				
Investment income	58	478	593	2,961
Distributions to municipalities and counties	(988)	-	(7,743)	(5,599)
Distributions -capital reinvestment	(681)	-	(1,339)	(1,785)
Distributions to the State of West Virginia	(52,403)	(3,079)	(424,836)	(346,075)
	<u>(54,014)</u>	<u>(2,601)</u>	<u>(433,325)</u>	<u>(350,498)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	55,589	55,621	55,589	55,621
Net position, end of period	<u>\$ 55,589</u>	<u>\$ 55,621</u>	<u>\$ 55,589</u>	<u>\$ 55,621</u>

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

**WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TEN MONTH PERIOD ENDED APRIL 30, 2021**

(In Thousands)
-Unaudited-

	2021	2020
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,096,391	\$ 840,597
Cash payments for:		
Personnel costs	(9,090)	(8,880)
Suppliers	(10,991)	(11,813)
Other operating costs	(643,414)	(461,175)
Cash provided by operating activities	<u>432,896</u>	<u>358,729</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(409,128)	(401,433)
Distributions to municipalities and counties	(7,556)	(6,228)
Distributions to racetrack from racetrack cap. reinv. fund	(4,793)	(6,480)
Cash used in noncapital financing activities	<u>(421,477)</u>	<u>(414,141)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>897</u>	<u>2,965</u>
Cash provided by investing activities	<u>897</u>	<u>2,965</u>
Increase (decrease) in cash and cash equivalents	12,316	(52,447)
Cash and cash equivalents - beginning of period	132,073	190,837
Cash and cash equivalents - end of period	<u>\$ 144,389</u>	<u>\$ 138,390</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 433,325	\$ 350,498
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,382	1,388
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	108,355	13,115
(Increase) decrease in inventory	(236)	(105)
(Increase) decrease in other assets	(13)	(77)
Increase (decrease) in estimated prize claims	(107,668)	1,126
Increase (decrease) in accounts payable	(90)	(38)
Increase (decrease) in other accrued liabilities	(2,159)	(7,178)
Cash provided by operating activities	<u>\$ 432,896</u>	<u>\$ 358,729</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 \$813,247 and \$654,712 at June 30, 2020 and 2019, 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 April 30, 2021 the carrying amounts of deposits (overdraft) with financial institutions were \$275 thousand with a bank balance (overdraft) of \$586 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):

	April 30, 2021	June 30, 2020
Deposits with financial institutions	\$ 275	\$ 498
Cash on hand at the Treasurer's Office	34,002	20,485
Investments with BTI reported as cash equivalents	110,112	111,090
	\$ 144,389	\$ 132,073

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 April 30, 2021 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2020	Additions	Deletions	Historical Cost At April 30, 2021
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, 2020	Additions	Deletions	Historical Cost At April 30, 2021
Buildings	\$ 8,932	\$ 1,028	\$ -	\$ 9,960
Equipment	7,912	354	-	8,266
	<u>\$ 16,844</u>	<u>\$ 1,382</u>	<u>\$ -</u>	<u>\$ 18,226</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 April 30, 2021 and fiscal year-to-date is as follows:

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,596,053	\$ 23,315,710
Lotta America	376,082	3,794,693
Mega Millions	1,563,618	16,613,608
Total	\$ 3,535,753	\$ 43,724,011

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 801,230	\$ 11,659,420
Lotta America	188,043	1,897,636
Mega Millions	781,839	8,304,774
Total	\$ 1,771,112	\$ 21,861,830

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 April 30, 2021, 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	\$ 106,576,940	\$ 1,385,632
Lotto America	4,266,404	317,489
Mega Millions	92,261,425	934,469
Total	\$ 203,104,769	\$ 2,637,590

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

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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 \$20,137,334 at April 30, 2021, of which the Lottery's share was \$1,423,698.

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
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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 April 30, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 425,461	\$ -	\$ 3,695,995	\$ 3,843,021
Credits (prizes) won	(382,275)	-	(3,318,305)	(3,443,507)
Promotional credits played	(5,771)	-	(53,095)	(53,540)
MWAP Contributions	-	-	-	-
Gross terminal income	37,415	-	324,595	345,974
Administrative costs	(766)	-	(11,576)	(11,876)
Net Terminal Income	36,649	-	313,019	334,098
Less distribution to agents	(18,309)	-	(174,322)	(184,365)
Racetrack video lottery revenues	<u>\$ 18,340</u>	<u>\$ -</u>	<u>\$ 138,697</u>	<u>\$ 149,733</u>

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

	April 30, 2021	Year-to-Date
State Lottery Fund	\$ 5,513	\$ 84,553
State Excess Lottery Revenue Fund	12,164	53,019
Capital Reinvestment Fund	663	1,125
Total nonoperating distributions	<u>\$ 18,340</u>	<u>\$ 138,697</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
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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 April 30, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 650,369	\$ -	\$ 5,098,955	\$ 3,651,213
Credits (prizes) won	(599,946)	-	(4,703,896)	(3,365,563)
Gross terminal income	\$ 50,423	\$ -	\$ 395,059	\$ 285,650
Administrative costs	(1,009)	-	(7,901)	(5,713)
Gross Profit	49,414	-	387,158	279,937
Commissions	(24,707)	-	(193,579)	(139,969)
Municipalities and Counties	(988)	-	(7,743)	(5,599)
Limited video lottery revenues	<u>\$ 23,719</u>	<u>\$ -</u>	<u>\$ 185,836</u>	<u>\$ 134,369</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 April 30, 2021 were \$7,008,291 and \$60,819,419, 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	
	2021	2020	2021	2020
Table Games Privilege Tax	\$ 2,453	\$ -	\$ 21,287	\$ 25,255
Interest on Table Games Fund	-	-	3	46
Administrative costs	(210)	-	(1,825)	(2,165)
Total Available for Distribution	<u>2,243</u>	<u>-</u>	<u>19,465</u>	<u>23,136</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	158	-	1,368	1,624
Thoroughbred & Greyhound Development Funds	126	-	1,095	1,298
Racing Association Pension Plan	62	-	535	637
Municipalities/ Counties	694	-	6,022	7,153
Total Distributions	<u>1,040</u>	<u>-</u>	<u>9,020</u>	<u>10,712</u>
Excess Lottery Fund	<u>\$ 1,203</u>	<u>\$ -</u>	<u>\$ 10,445</u>	<u>\$ 12,424</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 April 30, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 6,514	\$ -	\$ 74,804	\$ 59,257
Credits (prizes) won	(6,050)	-	(69,194)	(54,661)
Promotional credits played	(72)	-	(1,062)	(1,285)
Gross terminal income	392	-	4,548	3,311
Capital reinvestment	(18)	-	(214)	(156)
Excess Lottery Fund	(4)	-	(41)	(30)
Administrative costs	(21)	-	(246)	(179)
Hotel commissions	(166)	-	(1,924)	(1,400)
Net terminal income	183	-	2,123	1,546
Historic Resort Hotel Fund	116	-	1,350	983
Human Resource Benefit Fund	67	-	773	563

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 April 30, 2021 were \$407,414 and \$5,906,998 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:

	2021	2020	2021	2020
Table games privilege tax	\$ 143	\$ -	\$ 2,068	\$ 1,423
Administrative Costs	(18)	-	(266)	(183)
Total Available for Distribution	125	-	1,802	1,240
Historic Resort Hotel Fund	105	-	1,507	1,037
Human Resource Benefit Fund	20	-	295	203

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	\$ 116	\$ 1,350
Historic Resort Table Games	105	1,507
Interest on Historic Resort Hotel Fund	-	1
Historic Resort Hotel Fund Net Income	221	2,858
Municipalities/ Counties	31	400
Excess Lottery Fund	190	2,458
Total Distributions	\$ 221	\$ 2,858

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 April 30, 2021 were \$2,421,606 and \$34,770,730, 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	
	2021	2020	2021	2020
Sports Wagering Privilege Tax	\$ 242	\$ 12	\$ 3,477	\$ 1,801
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(36)	(2)	(521)	(270)
Total Available for Distribution	206	10	2,956	1,531

WEST VIRGINIA LOTTERY
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NOTE 11– INTERACTIVE WAGERING

Interactive Wagering legislation passed in 2019 per House Bill 2934. Each racetrack and historic resort hotel licensee is subject to a privilege tax of fifteen percent (15%) of adjusted gross interactive gaming receipts which will be deposited weekly into the Interactive Wagering Fund.

From the privilege tax deposited into the Interactive 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.

In each fiscal year, the Lottery Commission shall deposit one-quarter of a percent of the net profit into each of the four special funds established by the Racing Commission, pursuant to §29-22A-10 and §29-22C-27 to be used for payment into the pension plan for the employees of the licensed racing associations in this state.

After the reduction for administrative expenses and the pension plans for the racing associations, the net profit shall be deposited into the State Lottery Fund.

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended April 30, 2021 were \$4,101,367 and \$24,623,270 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	
	2021	2020	2021	2020
Interactive Wagering Privilege Tax	\$ 615	\$ -	\$ 3,693	\$ -
Interest on Interactive Wagering Fund	-	-	1	-
Administrative Costs	(92)	-	(554)	-
Total Available for Distribution	523	-	3,140	-

A summary of Interactive Gaming Fund related distributions is as follows (in thousands):

	Current Month	Year-to-Date
Pensions	5	31
Lottery Fund	518	3,109
Total Distributions	\$ 523	\$ 3,140

WEST VIRGINIA LOTTERY
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NOTE 12- 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, 2021 the State Legislature budgeted \$127,795,650 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 \$6,539,842 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 April 30, 2021 the Lottery has accrued additional distributions of \$131,039,057. 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>April 30, 2021</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 4,993
Bureau of Senior Services		57,955
Department of Education		18,883
Library Commission		11,514
Higher Education-Policy Commission		7,264
Tourism		6,733
General Revenue		
Natural Resources		3,443
Division of Culture & History		4,185
Economic Development Authority	999	9,995
School Building Authority	1,800	18,000
Total State Lottery Fund	<u>\$ 3,298</u>	<u>\$ 142,965</u>

WEST VIRGINIA LOTTERY
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State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,101	\$ 21,015
Higher Education Improvement Fund	1,500	15,000
General Purpose Account	10,969	55,026
Higher Education Improvement Fund	4,894	24,550
State Park Improvement Fund	254	1,274
School Building Authority	1,900	18,994
Refundable Credit	3,136	8,632
WVRacing Commission	338	1,693
WVDepartment of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		17,000
WV Lottery Statutory Transfers	10,298	51,658
Economic Development Authority	439	4,392
General Revenue Fund	6,498	6,498
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	7,351	39,861
Total State Excess Lottery Revenue Fund	<u>\$ 49,678</u>	<u>\$ 265,593</u>
Total Budgetary distributions:	<u>\$ 52,976</u>	<u>\$ 408,558</u>
Veterans Instant Ticket Fund	\$ 73	\$ 544
 <u>Other Interactive Gaming distributions</u>		
Pension Plan	\$ 5	\$ 26
Total Other Interactive Gaming distributions	<u>\$ 5</u>	<u>\$ 26</u>
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 53,054	\$ 409,128
Accrued nonoperating distributions, beginning	(131,690)	(115,331)
Accrued nonoperating distributions, end	<u>131,039</u>	<u>131,039</u>
	<u>\$ 52,403</u>	<u>\$ 424,836</u>

WEST VIRGINIA LOTTERY
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NOTE 13 – 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 April 30, 2021 and April 30, 2020 approximated \$178,764 and \$169,562 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 April 30, 2021 and April 30, 2020 approximated \$905,101 and \$885,602 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2020 and 2019 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2020 and 2019, \$8,073,287 and \$8,535,120, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 15 - 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 April 30, 2021 and fiscal year-to-date are as follows (in thousands):

	April 30, 2021	Year-to-Date
Employee contributions	\$ 29	\$ 330
Lottery contributions	141	769
Total contributions	\$ 170	\$ 1,099

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 - 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 TEN MONTH PERIOD ENDED APRIL 30, 2021
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	18,440	7,500	142,028	75,000
On-line games	5,705	5,033	64,288	50,333
Racetrack video lottery	37,415	36,939	324,595	368,393
Limited video lottery	50,423	29,767	395,059	291,435
Racetrack table games	2,453	2,449	21,287	24,404
Historic resort	535	360	6,616	3,673
Sports wagering	242	442	3,477	4,413
Interactive wagering	615	-	3,693	-
Total gross revenues	115,828	82,490	961,043	817,651
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	2,056	870	16,119	8,706
On-line games	1,759	1,445	18,615	14,444
Racetrack Video Lottery	5,514	4,744	84,759	83,189
Sports wagering	206	375	3,280	3,542
Interactive wagering	517	-	3,786	-
Total Lottery Fund net revenues	10,052	7,434	126,559	106,339
Excess Lottery Fund				
Racetrack Video Lottery	12,166	13,010	53,029	77,192
Limited Video Lottery	23,773	14,002	186,952	136,214
Limited Video Lottery Fees	2,663	-	22,706	55,108
Racetrack table games	1,203	1,201	10,254	11,895
Historic resort	193	116	2,585	1,325
Total Excess Lottery Fund Net Revenues	39,998	28,329	275,526	281,734
Total Net Revenues	50,050	35,763	402,085	388,073

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: May 4, 2021

Re: Status of General Revenue Fund and State Road Fund as of
April 30, 2021 (FY 21)

We have read the cash flow of the West Virginia general revenue fund as of April 30, 2021 which is the tenth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 106% of the estimate for the fiscal year. Total collections were \$237 million above the estimate for the fiscal year.

Personal Income Tax collections were \$17 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$63 million above the estimate for the year.

Severance Tax was \$19 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$126 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 106% of the estimate for the fiscal year. Total collections were \$40 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 \$388,406,297.74 as of April 30, 2021.

Balance July 1, 2020	\$373,041,673.22
*Loan-General Revenue Fund 7-1-20	68,600,000.00
Loan Repaid 09/18/20	(68,600,000.00)
Fiscal year 20 Surplus	14,039,843.39
Earnings/(Loss)	1,324,781.13
Balance April 30, 2021	\$388,406,297.74

*\$68.6 million loan to state General Revenue Fund 7/1/2020 for beginning of the year cash flow, to be repaid within 90 days. Paid 09/18/20.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$538,616,157.98 as of April 30, 2021.

Balance July 1, 2020	\$482,975,560.82
Earnings	55,640,597.16
Balance April 30, 2021	\$538,616,157.98

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of April 30, 2021.

Balance July 1, 2020	\$11,000,000.00
Balance April 30, 2021	\$11,000,000.00

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2021
as of April 30, 2021**

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 322,200,000	\$ 241,006,846	\$ (81,193,154)	\$ 1,811,450,000	\$ 1,828,564,866	\$ 17,114,866	101%
Consumer Sales Tax & Use Tax	103,800,000	126,085,630	22,285,630	1,148,500,000	1,211,657,158	63,157,158	105%
Severance Tax	14,900,000	29,062,858	14,162,858	175,100,000	194,500,808	19,400,808	111%
Corporate Net Income Tax	22,500,000	63,345,021	40,845,021	121,500,000	247,174,920	125,674,920	203%
Insurance Tax	30,800,000	28,651,835	(2,148,165)	130,800,000	116,831,869	(13,968,131)	89%
Tobacco Products Tax	12,300,000	16,069,763	3,769,763	129,300,000	142,362,561	13,062,561	110%
Business and Occupation	11,900,000	14,110,344	2,210,344	103,800,000	109,917,707	6,117,707	106%
Liquor Profit Transfers	2,010,000	2,080,400	70,400	17,790,000	20,462,952	2,672,952	115%
Departmental Collections	1,400,000	1,604,236	204,236	21,400,000	21,109,168	(290,832)	99%
Property Transfer Tax	1,000,000	1,442,146	442,146	9,900,000	13,131,516	3,231,516	133%
Property Tax	665,000	751,519	86,519	7,110,000	7,476,337	366,337	105%
Beer Tax and Licenses	530,000	622,589	92,589	5,550,000	5,912,522	362,522	107%
Miscellaneous Transfers	70,000	-	(70,000)	1,820,000	729,830	(1,090,170)	40%
Interest Income	1,200,000	146,355	(1,053,645)	12,000,000	8,180,703	(3,819,297)	68%
Refundable Credit Reimb Liability	2,100,000	3,136,377	1,036,377	8,000,000	8,631,687	631,687	0%
HB 102 - Lottery Transfers	10,202,000	10,969,285	767,285	40,990,000	55,026,018	14,036,018	0%
Miscellaneous	150,000	385,644	235,644	8,450,000	8,022,248	(427,752)	95%
Business Franchise Fees	50,000	80,349	30,349	587,000	649,787	62,787	111%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	102,000	101,266	(734)	9,908,000	695,337	(9,212,663)	7%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	92	92	-	10,106	10,106	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	112,581	112,581	-	224,869	224,869	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
SUBTOTALS	\$ 537,879,000	\$ 539,765,136	\$ 1,886,136	\$ 3,763,955,000	\$ 4,001,272,969	\$ 237,317,969	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 537,879,000	\$ 539,765,136	\$ 1,886,136	\$ 3,763,955,000	\$ 4,001,272,969	\$ 237,317,969	

Percent of Estimates

100%

106%

Collections this day

\$ 52,866,968

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 03, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2021
as of April 30, 2021**

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 37,300,000	\$ 31,341,386	\$ (5,958,614)	\$ 367,400,000	\$ 332,954,953	\$ (34,445,047)	91%
Sales/Privilege Tax	22,278,000	29,723,678	7,445,678	190,858,000	244,251,669	53,393,669	128%
Licenses & Registration	11,139,000	4,259,786	(6,879,214)	129,073,000	103,653,869	(25,419,131)	80%
Miscellaneous	890,000	852,177	(37,823)	26,933,000	73,212,946	46,279,946	272%
Highway Litter Control	144,000	180,814	36,814	1,324,000	1,612,143	288,143	122%
Federal Reimbursement	25,328,000	42,389,834	17,061,834	400,721,000	319,790,310	(80,930,690)	80%
SUBTOTALS	\$ 97,079,000	\$ 108,747,675	\$ 11,668,675	\$ 1,116,309,000	\$ 1,075,475,890	\$ (40,833,110)	
Less: Federal Reimbursement	25,328,000	42,389,834	17,061,834	400,721,000	319,790,310	(80,930,690)	
TOTALS	\$ 71,751,000	\$ 66,357,840	\$ (5,393,160)	\$ 715,588,000	\$ 755,685,580	\$ 40,097,580	

Percent of Estimates

92%

106%

Collections this day

\$ 8,436,925

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of April 30, 2021 : \$ 388,406,297.74

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of April 30, 2021: \$ 538,616,157.98

SPECIAL INCOME TAX REFUND RESERVE FUND as of April 30, 2021: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 03, 2021

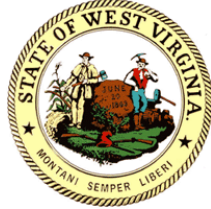
**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
APRIL 2020 vs APRIL 2021**

STATE ROAD FUND

	Actual Collections April 2020	Actual Collections April 2021	Actual Collections 10 Months Jul-Apr 2020	Actual Collections 10 Months Jul-Apr 2021	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 35,656,136	\$ 31,341,386	\$ 376,075,395	\$ 332,954,953	\$ (43,120,442)	-11%
Privilege Tax	14,868,568	29,723,678	219,972,084	244,251,669	24,279,586	11%
Licenses & Registration	1,618,174	4,259,786	95,497,821	103,653,869	8,156,048	9%
Miscellaneous	422,544	852,177	23,157,862	73,212,946	50,055,084	216%
Highway Litter Control	103,063	180,814	1,322,014	1,612,143	290,129	22%
Federal Reimbursement	83,665,817	42,389,834	369,896,340	319,790,310	(50,106,030)	-14%
SUBTOTALS	\$ 136,334,303	\$ 108,747,675	\$ 1,085,921,515	\$ 1,075,475,890	\$ (10,445,625)	
Less: Federal Reimbursement	83,665,817	42,389,834	369,896,340	319,790,310	(50,106,030)	
TOTALS	\$ 52,668,485	\$ 66,357,840	\$ 716,025,175	\$ 755,685,580	\$ 39,660,405	
Increase/Decrease over Prior Period		\$ 13,689,355		\$ 39,660,405		
% Increase/Decrease over Prior Period		26%		6%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
May 03, 2021

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: April 25, 2021

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2021 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of April 30, 2021 of fiscal year 2020-2021, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2020	\$ 8,289,482.99
Receipts July 1,2020 thru April 30, 2021	\$ 1,316,249,480.33
Disbursements July 1, 2020 thru April 30, 2021	\$ 1,257,364,224.99
Balance April 30, 2021	\$ 67,174,738.33

ITEMS OF NOTE:

Regular benefits paid for July - April 2021 were \$ 23 million more than July - April 2020.

Federal emergency benefits totaled \$14,432.88 for July - April 2021. For July - April 2020, federal emergency benefits totaled (-\$16,766.60).

Total disbursements were \$994 million more in July - April 2021 than the preceding July - April 2020.

Receipts as of July - April 2021, were \$957.4 million more than in July - April 2020. Overall ending trust fund balance was \$229 million lower on April 30, 2021 than on April 30, 2020.

Seasonally adjusted unemployment rates for April 2021 were 5.8 percent for West Virginia and 6.1 percent nationally.

Since April 2020, employment has increased by 67,600. Employment increases included 3,600 in government, 27,500 in leisure and hospitality, 7,800 in educational and health services, 3,200 in other services, 4,000 in construction, 2,000 in manufacturing, 4,100 in professional and business services, 11,700 in trade, transportation, and utilities, 500 in financial activities, 100 in information, and 3,100 in mining and logging.

April 25, 2021

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 April 2021.

If you have any question or need any additional information, please feel free to contact Jeff Perkins at 304-558-2631 or Jeff.S.Perkins@wv.gov.

Sincerely,



Scott Adkins
Acting Commissioner SSA/smd

Enclosure

pc: Jim Justice

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING FEBRUARY 2020 AND FEBRUARY 2021**

	FEBRUARY 2020	MARCH 2020	APRIL 2020	FEBRUARY 2021	MARCH 2021	APRIL 2021	THREE MONTH TOTAL VARIANCE *	
Balance Forward	\$179,733,518.42	\$161,053,932.53	\$134,096,289.47	\$10,015,373.79	\$5,649,152.74	\$16,722,415.62	(\$442,496,798.29)	
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	\$7,185,705.40	\$1,201,944.14	\$66,291,784.55	\$17,141,683.89	\$1,362,765.38	\$62,240,702.52	\$6,065,717.70	2. Regular Contributions:
3. Federal Emergency Benefits PEUC Draws	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,415,532.45	\$16,415,532.45	3. Federal Emergency Benefits PEUC Draws
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,300.00	\$17,300.00	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	\$0.00	\$0.00	\$183,775,650.89	\$57,930,487.43	\$63,024,598.03	\$43,897,607.10	(\$18,922,958.33)	5. Temp Federal Additional Comp (FPUC)
6. Pandemic Unemployment Assistance PUA	\$0.00	\$0.00	\$0.00	\$4,837,291.00	\$5,066,661.00	\$4,208,136.00	\$14,051,804.17	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	\$68,876.49	\$68,118.28	\$60,283.83	\$234,130.99	\$376,989.57	\$173,018.05	\$647,143.84	7. UCFE (Federal Agencies)
8. Title IX or Special Legislation EUISAA Deposits	\$0.00	\$0.00	\$0.00	\$0.00	(\$111,508.36)	\$0.00	(\$111,508.36)	8. EUISAA
9. LOAN Advance	\$0.00	\$0.00	\$0.00	\$17,600,324.43	\$41,973,686.33	\$2,911,756.61	\$62,485,767.37	9. LOAN Advance
11. Treasury Interest Credits	\$0.00	\$1,022,495.20	\$0.00	\$0.00	\$130,969.17	(\$130,969.17)	(\$1,022,495.20)	11. Treasury Interest Credits
12. UCX (Military Agencies)	\$63,346.17	\$83,336.74	\$109,833.66	\$101,058.68	\$241,379.30	\$62,620.25	\$148,541.66	12. UCX (Military Agencies)
13. Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13. Temporary Federal Compensation
14. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$487,199.00	\$533,722.00	\$0.00	\$1,020,921.00	14. TSFR From Non-Invstd FUA
15. BT to State UI Account	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$176,754.95	\$176,754.95	15. BT to State UI Account
17. Reed Act Funds	\$0.00	\$0.00	\$4,391,023.00	\$0.00	\$0.00	\$0.00	(\$4,391,023.00)	17. Reed Act Funds
Total Monthly Receipts	\$7,317,928.06	\$2,375,894.36	\$ 254,628,575.90	\$133,668,137.45	\$115,410,885.62	\$218,662,207.07	\$209,484,549.49	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	25,858,844.34	29,182,112.07	92,106,332.96	\$19,084,337.52	\$20,157,990.44	\$14,739,536.45	(\$1,480,994.93)	Regular Benefits:
Federal Emergency Compensation - PEUC	\$0.00	\$0.00	\$0.00	\$20,430,144.94	\$20,295,709.94	\$16,432,998.76	\$57,158,853.64	Federal Emergency Compensation - PEUC
Federal Additional Compensation - FPUC	\$0.00	\$0.00	\$188,004,357.59	\$58,019,888.47	\$55,593,265.92	\$43,582,334.41	\$157,185,488.80	Federal Additional Compensation - FPUC
Pandemic Unemployment Assistance PUA	\$0.00	\$0.00	\$0.00	\$4,863,785.00	\$4,877,203.00	\$4,127,528.00	\$13,869,715.00	Pandemic Unemployment Assistance PUA
Federal Emergency Benefits (EUC08)	(\$2,600.00)	(\$1,199.00)	(\$1,645.00)	\$3,996.52	\$3,346.86	(\$240.00)	\$10,902.38	Federal Emergency Benefits (EUC08)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$177,111.95)	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	\$75,643.04	\$69,088.42	\$74,358.83	\$208,411.26	\$350,438.95	\$170,283.65	\$476,378.87	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$65,626.57	\$83,535.93	\$108,023.53	\$72,030.76	\$232,154.43	\$57,156.36	\$212,179.05	UCX (Military Workers) Benefits
Title IX Funds- Special Legislation EUISAA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$390,270.42	\$390,270.42	Withdrawn (Reed Act/UC
Withdrawals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Mod Incentive/EUISAA)
Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Fed Comp
Total Monthly Disbursements	\$25,997,513.95	\$29,333,537.42	\$92,287,070.32	\$138,034,358.50	\$104,337,622.74	\$168,209,884.36	\$193,272,854.71	Total Monthly Disbursements
Trust Fund Balance	\$161,053,932.53	\$134,096,289.47	\$296,437,795.08	\$5,649,152.74	\$16,722,415.62	\$67,174,738.33	(\$426,285,103.51)	Trust Fund Balance

* 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: UI 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	<u>\$0.00</u>

**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 ACTUAL – 2021

Month	Receipts	Disbursements	Trust Fund Balance
2020			
Balance 1/1/2020			\$ 191,802,022
January	\$ 14,847,151	\$ 26,915,654	\$ 179,733,519
February	\$ 7,317,928	\$ 25,997,514	\$ 161,053,933
March	\$ 2,375,894	\$ 29,333,537	\$ 134,096,290
April	\$ 254,628,576	\$ 280,291,428	\$ 108,433,438
May	\$ 501,990,833	\$ 609,424,785	\$ 999,486
June	\$ 407,289,482	\$ 399,999,484	\$ 8,289,484
July	\$ 310,154,605	\$ 293,185,225	\$ 25,258,864
August	\$ 128,416,645	\$ 165,111,304	\$ (11,435,795)
September	\$ 99,198,241	\$ 71,775,296	\$ 15,987,150
October	\$ 72,249,659	\$ 65,457,768	\$ 22,779,041
November	\$ 90,121,076	\$ 92,585,739	\$ 20,314,378
December	\$ 53,179,447	\$ 49,949,488	\$ 23,544,337
Totals - 2020	\$ 1,941,769,538	\$ 2,110,027,223	\$ 23,544,337
2021			
January	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373
February	\$ 133,688,137	\$ 138,034,358	\$ 5,649,152
March	\$ 115,384,535	\$ 104,311,272	\$ 16,722,416
April	\$ 218,662,207	\$ 168,209,884	\$ 67,174,738
May	\$	\$	\$
June	\$	\$	\$
July	\$	\$	\$
August	\$	\$	\$
September	\$	\$	\$
October	\$	\$	\$
November	\$	\$	\$
December	\$	\$	\$
Totals - 2021	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373

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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**MAY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
YEAR 2021**

	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021
Balance Forward	<u>\$23,544,336.17</u>	<u>\$10,015,373.79</u>	<u>\$5,649,152.74</u>	<u>\$16,722,415.62</u>
Add Receipts:				
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$6,739,492.94	\$17,141,683.89	\$1,362,765.38	\$62,240,702.52
3. Federal Emergency Benefits PEUC Draws	\$0.00	\$0.00	\$0.00	\$16,415,532.45
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$17,300.00
5. Temp Federal Additional Comp (FPUC)	\$48,952,491.97	\$57,930,487.43	\$63,024,598.03	\$43,897,607.10
6. Pandemic Unemployment Assistance PUA	\$4,977,564.00	\$4,837,291.00	\$5,066,661.00	\$4,208,136.00
7. UCFE (Federal Agencies)	\$156,560.00	\$234,130.99	\$376,989.57	\$173,018.05
8. EUISAA	\$0.00	\$0.00	(\$111,508.36)	\$0.00
9. LOAN Advance	\$23,582,263.57	\$17,600,324.43	\$41,947,335.35	\$2,911,756.61
11. Treasury Interest Credits	\$0.00	\$0.00	\$130,969.17	(\$130,969.17)
12. UCX (Military Agencies)	\$60,780.93	\$101,058.68	\$241,379.30	\$62,620.25
13. Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00
14. TSFR From Non-Invstd FUA	\$551,028.00	\$487,199.00	\$533,722.00	\$0.00
15. BT to State UI Account	\$0.00	\$0.00	\$0.00	\$176,754.95
17. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$95,188,576.59</u>	<u>\$133,668,137.45</u>	<u>\$115,384,534.64</u>	<u>\$218,662,207.07</u>
Less Disbursements:				
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	15,389,641.70	19,084,337.52	20,131,639.46	14,739,536.45
Federal Emergency Compensation - PEUC	\$21,280,262.42	\$20,430,144.94	\$20,295,709.94	\$16,432,998.76
Federal Additional Compensation - FPUC	\$56,504,953.49	\$58,019,888.47	\$55,583,265.92	\$43,582,334.41
Pandemic Unemployment Assistance PUA	\$5,028,653.00	\$4,863,785.00	\$4,877,203.00	\$4,127,528.00
Federal Emergency Benefits (EUC08)	(\$498.00)	\$3,996.52	\$3,346.86	(\$240.00)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00
UCFE (Federal Workers) Benefits	\$212,202.00	\$208,411.26	\$350,438.95	\$170,283.65
UCX (Military Workers) Benefits	\$107,538.29	\$72,030.76	\$232,154.43	\$57,156.36
Title IX Funds- Special Legislation EUISAA				
Withdrawals	\$0.00	\$0.00	\$0.00	\$390,270.42
Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$108,717,538.97</u>	<u>\$138,034,358.50</u>	<u>\$104,311,271.76</u>	<u>\$168,209,884.36</u>
Trust Fund Balance	<u>\$10,015,373.79</u>	<u>\$5,649,152.74</u>	<u>\$16,722,415.62</u>	<u>\$67,174,738.33</u>

To: Joint Committee on Government and Finance members
From: Criss McCauley, Director of Unemployment
Date: May 27, 2021
Re: Responses to May 10, 2021 Interim Meeting questions

Below you will find responses to questions I took back for further review and indicated I would provide the answers to you in the future:

1. **Senator Tarr question- *What is the average duration of weeks individuals are drawing compared to previous years?***
 - **To give a better comparison, we ran numbers of new claims filed in regular unemployment from 7/01/2017 thru 6/30/2018. The reason we went back this far is if we looked at any new claims after this timeframe it is quite possible, they would have been eligible for the additional weeks of PEUC (Pandemic Emergency Unemployment Compensation). For PEUC if you had a claim year filed that ended after 7/01/2019 even though you may have exhausted your regular Unemployment weeks, you could have been eligible to draw PEUC even though it may have been months later into 2020. During the period we processed around 43,000 new claims filed with an average duration of weeks claimed being 11. None of these claims were eligible for PEUC.**
 - **In comparison, we ran numbers for new claims filed 3/01/2020 thru 12/31/2020. All these claims were eligible for PEUC. During this timeframe we processed around 163,000 claims in regular unemployment. The average duration of weeks claimed was 17. However, this is misleading because an estimate of 30,000 of the 163,000 claims filed drew an average of 46 weeks. Some of the 163,000 drew longer. So, if you compare 30,000 drawing an average of 46 weeks to around 43,000 total claims in the past averaging 11 weeks, this will give you a better comparison of the number of individuals drawing much longer than the norm. In addition, there were several who applied for new claims out of the 163,000 who were affected by temporary shutdowns.**
 - **Please note that the above numbers are only for regular unemployment/PEUC and do not include any numbers for PUA (Pandemic Unemployment Assistance), since there would be no PUA claims to compare against in the past.**
2. **Delegate Summers question- *Will the Cares Act, Continued Assistance Act and American Rescues Act funding cover the loan advances for the Trust Fund and make it whole?***
 - **Yes, once we do not request any more interest free loan advances, we will begin drawing down funds to offset the loan advances to make the Trust Fund whole again. With quarterly contributions from employers to the Trust Fund, we only request funds from the loan advance account when the Trust Fund Account does not have enough to cover benefit payments.**

PEIA
May 2021
Interim Packet

PEIA

May Interim Talking Points

- **PEIA and RHBT year to date financial statements for March 31, 2021 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$28 million. This is due to lower than forecast claim expenses and higher than forecast investment income.**
- **RHBT statements indicate RHBT is currently ahead of plan by \$204 million. This is due to higher than forecast investment income.**
- **The 2021 year-end reserve for the State Fund and non-State Fund is projected to be \$202 and \$55 million respectively.**
- **These reserve levels represent 28% and 31% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Nine Months Ending Wednesday, March 31, 2021
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$287,496	\$284,939	\$283,196	Health Insurance - State Gov. - Employers	\$2,557	1%	\$4,300	2%
90,734	90,159	90,297	Health Insurance - State Gov. - Employees	575	1%	437	0%
89,016	80,212	79,216	Health Insurance - Local Gov. - All	8,804	11%	9,800	12%
3,614	3,411	3,557	Administrative Fees, Net of Refunds	203	6%	57	2%
1,389	1,273	1,167	Other Premium Revenue	116	9%	222	19%
472,249	459,994	457,433	Total Operating Revenue	12,255	3%	14,816	3%
NON-OPERATING REVENUE							
2,041	1,106	1,029	Life Insurance	935	85%	1,012	98%
15,750	41,250	23,250	Direct Transfer	(25,500)	(62%)	(7,500)	(32%)
30,990	8,774	(12,800)	Interest and Investment Income	22,216	253%	43,790	(342%)
102,845	101,250	105,969	WV RHBT Pay Go Premiums	1,595	2%	(3,124)	(3%)
151,626	152,380	117,448	Total Non-Operating Revenue	(754)	(0%)	34,178	29%
623,875	612,374	574,881	TOTAL REVENUE	11,501	2%	48,994	9%
EXPENSES							
309,921	331,292	307,970	Claims Expense - Medical	21,371	6%	(1,951)	(1%)
133,160	123,286	105,297	Claims Expense - Drugs	(9,874)	(8%)	(27,863)	(26%)
40,340	39,315	37,368	Payments to Managed Care Org.	(1,025)	(3%)	(2,972)	(8%)
14,440	18,886	15,880	Administrative Service Fees	4,446	24%	1,440	9%
131	6,000	285	Wellness and Disease Management	5,869	98%	154	54%
3,970	3,389	3,273	Other Operating Expenses	(581)	(17%)	(697)	(21%)
1,912	972	1,236	Life Insurance Expense	(940)	(97%)	(676)	(55%)
306	0	0	ACA Comparative Effectiveness Fee	(306)	0%	(306)	0%
102,845	101,250	105,969	WV RHBT Pay Go Premiums	(1,595)	(2%)	3,124	3%
607,025	624,390	577,278	TOTAL EXPENSES	17,365	3%	(29,747)	(5%)
16,850	(12,016)	(2,397)	YTD Surplus (Deficit)	28,866	(240%)	19,247	(803%)
225,402	225,402	226,389	Total Net Position, Beginning of Period	0	0%	(987)	(0%)
126,749	126,749	120,902	End of Period Net Position, Actuarially Required Reserve	0	0%	5,847	5%
115,503	86,637	103,090	End of Period Net Position, PEIA PSR	28,866	33%	12,413	12%
\$242,252	\$213,386	\$223,992	Total Net Position, End of Period	\$28,866	13%	\$18,260	8%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Nine Months Ending Wednesday, March 31, 2021
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$1,658	\$2,283	\$2,199	Health premiums - Non Par	(\$625)	(27%)	(\$541)	(25%)
9,738	10,011	10,738	Health Premiums - RLC Health, Life	(273)	(3%)	(1,000)	(9%)
102,845	101,250	105,969	Pay Go Premiums	1,595	2%	(3,124)	(3%)
22,500	22,500	26,250	State appropriation - OPEB	-	0%	(3,750)	(14%)
136,741	136,044	145,156	Total Employer Premiums	697	1%	(8,415)	(6%)
			Other Additions:				
600	750	600	Retiree Drug Subsidy	(150)	(20%)	-	0%
250,682	66,841	(83,695)	Investment Income	183,841	275%	334,377	(400%)
388,023	203,635	62,061	TOTAL ADDITIONS	184,388	91%	325,962	525%
			DEDUCTIONS				
80,995	91,288	84,194	Payments to Managed Care Org.	10,293	11%	3,199	4%
20,577	19,515	19,161	Life Insurance Expense	(1,062)	(5%)	(1,416)	(7%)
33,906	41,122	38,912	Medical Claims Expense	7,216	18%	5,006	13%
17,654	21,898	17,524	Pharmacy Claims Expense	4,244	19%	(130)	(1%)
1,271	1,602	1,579	Administrative Service Fees (External)	331	21%	308	20%
(50,464)	(52,214)	(51,121)	Member Health premiums	(1,750)	3%	(657)	1%
(20,445)	(19,619)	(18,729)	Member Life Insurance Premiums	826	(4%)	1,716	(9%)
2,142	2,608	2,383	Other Operating Expenses	466	18%	241	10%
85,636	106,200	93,903	TOTAL DEDUCTIONS	20,564	19%	8,267	9%
302,387	97,435	(31,842)	NET POSITION INCREASE (DECREASE)	204,952	210%	334,229	(1,050%)
			Net Position Restricted for				
			Post Employment Benefits				
1,224,641	1,224,641	1,091,661	Beginning of Period Total Net Position	-	0%	132,980	12%
1,458,921	1,253,969	1,021,712	End of Period Net Position - Restricted	204,952	16%	437,209	43%
68,107	68,107	38,107	End of Period Net Position - PSR	-	0%	30,000	79%
\$1,527,028	\$1,322,076	\$1,059,819	End of Period Total Net Position	\$204,952	13%	\$467,209	44%



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

May 19, 2021

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

1. The Fiscal Year 2021 Quarterly Report issued March 2021 page A-4, indicates the June 30, 2021 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2021	\$202,234,086	\$54,665,734	\$1,409,306,636

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, 2021	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$202,234,086	\$54,665,734	\$256,899,820
Percentage	27.6%	30.7%	28.2%
	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 49% of the actuarially required balance:

	RHBT
June 30, 2021	OPEB Reserve
Reserve Balance	\$1,409,306,636
Percentage	49%
	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 \$263 million over the next four years, requiring an average of \$66 million a year in prior year gain utilization, increased premiums or benefit reductions.

	FY 2022	FY 2023	FY 2024	FY 2025
Medical Trend	6.0%	7.0%	7.5%	8.0%
Rx Trend	13.5%	14.0%	14.5%	15.0%

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

	PEIA	RHBT	Total
March 2021	\$65,139,000	\$13,549,000	\$78,688,000

Sincerely,



Jason A. Haught, CPA
Chief Financial Officer

BRIM

May 2021

Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Nine Months Ending March 31, 2021

Talking Points for Joint Committee on Government and Finance Meeting
June 2021

1. **Premium Revenue** thru March reflects the premiums earned for the first nine months of the fiscal year. BRIM premiums in FY'21 reflect a decrease in premium revenue due to an adjustment provided to insureds for Covid-19 and its impact on the reduced utilization and exposure of owned and leased vehicles by insureds.
2. **Claims and claims adjustment expenses** reflects net claims payments made thru March and an increase in the actuarially estimated IBNR for the current year. The higher net claims payments increased claims expenses resulting in a small operating loss for the current fiscal year when compared to last year's net operating income.
3. **Investment Income** for fiscal year 2021 reflects a net gain of \$20.1 million for the first nine months due to improved equity markets vs. the prior fiscal year. The better investment earnings resulted in a year-to-date increase in net position of \$19.5 million this year when compared to last year's increase of \$9.1 million.
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 Nine Months Ended March 31st

	<u>2021</u>	<u>2020</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,390	\$ 23,542
Advance deposits with insurance company and trustee	246,265	255,838
Receivables	1,256	1,900
Prepaid insurance	1,098	1,727
Restricted cash and cash equivalents	24,184	20,167
Premiums due from other entities	1,134	1,112
Total current assets	<u>295,327</u>	<u>304,285</u>
Noncurrent assets:		
Equity position in internal investments pools	119,000	95,171
Restricted investments	68,722	54,961
Total noncurrent assets	<u>187,723</u>	<u>150,132</u>
Total assets	<u>483,050</u>	<u>454,417</u>
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	11,594	9,896
Agent commissions payable	1,013	1,014
Claims Payable	33	117
Accrued expenses and other liabilities	3,304	2,903
Total current liabilities	<u>85,280</u>	<u>76,586</u>
Estimated unpaid claims and claims adjustment expense net of current portion	120,131	138,775
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	<u>120,495</u>	<u>139,148</u>
Total liabilities	<u>205,775</u>	<u>215,734</u>
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	19,476	9,142
Net position	<u>\$ 277,259</u>	<u>\$ 238,813</u>

Unaudited

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

For the Nine Months Ended March 31st

	2021	2020
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 61,022	\$ 62,266
Less coverage/reinsurance programs	(3,339)	(5,189)
Net operating revenues	57,683	57,078
 Operating expenses		
Claims and claims adjustment expense	54,776	50,180
General and administrative	3,516	3,727
Total operating expenses	58,292	53,907
 Operating income (loss)	(609)	3,171
 Nonoperating revenues		
Investment income	20,085	5,972
Net nonoperating revenues	20,085	5,972
Changes in net position	19,476	9,142
 Total net position, beginning of year	257,783	229,670
 Total net position, end of period	\$ 277,259	\$ 238,813

Unaudited

Real Estate Division

May 2021

Interim Packet

Department of Administration Real Estate Division Leasing Report
For the period of April 1 - 30, 2021

There are 13 leasing changes for this period, and they are as follows:

- 3 – Straight Renewal – DOA Owned
- 3 – Straight Renewal
- 1 – Renewal with Increase in Rent – DOA Owned
- 4 – Renewal with Increase in Rent
- 1 – Increase in Square Feet
- 1 – Renewal with Decrease in Parking Spaces

Department of Administration Real Estate Division Leasing Report
For the period of April 1, 2021 through April 30, 2021

STRAIGHT RENEWAL – DOA OWNED

WEST VIRGINIA OFFICE OF TECHNOLOGY

OOT-003 Renewal for 3 years consisting of 27,379 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$299,252.47, full service, Building #5, 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

OOT-004 Renewal for 3 years consisting of 3,043 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$33,473.00, full service, Building #33, 311 Jefferson Street, in the City of Charleston, Kanawha County, West Virginia.

OOT-005 Renewal for 3 years consisting of 2,539 square feet of office space at the current annual per square foot rate of \$9.73, annual cost \$24,704.47, full service, Building #07, 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

WORKFORCE WEST VIRGINIA

WWV-029 Renewal for 5 years consisting of 6,306 square feet of office space at the current annual per square foot rate of \$15.25, annual cost \$96,166.50, full service, 300 New River Drive, in the City of Beckley, Raleigh County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-086 Renewal for 2 years consisting of 10,322 square feet of office space at the current annual per square foot rate of \$6.85, annual cost \$70,705.50, full service, 105 S. Railroad Street, in the City of Philippi, Barbour County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-123 Renewal for 3 years consisting of 254 square feet of office space at the current monthly rate of \$320.00 (\$16.54 psf) and annual cost \$4,200.00, full service, 1601 Armory Drive, in the City of Williamson, Mingo County, West Virginia.

RENEWAL WITH INCREASE IN RENT – DOA OWNED

GENERAL SERVICES DIVISION

GSD-015 Renewal for 3 years consisting of 258 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$3,096.00 for year one; then increase to \$13.20, annual cost \$3,405.60 for year two; and then increase to \$14.52, annual cost \$3,746.16 for year three, full service, Building #86, 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF CORRECTIONS AND REHABILITATION

COR-095 Renewal for 5 years consisting of 1,850 square feet of office space with an increase in the annual per square foot rate from \$13.50 to \$13.91, annual cost \$25,733.50, for years 1-3 then to \$14.19, annual cost \$26,251.50, for years 4-5, full service, 1103 George Kostas Drive, in the City of Logan, Logan County, West Virginia.

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-024 Renewal for 5 years consisting of 3,000 square feet of office space with an increase in the annual per square foot rate from \$13.50 to \$14.00, annual cost \$42,000.00, 1186 North Mildred Street, in the City of Ranson, Jefferson County, West Virginia.

DIVISION OF NATURAL RESOURCES

NAT-126 Renewal for 5 years consisting of 308 square feet of office space with an increase in the annual per square foot rate from \$6.84 to \$7.81, annual cost \$2,406.72, full service, 200 Confederate Road, in the City of Franklin, Pendleton County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-030 Renewal for 5 years consisting of 1,512 square feet of office space with an increase in the annual per square foot rate from \$7.95 to \$8.15, annual cost \$12,322.80, 316 Howard Avenue, in the City of Mullins, Wyoming County, West Virginia.

INCREASE IN SQUARE FEET

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-171 Increase of square feet from 416 square feet to 968 square feet of storage space at the monthly rate of \$330.00 (\$4.09 psf), annual cost \$3,960.00, utilities, 57 Cory Drive, in the City of Fairmont, Marion County, West Virginia.

RENEWAL WITH DECREASE IN PARKING SPACES

GENERAL SERVICES DIVISION

GSD-012 Renewal for one year with a decrease of parking spaces from 80 parking spaces to 70 parking spaces at the monthly rate of \$1,400.00, annual cost \$16,800.00, at the Moose parking lot, known as 1 Lot, Main & Pike Streets, in the City of Clarksburg, Harrison County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 April 1 - 30, 2021

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	West Virginia Office of Technology	OOT-003	Kanawha	27,379	10.93	299,252	3.00	897,757
2	West Virginia Office of Technology	OOT-004	Kanawha	3,043	11.00	33,473	3.00	100,419
3	West Virginia Office of Technology	OOT-005	Kanawha	2,539	9.73	24,704	3.00	74,113
4	Workforce West Virginia	WWV-029	Raleigh	6,306	15.25	96,167	5.00	480,833
5	Department of Environmental Protection	DEP-086	Barbour	10,322	6.85	70,706	2.00	141,411
6	Division of Rehabilitation Services	DRS-123	Mingo	254	16.54	4,200	3.00	12,600
7	General Services Division	GSD-015	Kanawha	258	12.00	3,096	1.00	3,096
	General Services Division	GSD-015	Kanawha	258	13.20	3,406	1.00	3,406
	General Services Division	GSD-015	Kanawha	258	14.52	3,746	1.00	3,746
8	Division of Corrections and Rehabilitation	COR-095	Logan	1,850	13.91	25,734	3.00	77,201
	Division of Corrections and Rehabilitation	COR-095	Logan	1,850	14.19	26,252	2.00	52,503
9	DOCR, Bureau of Juvenile Services	BJS-024	Jefferson	3,000	14.00	42,000	5.00	210,000
10	Division of Natural Resources	NAT-126	Pendleton	308	7.81	2,407	5.00	12,034
11	Division of Rehabilitation Services	DRS-030	Wyoming	1,512	8.15	12,323	5.00	61,614
12	Department of Environmental Protection	DEP-171	Marion	968	4.09	3,960	2.00	7,920
13	General Services Division	GSD-012	Harrison	70/spaces	\$20/space	16,800	1.00	16,800

		122.00
Total Rentable Square Feet	<u>60,105</u>	
Average Annual Rental Rate	<u>8.13</u>	
Total Annual Rent		<u>668,224</u>

Joint Committee on Government and Finance

June 2021

Department of Health and Human Resources

**MEDICAID REPORT
March 2021 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2021

MONTH OF MARCH 2021

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 3/31/21	Current Month Ended 3/31/21	Year To-Date Thru 3/31/21	4/1/21 Thru 6/30/21
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	97,985,843	95,665,585	7,395,572	7,653,247	56,676,894	38,988,691
Inpatient Hospital - DSH	53,450,766	53,789,156	6,251,908	4,303,132	39,860,643	13,928,513
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	12,183,004	12,365,473	-	989,238	7,845,701	4,519,772
Mental Health Facilities	33,613,909	39,241,399	608,513	3,139,312	5,051,291	34,190,108
Mental Health Facilities - DSH Adjustment Payments	17,503,899	19,301,726	-	1,544,138	12,797,772	6,503,954
Nursing Facility Services - Regular Payments ⁽³⁾	759,691,830	817,702,404	56,223,778	65,416,192	575,622,893	242,079,511
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	67,715,431	71,050,398	5,506,045	5,684,032	52,834,450	18,215,948
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	38,140,554	36,066,892	3,048,939	2,885,351	22,284,363	13,782,529
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	49,740,650	46,526,655	4,145,089	3,722,132	28,727,445	17,799,210
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	735,519,694	777,516,648	69,066,463	62,201,332	582,642,240	194,874,407
Drug Rebate Offset - National Agreement	(440,398,418)	(427,000,000)	(42,070,239)	(34,160,000)	(347,753,066)	(79,246,934)
Drug Rebate Offset - State Sidebar Agreement	(41,823,225)	(42,000,000)	(1,159,679)	(3,360,000)	(38,132,732)	(3,867,268)
Drug Rebate Offset - MCO National	(11,386,339)	(11,200,000)	(426,180)	(896,000)	(9,730,731)	(1,469,269)
Drug Rebate Offset - MCO State Sidebar Agreement	86,361	-	-	-	1,546	(1,546)
Dental Services	9,762,746	6,210,738	363,408	496,859	3,227,231	2,983,507
Other Practitioners Services - Regular Payments	6,025,073	4,422,966	844,198	353,837	3,516,036	906,930
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,563,783	865,094	58,751	69,207	870,659	(5,565)
Lab & Radiological Services	8,138,831	7,418,689	595,066	593,495	4,882,843	2,535,846
Home Health Services	25,693,171	31,257,836	2,868,437	2,500,627	18,882,469	12,375,368
Hysterectomies/Sterilizations	22,630	25,931	8,067	2,074	36,193	(10,262)
Pregnancy Terminations ⁽²⁾	38,707	39,472	2,106	3,158	20,807	18,665
EPSDT Services	1,334,847	666,189	61,405	53,295	541,570	124,619
Rural Health Clinic Services	4,730,991	4,065,304	210,358	325,224	1,584,116	2,481,187
Medicare Health Insurance Payments - Part A Premiums	23,063,910	24,524,802	2,105,939	1,961,984	18,725,638	5,799,164
Medicare Health Insurance Payments - Part B Premiums	119,556,978	136,070,782	10,114,429	10,885,663	95,669,142	40,401,640
120% - 134% Of Poverty	9,831,477	10,028,107	956,489	802,249	7,813,545	2,214,562
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,187,270	13,339,616	1,481,307	1,067,169	8,680,601	4,659,015

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2021

	MONTH OF MARCH 2021		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 3/31/21	SFY2021	Current Month Ended 3/31/21	Current Month Ended 3/31/21	Year To-Date Thru 3/31/21	4/1/21 Thru 6/30/21
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,765,544,532	2,253,564,298	247,924,461		180,285,144		1,588,531,439	665,032,859
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	1,235,935	1,337,776	168,030		107,022		1,668,548	(330,772)
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-	-	-
Home & Community-Based Services (IDD)	312,481,404	392,436,958	26,601,728		31,394,957		229,677,866	162,759,091
Home & Community-Based Services (Aged/Disabled)	130,111,456	131,821,069	11,608,531		10,545,686		98,899,006	32,922,063
Home & Community-Based Services (Traumatic Brain Injury)	1,917,668	2,226,182	136,034		178,095		1,376,754	849,429
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	71,088,070	68,891,478	6,266,301		5,511,318		55,141,560	13,749,918
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,418,259	2,042,897	536,693		163,432		1,921,346	121,552
Primary Care Case Management Services	-	-	-	-	-	-	-	-
Hospice Benefits	29,567,073	29,607,479	2,303,404		2,368,598		21,525,809	8,081,670
Emergency Services Undocumented Aliens	609,969	486,513	49,727		38,921		422,081	64,432
Federally Qualified Health Center	22,224,540	21,842,947	517,836		1,747,436		4,811,364	17,031,584
Non-Emergency Medical Transportation	37,037,744	39,243,822	3,787,446		3,139,506		32,774,656	6,469,166
Physical Therapy	1,076,333	923,190	111,197		73,855		767,267	155,923
Occupational Therapy	652,703	367,951	64,528		29,436		329,643	38,308
Services for Speech, Hearing & Language	380,426	157,709	32,931		12,617		154,467	3,242
Prosthetic Devices, Dentures, Eyeglasses	825,415	448,928	42,790		35,914		254,336	194,592
Diagnostic Screening & Preventive Services	86,339	98,702	6,145		7,896		54,484	44,218
Nurse Mid-Wife	139,130	162,976	6,240		13,038		64,980	97,996
Emergency Hospital Services	-	80	-		-		-	80
Critical Access Hospitals	28,488,629	25,164,390	2,475,386		2,013,158		15,752,458	9,411,932
Nurse Practitioner Services	4,338,088	3,556,142	446,287		284,491		2,678,295	877,847
School Based Services	31,425,256	19,999,864	214,543		1,599,989		1,868,588	18,131,276
Rehabilitative Services (Non-School Based)	52,436,190	7,593,781	4,255,109		632,815		20,809,565	(13,215,784)
2a) Opioid Treatment Program (OTP) - Methadone services	10,931,763	18,000,000	799,916		1,500,000		9,797,356	8,202,644
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,411,620	-	157,077		-		1,141,438	(1,141,438)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	6,354,000	-	329,825		-		2,623,075	(2,623,075)
2a) Opioid Treatment Program (OTP) - Other	114,837	-	1,856		-		83,150	(83,150)
Private Duty Nursing	5,385,431	3,355,085	448,536		268,407		4,947,479	(1,592,394)
Freestanding Birth Centers	-	-	-		-		-	-
Health Home for Enrollees w Chronic Conditions	2,287,345	2,128,164	261,186		170,253		1,800,362	327,802
Other Care Services	30,261,541	31,324,045	1,906,897		2,505,924		17,304,410	14,019,634
Less: Recoupments	-	-	(2,445,320)		-		(3,384,305)	3,384,305
NET EXPENDITURES:	4,145,806,068	4,784,744,287	437,275,489		382,864,856		3,266,977,037	1,517,767,250

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2021

MONTH OF MARCH 2021

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 3/31/21	Current Month Ended 3/31/21	Year To-Date Thru 3/31/21	4/1/21 Thru 6/30/21
Collections: Third Party Liability (line 9A on CMS-64)	(3,693,035)	-	-	-	(5,161,019)	5,161,019
Collections: Probate (line 9B on CMS-64)	(1,951,369)	-	-	-	(111,937)	111,937
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(4,476)	-	-	-	(4,941)	4,941
Collections: Other (line 9D on CMS-64)	(17,727,403)	-	-	-	(4,014,542)	4,014,542
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	4,122,429,785	4,784,744,287	437,275,489	382,864,856	3,257,684,597	1,527,059,690
Plus: Medicaid Part D Expenditures	39,118,976	32,995,413	2,669,315	2,639,633	22,815,012	10,180,401
Plus: State Only Medicaid Expenditures	335,451	393,746	24,098	31,500	270,515	123,231
Plus: Money Follow the Person Expenditures	1,015,192	1,035,496	102,181	82,840	950,438	85,058
TOTAL MEDICAID EXPENDITURES	\$ 4,162,899,405	\$ 4,819,168,942	\$ 440,071,083	\$ 385,618,828	\$ 3,281,720,562	\$ 1,537,448,380
Plus: Reimbursables ⁽¹⁾	5,840,605	-	472,605	-	3,914,429	(3,914,429)
Plus: NATCEP/PASARR/Eligibility Exams	368,501	77,507	8,500	6,201	1,757,445	(1,679,938)
Plus: HIT Incentive Payments	64,034	250,000	-	20,000	(68,582)	318,582
TOTAL EXPENDITURES	\$ 4,169,172,545	\$ 4,819,496,449	\$ 440,552,188	\$ 385,645,029	\$ 3,287,323,854	\$ 1,532,172,595

(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 \$18,148,905 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2021

9 Months Actuals 3 Months Remaining

MONTH OF MARCH 2021	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2020	Current Month Ended 3/31/2021	Year-To-Date Thru 3/31/2021	4/1/2021 Thru 6/30/2021	SFY2021
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	54,359,368	29,240,301	25,964,129		25,964,129
MATCHING FUNDS					
General Revenue (0403/189)	260,292,248	25,709,261	166,760,097	131,095,167	297,855,264
IDD Waiver (0403/466)	90,253,483	9,045,144	72,722,963	35,818,773	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	1,947,000	649,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	4,767,000	1,589,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,666	536,000	264,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,801	9,107,725	4,485,895	13,593,620
Medical Services Surplus (0403/633)	30,247,035	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	-	3,011,628	1,003,875	4,015,503
Lottery Waiver (0420/539)	29,950,955	-	22,463,217	7,487,738	29,950,955
Lottery Transfer (5405/871)	16,400,070	-	12,300,054	4,100,016	16,400,070
Excess Lottery (5365/189)	53,202,960	-	17,000,000	49,302,960	66,302,960
Lottery Surplus (5405/68199)	16,000,000	-	-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	-	-	-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	82,227,707	12,516,190	50,802,583	25,021,515	75,824,099
Provider Tax (5090/189)	213,594,315	36,654,178	195,875,105	186,988,177	382,863,282
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	5,360,000	-	-	-	-
Certified Match	13,081,553	492,853	4,554,232	5,310,893	9,865,125
Reimbursables - Amount Reimbursed	6,724,797	76,159	4,998,801	(4,998,801)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	568,267	53	134	699,866	700,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	713,612	-	33,357	(33,357)	-
TOTAL MATCHING FUNDS	\$ 900,337,493	\$ 115,679,606	\$ 592,844,025	\$ 481,784,718	\$ 1,074,628,742
FEDERAL FUNDS	3,292,552,765	353,964,880	2,723,102,334	1,167,393,446	3,890,495,780
TOTAL REVENUE SOURCES	\$ 4,192,890,258	\$ 469,644,487	\$ 3,315,946,359	\$ 1,649,178,164	\$ 4,965,124,522
TOTAL EXPENDITURES:					
Provider Payments	\$ 4,169,172,545	\$ 440,552,188	\$ 3,287,323,854	\$ 1,532,172,595	\$ 4,819,496,449
TOTAL	\$ 23,717,713	\$ 29,092,299	\$ 28,622,505		\$ 145,628,073

Note: FMAP (74.94% applicable Oct. 2019 - Sep. 2020) (74.99% applicable Oct. 2020 - Jun. 2021)

Joint Committee on Government and Finance

June 2021

Department of Health and Human Resources

MEDICAID WAIVER REPORT

March 2021

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

Aged & Disabled Waiver: MARCH 2021		FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar-21	Apr 21	May 21	Jun 21	FY2021 YTD
Slots Approved By CMS (1)		7,026	7,026	7,026	7,026	7,672	7,672	7,672	7,672	7,672	7,672				7,672
-Slots Available for Traditional (ADW-WV) enrollees		6,950	6,950	6,950	6,950	7,598	7,598	7,598	7,598	7,598	7,598				7,598
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76	76	76	76	76	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		6,939	6,498	6,669	6,701	6,799	6,926	7,013	7,116	7,336	7,529				7,529
Applicants determined eligible this month and added to MEL (3)		1,731	102	106	117	124	138	388	292	412	250				1,929
Applicants determined ineligible		76	2	6	3	6	3	2	35	20	14				91
ACTIVE MEMBERS															
Active Traditional Members at the end of the month		6,110	6,415	6,541	6,547	6,550	6,561	6,564	6,617	6,787	6,707				6,707
Active Take Me Home Members at the end of the month		46	46	48	48	48	51	53	55	61	66				66
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		6,156	6,461	6,589	6,595	6,598	6,612	6,618	6,696	6,787	6,852				6,852
Active members enrolled during the calendar month		1,301	383	204	111	109	96	107	189	187	184				1,570
-Total Active Traditional members enrolled during the calendar month		1,250	375	193	107	105	92	102	183	180	173				1,510
-Total Active TMH-WV members enrolled during the calendar month		51	8	11	4	4	4	5	6	7	11				60
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,044	78	76	105	106	82	101	111	96	119				874
ADW Members whose case was closed by reason	Member is deceased	574	58	57	74	68	58	74	79	65	87				620
	Other (4)	470	20	19	31	38	24	27	32	31	32				254
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,042	105	116	93	144	107	220	151	99	203				1,238
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,676	84	99	65	67	79	143	111	66	107				821
	Applicant became deceased	125	6	9	9	9	11	23	19	21	19				126
	Other (5)	241	15	8	19	68	17	54	21	12	77				291
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		16	1	1	0	0	0	1	2	2	2				1
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		35	0	0	3	6	2	5	3	0	2				2
Applicants on the MEL at the end of the month		37	34	24	48	28	59	48	43	27	47				47
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		308	435	405	435	466	496	527	558	586	617				503
Days -Longest time spent on the MEL to date Minus MFP Applicants (7)		54	60	89	119	150	180	211	242	270	301				301
Days -Average time spent on the MEL to date Minus MFP Applicants		28	14	61	25	16	35	20	32	45	61				34

YTD Column Reflects average number of days minus MFP Applicants

(1) Of the 7,672 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. Note: October 2020 Amendment Approved = 646 Additional Slots for FY2021, which increases the FY2021 Slots to a total of 7,672.

(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.

(7) Excludes MFP members on MEL not ready for discharge from facility and MFP Applicants, added beginning Dec 2019

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**

Intellectual/Developmental Disabilities Waiver Reported March 31, 2021	FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY 2021 YTD
Slots approved by CMS	5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964				5,964
Total number of members served YTD (unduplicated slots used) (1)	5,446	5,506	5,614	5,707	5,744	5,783	5,821	5,852	5,870	5,892				5,892
Total number of members served YTD in Traditional Slots	5,437	5,497	5,605	5,698	5,735	5,774	5,765	5,843	5,860	5,882				5,882
Total number of members served YTD in Adult Ben H. slots (Active)	6	6	6	6	6	6	6	6	6	6				6
Total number of members served YTD in Children Ben H. slots (Active)	3	3	3	3	3	3	3	3	4	4				4
Applicants determined eligible (2)	264	19	43	38	36	30	29	18	22	35				270
Applicants determined ineligible (3)	292	22	36	31	39	41	32	32	25	45				303
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	5,336	5,495	5,594	5,678	5,698	5,726	5,753	5,765	5,772	5,780				5,780
Discharged members at the end of the calendar month	126	15	9	14	20	11	16	21	13	17				136
Discharged members who were discharged by reason	Deceased	62	4	5	3	7	7	9	6	10				53
	Left program to enter a facility	21	2	0	3	2	4	6	4	0				25
	a. Hospital	0	0	0	0	0	0	0	0	0				0
	b. ICF/IID	13	2	1	2	0	2	1	1	0				10
	c. Nursing Facility	14	0	0	1	2	2	3	5	2				15
	d. Psychiatric Facility	0	0	0	0	0	0	0	0	0				0
	e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0				0
	f. Other Facility	0	0	0	0	0	0	0	0	0				0
Other (6)	36	9	3	6	11	5	5	6	3	4				52
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	523	343	273	210	195	181	163	144	137	140				140
Number of applicants added to the MEL (4)	264	19	43	38	36	30	29	18	22	35				270
Applicants enrolled (removed from the MEL)	703	174	108	98	40	39	43	33	20	25				580
Applicants removed from the MEL due to Death (5)	15	1	0	0	0	0	0	0	0	0				1
Applicants removed from the MEL due to Other (6)	141	24	5	3	11	5	4	4	9	7				72
Applicants on the MEL who are in a Nursing Facility (9)	0	0	0	1	1	1	1	2	1	1				1
Applicants on the MEL who are in an ICF/IID Group Home (9)	8	6	6	3	4	4	4	3	5	4				4
Applicants on the MEL receiving Personal Care Services each month (8) (9)	9	8	8	3	3	5	5	1	2	1				1
Longest on the MEL to date (7)	433	464	495	525	556	586	617	648	676	707				707

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported March 31, 2021	FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY 2021 YTD
Slots Approved By CMS (1)	90	90	90	90	90	90	90	90	90	90				90
-Slots Available for Traditional (non TMH-WV) enrollees	89	86	86	86	86	86	86	86	86	88				88
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4	4	4	4	4	4	4	4	2				2
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	89	78	78	78	80	80	84	85	85	87				87
Applicants determined eligible this month and added to MEL (3)	11	0	1*	2*	0	4*	1*	0	1*	2*				11*
Applicants determined ineligible	0	0	0	0	0	0	0	0	0	0				0
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	78	77	76	76	78	75	79	80	80	82				82
Active members enrolled during the calendar month	16	0	0	0	2	0	4	1	0	2				9
-Total Active Traditional members enrolled during the calendar month	15	0	0	0	2	0	4	1	0	2				9
-Total Active TMH-WV members enrolled during the calendar month	1	0	0	0	0	0	0	0	0	0				0
Members discharged during the calendar month	13	1	1	0	0	3	0	0	0	0				5
TBIW Members whose case was closed by reason														
Member is deceased	6	0	0	0	0	0	0	0	0	0				0
Other (4)	7	1	1	0	0	3	0	0	0	0				5
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	12	1	0	0	0	0	0	0	0	0				1
TBIW Applicants removed from the MEL														
Applicant offered a slot	12	1	0	0	0	0	0	0	0	0				1
Applicant became deceased	0	0	0	0	0	0	0	0	0	0				0
Other (5)	0	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL who are in a nursing facility	2	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL receiving Personal Care	2	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL at the end of the month	1	0	0	0	0	0	0	0	0	0				0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	110	0	0	0	0	0	0	0	0	0				0

(1) Of the 90 slots approved by CMS, 2* are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2021. * Requested MFP slots for Traditional Member.

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

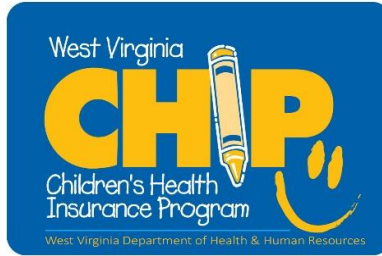
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date. * **NO MEL awarded a slot**

(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



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

MAY 2021
Report

to

Joint Committee on
Government and Finance

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Nine Months Ending March 31, 2021 and March 31, 2020

	Annual Budget 2021	Budget Year-to-Date	Actual March 31, 2021	Actual March 31, 2020	Actual Variance		Budget Variance	
					\$	%	\$	%
Beginning Operating Fund Balance			\$6,218,611	\$5,262,949	\$955,662	18%		
Revenues								
Federal Grants			\$33,227,245	\$40,594,786	(\$7,367,541)	-18%		
State Appropriations			\$4,682,834	\$0	\$0	0%		
Premium Revenues	\$1,243,837	\$932,878	\$63,153	\$1,026,315	(\$963,162)	-94%	(\$869,725)	-93%
Investment Earnings (Interest)			\$79,624	\$158,748	(\$79,124)	-50%		
Total Operating Fund Revenues			\$38,052,856	\$41,779,848	(\$3,726,992)	-9%		
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$9,536,233	\$0	\$9,536,233	0%		
Prescribed Drugs			\$7,315,745	\$8,468,980	(\$1,153,235)	-14%		
Physicians & Surgical			\$7,043,877	\$10,918,385	(\$3,874,508)	-35%		
Dental			\$4,372,540	\$5,910,782	(\$1,538,242)	-26%		
Outpatient Services			\$3,824,740	\$7,166,777	(\$3,342,037)	-47%		
Inpatient Hospital Services			\$2,658,311	\$2,849,781	(\$191,470)	-7%		
Other Services			\$1,598,992	\$2,504,678	(\$905,686)	-36%		
Therapy			\$960,708	\$1,646,346	(\$685,638)	-42%		
Vision			\$388,244	\$491,052	(\$102,808)	-21%		
Inpatient Mental Health			\$344,423	\$453,703	(\$109,280)	-24%		
Durable & Disposable Med. Equip.			\$218,258	\$307,166	(\$88,908)	-29%		
Medical Transportation			\$209,159	\$330,630	(\$121,471)	-37%		
Outpatient Mental Health			\$170,652	\$362,557	(\$191,905)	-53%		
Less: Other Collections			(\$106,810)	(\$69,127)	(\$37,683)	55%		
Drug Rebates	(\$2,517,954)	(\$1,888,466)	(\$2,131,643)	(\$2,421,110)	\$289,467	-12%	\$349,987	-19%
Total Claims Expenses	\$56,575,040	\$42,431,280	\$36,403,430	\$38,920,600	(\$2,517,170)	-6%	(\$6,027,850)	-14%
Administrative Expenses:								
Salaries and Benefits	\$575,350	\$431,513	\$428,747	\$16,211	\$412,536	2545%	(\$2,766)	-1%
Program Administration	\$3,305,108	\$2,478,831	\$1,954,410	\$2,028,252	(\$73,842)	-4%	(\$524,421)	-21%
Eligibility			\$0	\$0	\$0	0%	\$0	0%
Outreach & Health Promotion	\$100,000	\$75,000	\$0	\$0	\$0	0%	(\$75,000)	-100%
Health Service Initiative			\$56,250	\$0	\$56,250	0%		
Current	\$175,000	\$131,250	\$71,537	\$147,490	(\$75,953)	-51%	(\$59,713)	-45%
Total Administrative Expenses in Operating Fund	\$4,155,458	\$3,116,594	\$2,510,944	\$2,191,953	\$318,991	15%	(\$605,650)	-19%
Total Operating Fund Expenditures	\$60,730,498	\$45,547,874	\$38,914,374	\$41,112,553	(\$2,198,179)	-5%	(\$6,633,500)	-15%
Adjustments			(\$356,467)	(\$92,291)				
Ending Operating Fund Balance			\$5,000,626	\$5,837,953	(\$837,327)	-14%		
Money Market			\$13,066	\$1,010,042				
Bond Pool			\$3,773,583	\$3,613,934				
Cash on Deposit			\$1,213,977	\$1,213,977				
Unrealized Gain/Loss on Investment			(\$36,242)	(\$37,923)				
Ending Fund Balance (Accrued Basis)			\$4,964,384	\$5,800,030	(\$835,646)	-14%		
Revenues Outside of Operating Funds:								
Federal Grants			\$414,404	\$392,210	\$22,194	6%		
Total WVCHIP Revenues			\$38,467,260	\$42,172,058	(\$3,704,798)	-9%		
Program Expenses outside of Operating Funds:								
Salaries and Benefits			\$0	\$431,591	(\$431,591)	-100%		
Eligibility	\$500,000	\$375,000	\$1,122,687	\$828,415	\$294,272	36%	\$747,687	199%
Total Administrative Expenses	\$4,655,458	\$3,491,594	\$3,633,631	\$3,451,959	\$181,672	5%	\$142,038	4%
Total WVCHIP Expenditures	\$61,230,498	\$45,922,874	\$40,037,061	\$42,372,559	(\$2,335,498)	-6%	(\$5,885,813)	-13%

Footnotes:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on March 31, 2021 is \$2,000,000. The March 31, 2020 estimate was \$4,820,000.
- 3) Administrative Accounts Payable balance on March 31, 2021 was \$602,345. The March 31, 2020 balance was \$792,027.
- 4) 2021 and 2020 adjustments to fund balance represent timing issues between the payment of expenses and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY21 was 98.3% starting 01/01/20 and 85.00% starting 10/01/20.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills 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.
- 9) During SFY20, the federal share for Salaries and Benefits was paid outside the operating fund. In SFY21, all Salaries and Benefits were paid from the operating fund.
- 10) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH). Operating fund costs represent those directly billed to WVCHIP.

Unaudited - For Management Purposes Only

PRELIMINARY STATEMENT

WVCHIP Enrollment Report

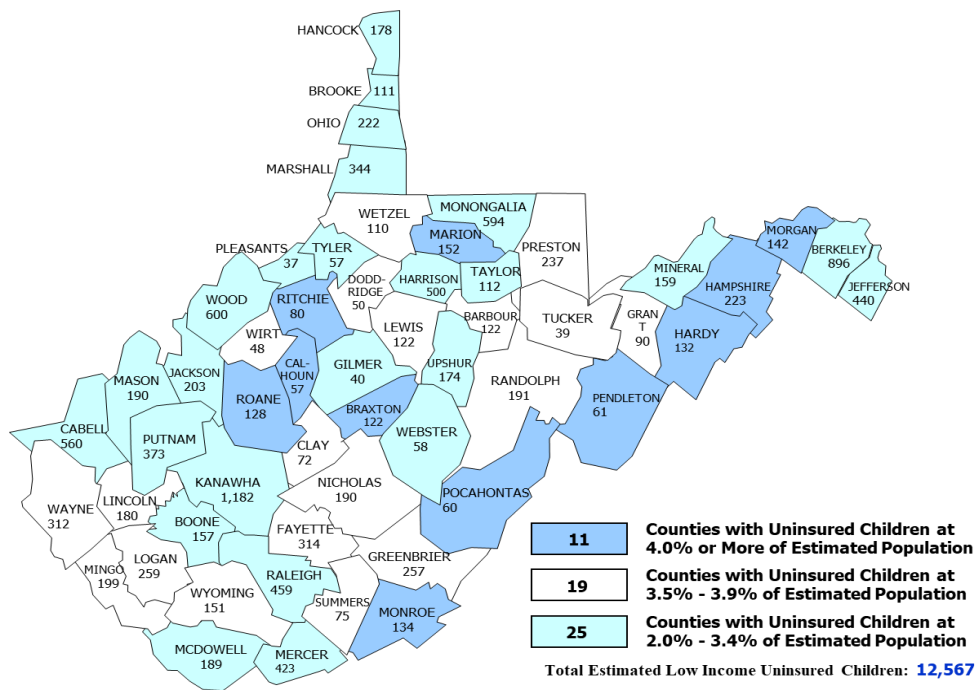
APRIL 2021

County	County Pop.				MATERNITY		Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2018	2018
	2018 Est. (0-18 Yrs)	BLUE	GOLD	PREM	BLUE	PREM	Enrollment Apr-21	Enrollment Apr-21	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,332	111	30	81			222	2,026	2,248	67.5%	122	3.7%
Berkeley	27,917	957	279	563	5	12	1,816	13,454	15,270	54.7%	896	3.2%
Boone	4,775	120	39	46		1	206	3,180	3,386	70.9%	157	3.3%
Braxton	2,784	66	16	31	2	1	116	1,642	1,758	63.1%	122	4.4%
Brooke	4,065						0	66	66	1.6%	111	2.7%
Cabell	18,770	456	151	209	6	3	825	10,315	11,140	59.4%	560	3.0%
Calhoun	1,393	45	19	17	1		82	950	1,032	74.1%	57	4.1%
Clay	1,961	46	13	38		1	98	1,430	1,528	77.9%	72	3.7%
Doddridge	1,308	43	20	22			85	757	842	64.4%	50	3.8%
Fayette	9,011	299	79	182		4	564	5,611	6,175	68.5%	314	3.5%
Gilmer	1,184	40	3	20			63	678	741	62.6%	40	3.4%
Grant	2,331	45	10	37			92	1,369	1,461	62.7%	90	3.9%
Greenbrier	6,860	274	68	166	1	4	513	4,062	4,575	66.7%	257	3.7%
Hampshire	4,388	122	39	82		2	245	2,602	2,847	64.9%	223	5.1%
Hancock	5,674	253	86	140	4	2	485	4,383	4,868	85.8%	178	3.1%
Hardy	2,862	116	22	54	1		193	1,678	1,871	65.4%	132	4.6%
Harrison	14,835	418	145	257	2	8	830	7,213	8,043	54.2%	500	3.4%
Jackson	6,264	152	46	93		2	293	3,381	3,674	58.7%	203	3.2%
Jefferson	13,200	347	78	222	3	1	651	4,166	4,817	36.5%	440	3.3%
Kanawha	36,965	1,038	256	613	8	10	1,925	21,338	23,263	62.9%	1182	3.2%
Lewis	3,480	94	25	58	1	4	182	2,243	2,425	69.7%	122	3.5%
Lincoln	4,638	105	34	78		1	218	3,202	3,420	73.7%	180	3.9%
Logan	6,835	161	55	106	2	1	325	4,789	5,114	74.8%	259	3.8%
Marion	3,764	317	102	202	2	3	626	5,797	6,423	170.6%	152	4.0%
Marshall	11,544	138	35	78	1	1	253	2,852	3,105	26.9%	344	3.0%
Mason	6,140	116	49	65	2	1	233	3,064	3,297	53.7%	190	3.1%
Mercer	12,368	459	118	231		5	813	8,682	9,495	76.8%	423	3.4%
Mineral	5,476	156	42	77	1	1	277	2,454	2,731	49.9%	159	2.9%
Mingo	5,369	94	62	63	1	2	222	4,212	4,434	82.6%	199	3.7%
Monongalia	17,965	454	103	248	5	3	813	6,267	7,080	39.4%	594	3.3%
Monroe	2,687	106	25	83			214	1,288	1,502	55.9%	134	5.0%
Morgan	3,320	133	28	67		3	231	1,594	1,825	55.0%	142	4.3%
McDowell	5,708	85	33	33		1	152	3,094	3,246	56.9%	189	3.3%
Nicholas	5,199	164	71	92	3	1	331	3,179	3,510	67.5%	190	3.7%
Ohio	8,098	243	60	115	3	2	423	4,343	4,766	58.9%	222	2.7%
Pendleton	1,304	47	14	28			89	625	714	54.8%	61	4.7%
Pleasants	1,457	28	17	14			59	713	772	53.0%	37	2.5%
Pocahontas	1,495	40	18	36	1	1	96	894	990	66.2%	60	4.0%
Preston	6,586	226	56	143	2	2	429	3,223	3,652	55.5%	237	3.6%
Putnam	13,145	344	83	216	1	1	645	4,702	5,347	40.7%	373	2.8%
Raleigh	15,751	497	120	315	4	2	938	10,020	10,958	69.6%	459	2.9%
Randolph	5,474	223	53	115	5	1	397	3,356	3,753	68.6%	191	3.5%
Ritchie	1,972	39	4	26			69	1,212	1,281	65.0%	80	4.1%
Roane	2,970	112	30	86		1	229	1,934	2,163	72.8%	128	4.3%
Summers	2,160	68	21	32			121	1,636	1,757	81.3%	75	3.5%
Taylor	3,493	89	27	64	1	1	182	1,761	1,943	55.6%	112	3.2%
Tucker	1,063	48	14	40			102	586	688	64.7%	39	3.7%
Tyler	1,792	39	11	22			72	892	964	53.8%	57	3.2%
Upshur	5,076	177	38	127		6	348	3,109	3,457	68.1%	174	3.4%
Wayne	8,373	203	75	120	3	2	403	5,133	5,536	66.1%	312	3.7%
Webster	1,690	48	19	30			97	1,336	1,433	84.8%	58	3.4%

WVCHIP Enrollment Report

APRIL 2021

County	County Pop. 2018 Est. (0-18 Yrs)	MATERNITY					Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2018	2018
		BLUE	GOLD	PREM	BLUE	PREM	Enrollment Apr-21	Enrollment Apr-21	CHIP/Medicaid Enrollment	Enrollment % of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Wetzel	3,126	62	12	29			103	1,952	2,055	65.7%	110	3.5%
Wirt	1,269	25	1	17		1	44	766	810	63.8%	48	3.8%
Wood	18,016	512	111	247	1	7	878	9,700	10,578	58.7%	600	3.3%
Wyoming	<u>4,317</u>	<u>131</u>	<u>40</u>	<u>97</u>	<u>5</u>	<u>4</u>	277	2,906	<u>3,183</u>	<u>73.7%</u>	<u>151</u>	<u>3.5%</u>
Totals	<u>372,999</u>	<u>10,731</u>	<u>3,005</u>	<u>6,273</u>	<u>77</u>	<u>109</u>	<u>20,195</u>	<u>203,817</u>	<u>224,012</u>	<u>60.1%</u>	<u>12,567</u>	<u>3.4%</u>

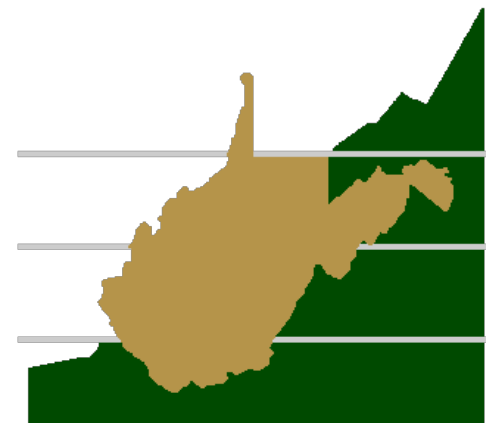


The above map shows the most recent 2018 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.4%, the SAHIE data reflects more accurately the variation from county 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

Participant Plan Performance Report

April 30, 2021



Participant Plans Allocation & Performance Net of Fees

Period Ending: April 30, 2021

	6/30/2020		4/30/2021		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	20,136,091	100.0	24,242,692	100.0								
Pension Assets	16,181,269	80.4	19,637,810	81.0								
Public Employees' Retirement System	6,899,129	34.3	8,400,515	34.6	3.3	7.8	25.3	32.1	11.4	11.9	9.2	7.8
Teachers' Retirement System	7,820,075	38.8	9,419,288	38.9	3.3	7.8	25.3	32.0	11.3	11.8	9.1	7.6
EMS Retirement System	88,627	0.4	112,944	0.5	3.3	7.8	25.3	32.1	11.4	11.9	9.2	
Public Safety Retirement System	675,608	3.4	800,165	3.3	3.3	7.8	25.3	32.1	11.3	11.8	9.2	7.9
Judges' Retirement System	215,698	1.1	266,855	1.1	3.3	7.8	25.4	32.2	11.4	11.9	9.2	7.8
State Police Retirement System	220,921	1.1	284,302	1.2	3.3	7.8	25.4	32.2	11.4	11.9	9.2	7.8
Deputy Sheriffs' Retirement System	239,121	1.2	298,876	1.2	3.3	7.8	25.4	32.2	11.4	11.9	9.2	7.8
Municipal Police & Firefighter Retirement System	14,669	0.1	21,935	0.1	3.2	7.6	25.0	31.8	11.4	11.7	9.3	
Natural Resources Police Office Retirement System	0	0.0	23,535	0.1	3.3	7.8						
Municipal Model A (I)	5,851	0.0	7,132	0.0	3.3	7.8	25.8	32.6	11.6	12.0		
Municipal Model B (I)	1,570	0.0	2,263	0.0	2.7	5.3	21.8	29.2				
Insurance Assets	2,910,807	14.5	3,431,143	14.2								
Workers' Compensation Old Fund	1,013,189	5.0	1,083,557	4.5	2.1	3.7	15.7	21.3	8.0	7.6	5.7	
Workers' Comp. Self-Insured Guaranty Risk Pool	34,115	0.2	39,319	0.2	2.2	4.1	16.5	22.0	8.0	7.8	5.9	
Workers' Comp. Self-Insured Security Risk Pool	50,505	0.3	55,890	0.2	2.2	4.1	16.5	22.0	8.0	7.8		
Workers' Comp. Uninsured Employers' Fund	14,005	0.1	16,608	0.1	2.1	4.1	16.3	21.6	7.8	7.6	5.7	
Pneumoconiosis	223,717	1.1	247,626	1.0	2.2	4.1	16.5	22.1	8.0	7.8	5.8	6.0
Board of Risk & Insurance Management	164,662	0.8	191,814	0.8	2.2	4.1	16.5	22.0	8.0	7.8	5.9	
Public Employees' Insurance Agency	260,386	1.3	266,715	1.1	2.1	3.5	14.2	19.2	7.7	7.4	5.9	
WV Retiree Health Benefit Trust Fund	1,150,228	5.7	1,529,614	6.3	3.3	7.7	25.1	31.9	11.4	11.9	9.1	
Endowment Assets	1,044,015	5.1	1,173,739	4.8								
Berkeley County Development Authority	6,378	0.0	7,998	0.0	3.3	7.8	25.4	32.3	11.4	11.9		
Wildlife Fund	62,699	0.3	74,289	0.3	3.3	7.8	25.2	32.0	11.4	11.9	9.2	8.0
Revenue Shortfall Reserve Fund	272,021	1.4	290,212	1.2	0.7	(0.4)	1.1	2.2	4.4	3.4	3.2	
Revenue Shortfall Reserve Fund - Part B	492,955	2.4	548,315	2.3	1.8	1.8	11.2	15.9	7.6	7.2	5.6	
WV DEP Trust	9,053	0.0	11,695	0.0	3.3	8.0	29.2	37.9	10.4	11.2		
WV DEP Agency	200,909	1.0	241,230	1.0	2.5	5.1	20.1	26.8	8.8	8.9		

Composite Asset Allocation & Performance Net of Fees

Period Ending: April 30, 2021

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	24,253,525	100.00									
Portable Alpha Composite +/- S&P 500 Index	5,025,033	20.72	5.75 0.41	13.47 0.49	38.31 1.68						
Large Cap Domestic Equity Composite +/- S&P 500 Index	389,826	1.61	5.34 0.00	12.98 0.00	36.58 (0.05)	46.94 0.96	18.07 (0.60)	17.14 (0.28)	14.13 (0.04)	8.25 (0.10)	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	983,197	4.06	5.27 1.27	16.74 4.14	54.59 (1.03)	70.34 (1.61)	15.07 (1.69)	16.31 (0.19)	12.02 (0.30)	10.58 0.32	
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	5,464,805	22.53	2.88 (0.35)	7.23 0.20	39.09 4.65	50.70 5.17	7.16 (0.41)	11.14 0.68	6.57 1.17	7.72 1.20	
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (c)	4,113,630	16.96	0.94 0.10	(0.95) 0.67	3.34 3.34	7.25 5.47	5.79 0.40	4.82 1.19	4.24 0.52	5.35 0.56	
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	1,232,352	5.08	0.78 (0.01)	(1.44) 0.47	0.18 1.53	2.33 2.60	5.94 0.75	3.77 0.58	3.98 0.59		
Total Return Fixed Income Composite (j) +/- Bloomberg Barclays Capital Universal	2,881,278	11.88	1.00 0.16	(0.74) 0.88	4.73 4.73	9.43 7.65	5.69 0.30	5.25 1.62	4.33 0.61	5.79 0.93	
TIPS Composite +/- Bloomberg Barclays Capital U.S. TIPS	399,569	1.65	1.40 0.00	(0.43) (0.01)	4.66 0.05	6.21 0.12	6.29 0.10	4.14 0.06	3.35 0.02		
Cash Composite +/- FTSE 3 Month US T-Bill (d)	262,237	1.08	0.00 0.00	0.00 (0.01)	0.04 (0.04)	0.04 (0.09)	1.29 (0.12)	1.09 (0.06)	0.61 (0.03)	1.46 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,430,320	10.02	5.09 (0.31)	13.25 0.18	25.39 (17.16)	34.42 (19.50)	25.71 3.76	21.94 1.27	17.11 (0.48)		
Real Estate Composite +/- NCREIF + 1% (e)	2,118,024	8.73	1.47 0.82	3.27 1.68	6.11 3.81	4.16 1.22	5.72 (0.17)	6.97 0.09	8.29 (1.65)		
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,365,595	9.75	2.07 (0.41)	6.26 0.97	17.60 (0.80)	22.02 (1.61)	6.90 (0.29)	6.37 (0.63)	4.97 0.08		
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	701,289	2.89	0.13 (0.54)	2.70 0.96	6.35 (5.95)	4.01 (14.38)	6.21 0.07	5.22 (1.92)			

Participant Plans Allocation vs. Strategy

Period Ending: April 30, 2021

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

Pension Assets

Public Employees' Retirement System	51.9	50.0	13.8	15.0	11.5	10.0	10.0	10.0	3.3	5.0	9.4	10.0	0.1	0.0
Teachers' Retirement System	51.7	50.0	13.6	15.0	11.4	10.0	10.0	10.0	3.3	5.0	9.4	10.0	0.6	0.0
EMS Retirement System	51.8	50.0	14.0	15.0	11.3	10.0	9.9	10.0	3.3	5.0	9.4	10.0	0.3	0.0
Public Safety Retirement System	51.9	50.0	13.7	15.0	11.5	10.0	10.1	10.0	3.3	5.0	9.5	10.0	0.0	0.0
Judges' Retirement System	51.8	50.0	14.0	15.0	11.4	10.0	10.0	10.0	3.3	5.0	9.4	10.0	0.1	0.0
State Police Retirement System	51.8	50.0	14.0	15.0	11.3	10.0	9.9	10.0	3.3	5.0	9.4	10.0	0.3	0.0
Deputy Sheriffs' Retirement System	51.8	50.0	14.0	15.0	11.4	10.0	9.9	10.0	3.3	5.0	9.4	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	50.4	50.0	13.7	15.0	11.0	10.0	9.6	10.0	3.2	5.0	9.1	10.0	3.0	0.0
Natural Resources Police Office Retirement System	51.6	50.0	13.8	15.0	11.3	10.0	9.8	10.0	3.3	5.0	9.4	10.0	0.8	0.0
Municipal Model A	52.0	50.0	13.1	15.0	11.4	10.0	9.9	10.0	3.3	5.0	9.4	10.0	0.9	0.0
Municipal Model B	56.2	55.0	41.3	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0

Insurance Assets

Workers' Compensation Old Fund	32.6	30.0	48.9	50.0	0.0	0.0	0.0	0.0	0.0	0.0	14.7	15.0	3.8	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	32.5	30.0	43.6	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.4	20.0	4.5	5.0
Workers' Comp. Self-Insured Security Risk Pool	32.4	30.0	43.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	20.0	4.2	5.0
Workers' Comp. Uninsured Employers Fund	32.4	30.0	38.4	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2	20.0	10.0	10.0
Pneumoconiosis	32.5	30.0	43.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	20.0	4.1	5.0
Board of Risk & Insurance Mgmt.	32.4	30.0	43.4	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	4.9	5.0
Public Employees' Insurance Agency	26.6	25.0	54.0	55.0	0.0	0.0	0.0	0.0	0.0	0.0	19.4	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	51.8	50.0	14.3	15.0	11.3	10.0	9.9	10.0	3.3	5.0	9.4	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	51.9	50.0	14.1	15.0	11.4	10.0	9.9	10.0	3.3	5.0	9.4	10.0	0.0	0.0
Wildlife Fund	51.7	50.0	13.9	15.0	11.4	10.0	10.0	10.0	3.3	5.0	9.4	10.0	0.3	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	56.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.1	0.0
Revenue Shortfall Reserve Fund - Part B	24.5	22.5	75.5	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	67.0	65.0	14.1	15.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9	20.0	0.0	0.0
WV DEP Agency	42.5	40.0	38.3	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2	20.0	0.0	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) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (d) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (e) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (f) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (g) Prior to January 2014, the index was Libor plus 400 basis points.
- (h) 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.
- (i) Prior to April 2008, the index was a custom index.
- (j) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (k) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (l) In July 2020 the municipal plan potential investment models were condensed to Model A and Model B. The June 30, 2020 asset values for Model C and Model D are included in Model A. Model B was formerly Model F.
- (m) Prior to January 2021, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 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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WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

James A. Dodrill

Insurance Commissioner

Status Report:

Workers' Compensation

Joint Committee on Government & Finance

May 2021

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Introduction

The passage of S.B. 1004 in January 2005 brought significant changes to workers' compensation insurance in West Virginia. The State-administered monopolistic system effectively ended when a new, legislatively-created domestic mutual insurance company, "BrickStreet"¹, was formed to thereafter issue workers' compensation insurance. BrickStreet began writing new workers' compensation insurance policies in January 2006 (Brickstreet also retained the workers' compensation insurance premium and incurred liability starting in July 2005). The West Virginia workers' compensation insurance market was further privatized and opened to full competition beginning in July 2008.

When Brickstreet was formed 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. This legacy liability was retained by the State of West Virginia in what is known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. In addition to the following sections that specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report to the Joint Committee on Government & Finance concerns the workers' compensation legacy liability of the State of West Virginia, i.e., the Old Fund.

As of January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. In December 2020, the number of active claims fell to less than 10,000 for the first time and, as of April 2021, there were 9,375 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 Insurance Commissioner by the Legislature.

¹ As a result of their merger, Motorists Insurance Group and BrickStreet Mutual Insurance Co. are now the **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.

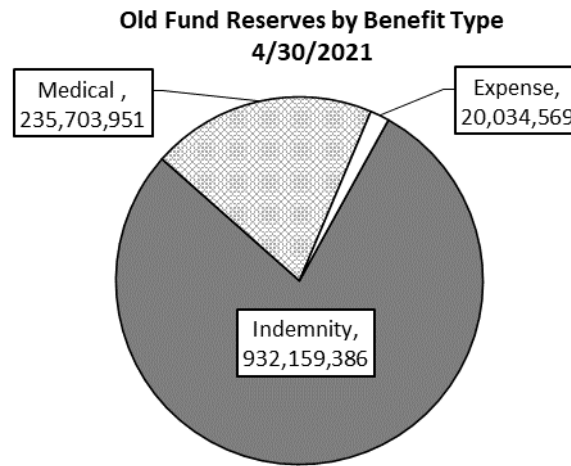
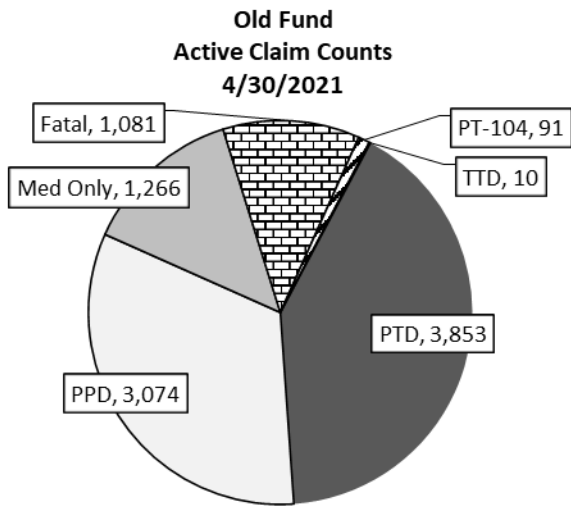
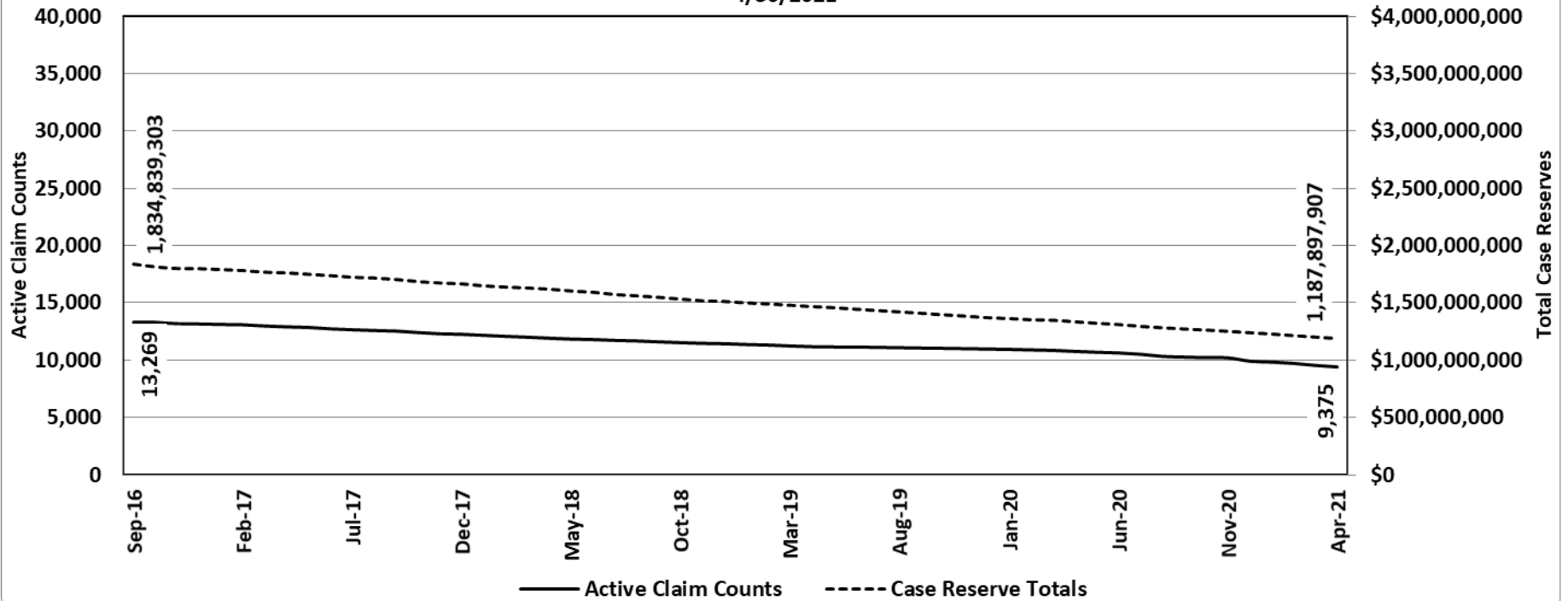
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

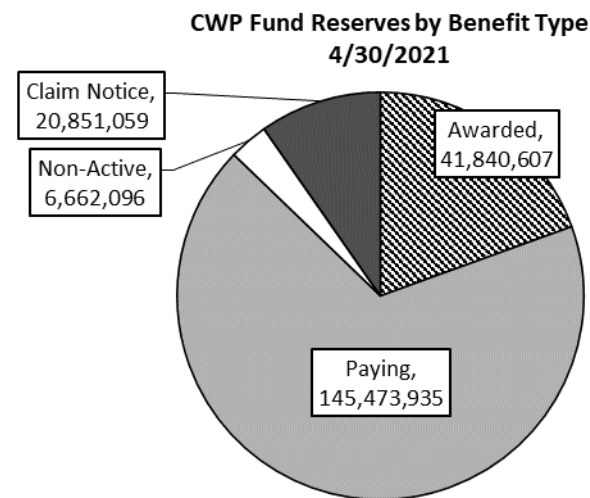
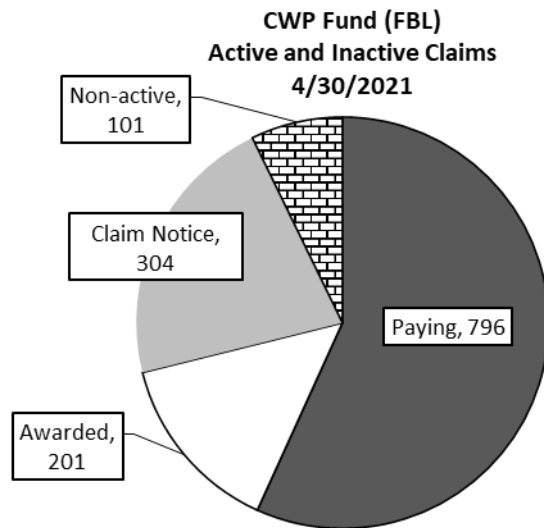
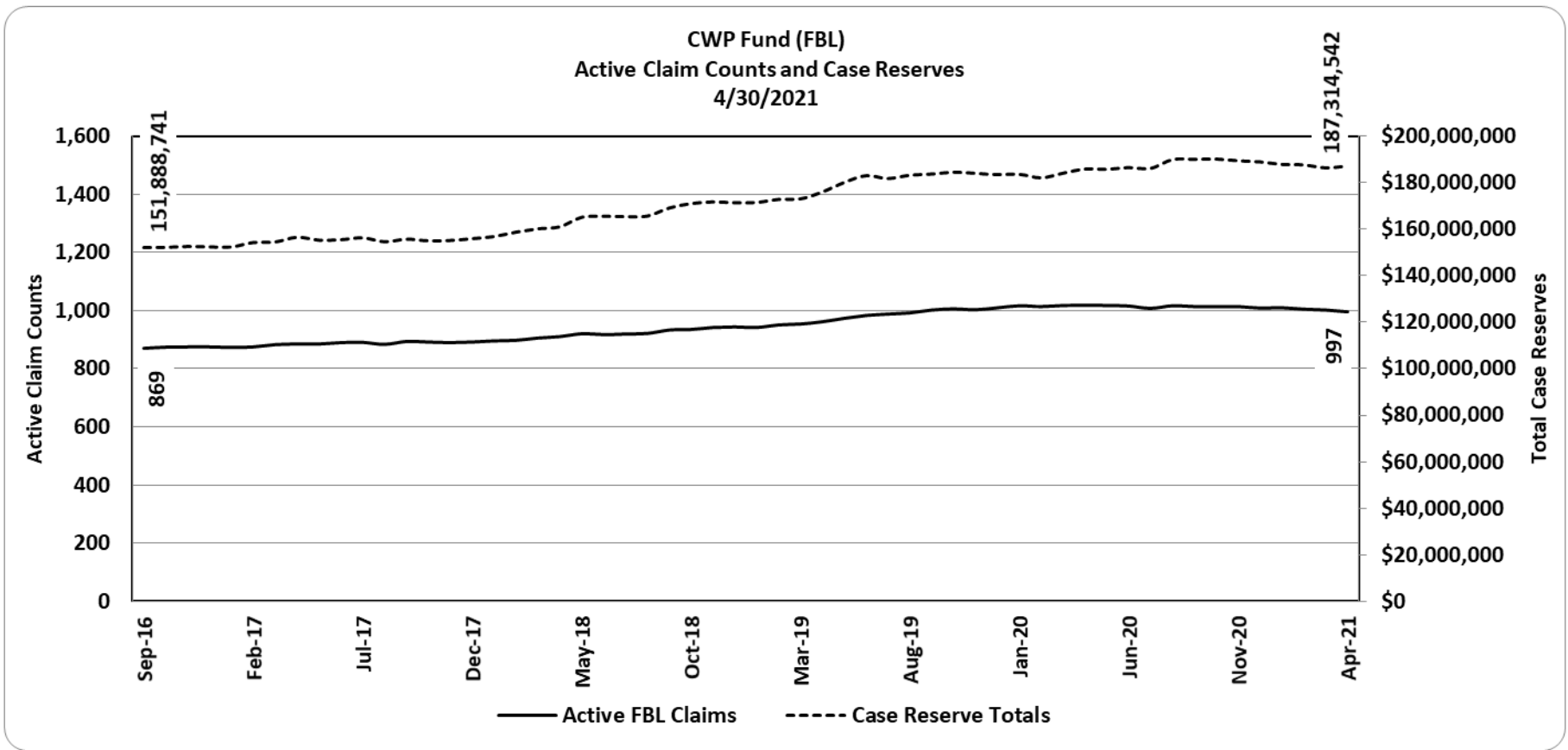
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

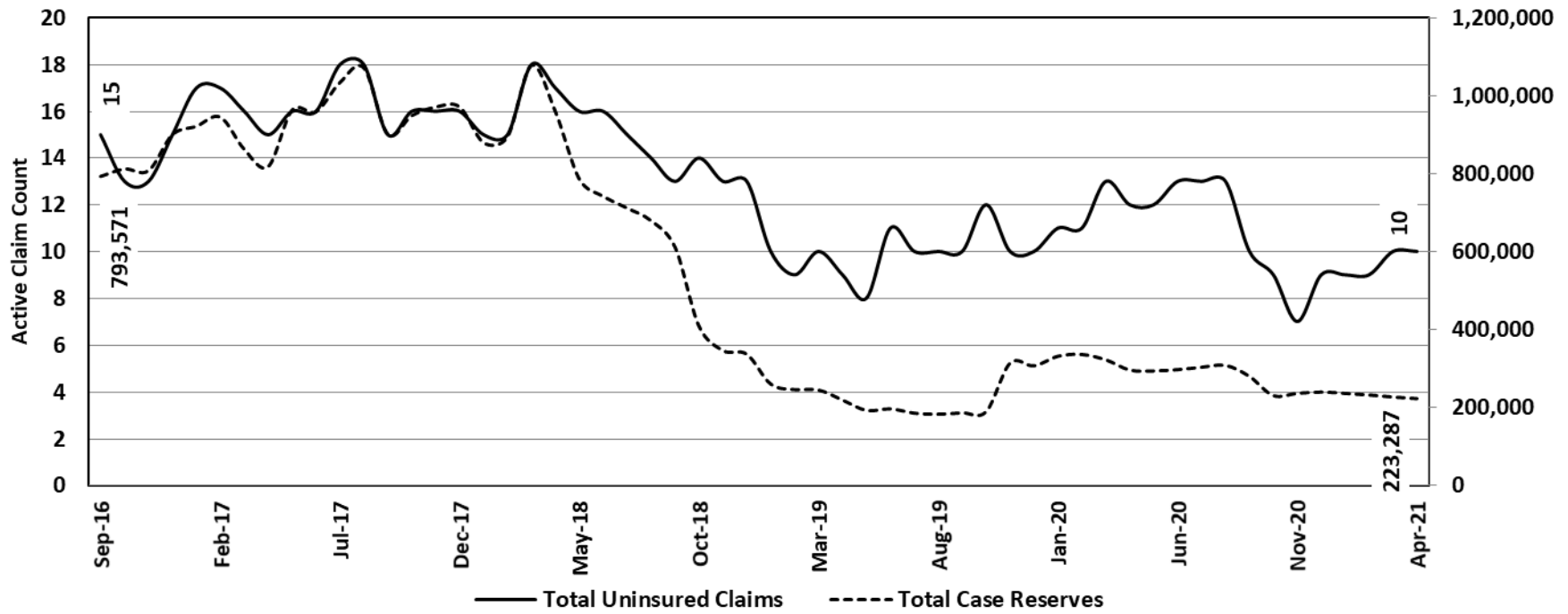
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
4/30/2021**

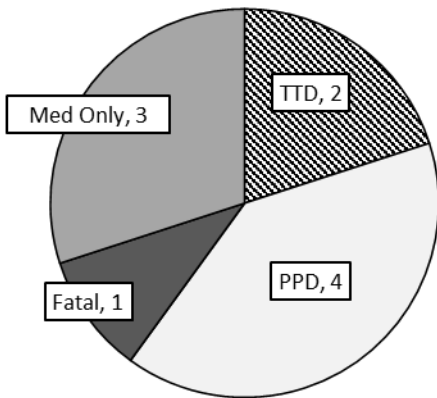




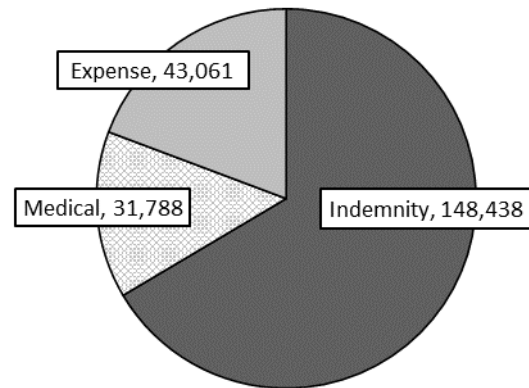
**Uninsured Fund
Active Claim Counts and Case Reserves
4/30/2021**



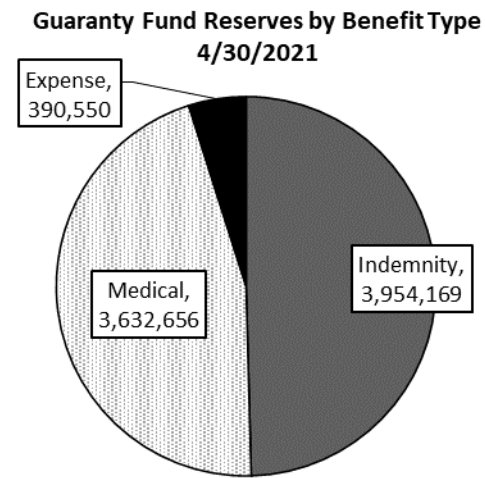
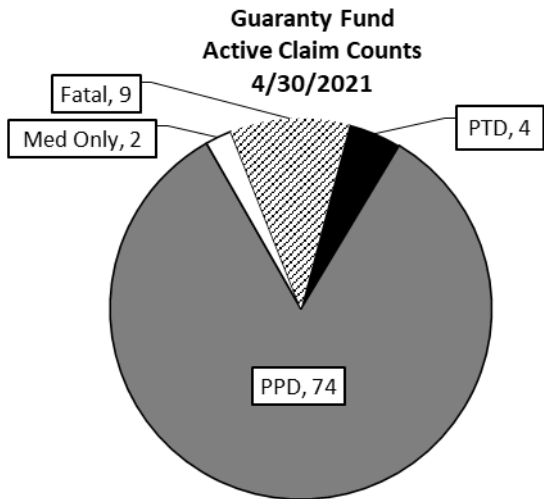
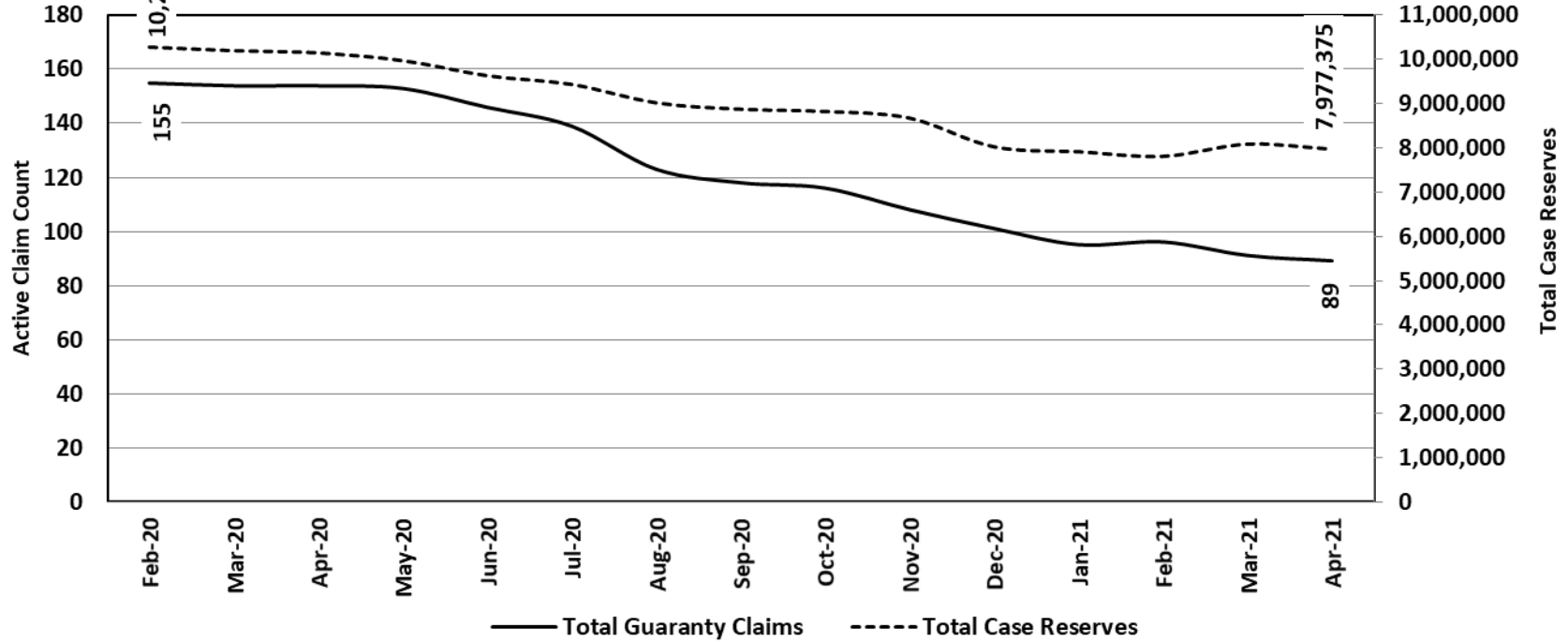
**Uninsured Fund
Active Claim Counts
4/30/2021**



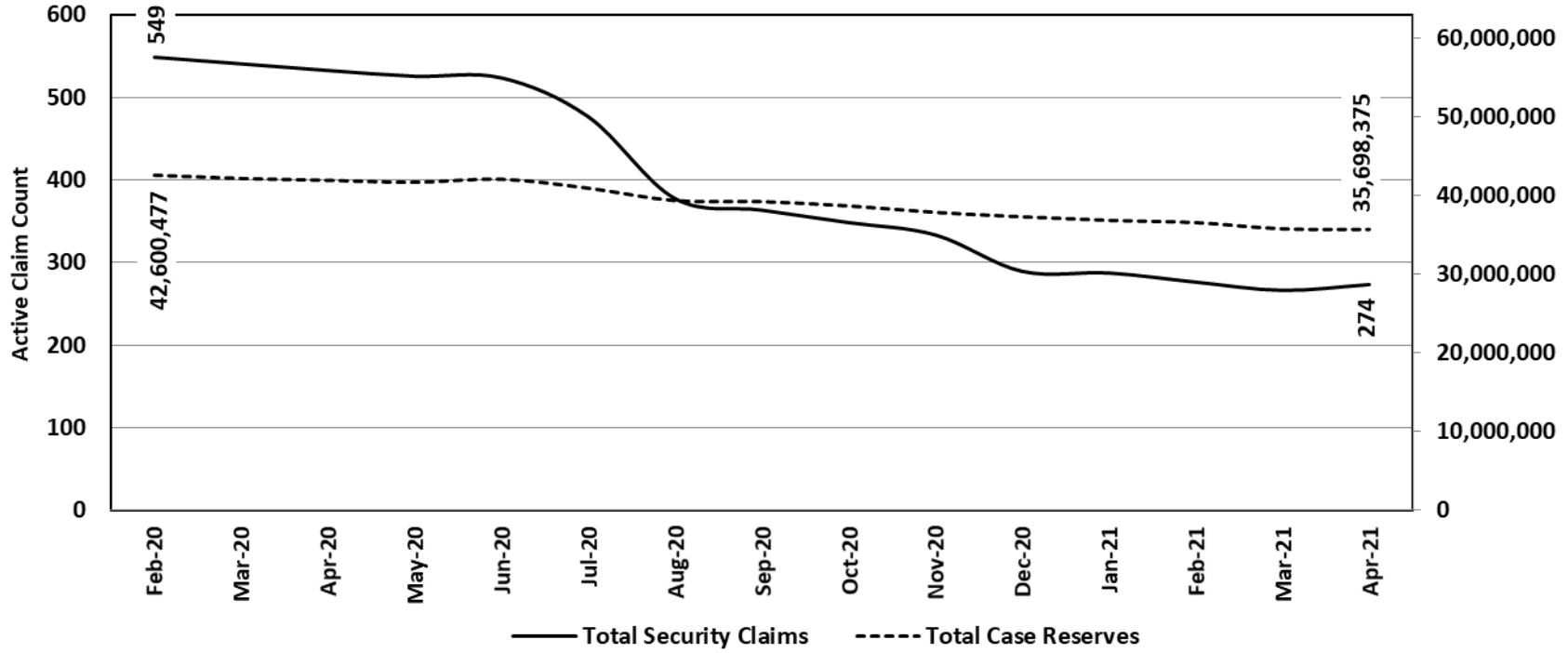
**Uninsured Fund Reserves by Benefit Type
4/30/2021**



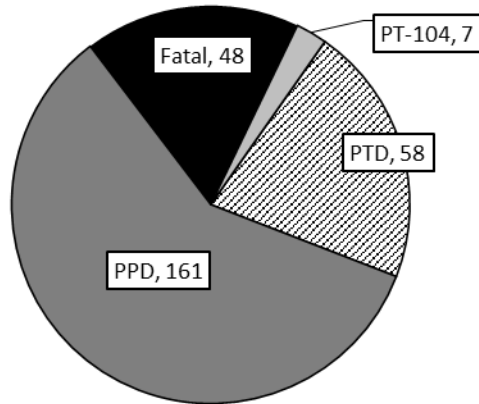
**Guaranty Fund
Active Claim Counts and Case Reserves
4/30/2021**



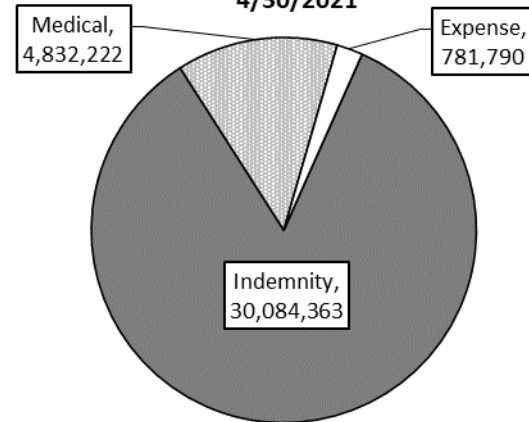
**Security Fund
Active Claim Counts and Case Reserves
4/30/2021**



**Security Fund
Active Claim Counts
4/30/2021**



**Security Fund Reserves by Benefit Type
4/30/2021**



OLD FUND CASH STATEMENT
APRIL 30, 2021

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	993,229,138	1,077,104,966	(83,875,828)	1,077,104,966	1,190,163,510	1,263,372,448
Revenues						
Personal Income Tax	-	-	-	-	-	-
Severance Tax	-	-	-	-	812,164	-
Debt Reduction Surcharge	-	-	-	-	4,078,894	6,668,291
Self-Insured Debt Reduction Surcharge	-	-	-	-	1,628,881	2,130,127
Video Lottery	-	-	-	-	-	2,750,000
Employer Premium	180,231	107,389	72,842	138,119	70,302	513,387
Other Income - Return of Unclaimed Property	-	-	-	-	-	273,871
Operating Revenues	180,231	107,389	72,842	138,119	6,590,241	12,335,675
Investment / Interest Earnings (Losses)	153,637,808	(20,738,998)	174,376,807	48,614,936	17,915,993	67,551,779
Total Revenues	153,818,039	(20,631,609)	174,449,649	48,753,055	24,506,234	79,887,454
Expenditures						
Claims Benefits Paid:						
Medical	14,135,362	18,457,486	(4,322,124)	21,141,087	21,861,068	25,531,399
Permanent Total Disability	58,413,358	63,143,936	(4,730,578)	75,310,561	81,018,639	86,779,468
Permanent Partial Disability	87,787	66,569	21,218	70,989	120,930	301,824
Temporary Disability	-	(486)	486	(486)	49,001	18,268
Fatals	15,455,611	16,166,930	(711,318)	19,297,908	20,440,045	21,608,332
104 weeks death benefit	5,015,759	4,426,105	589,655	5,474,959	4,630,636	5,182,930
Settlements	2,425,369	3,805,725	(1,380,355)	4,452,419	3,688,819	7,058,622
Loss Adjustment Expenses	969,424	1,432,892	(463,467)	1,603,551	1,400,225	1,324,887
Total	96,502,672	107,499,157	(10,996,484)	127,350,987	133,209,364	147,805,732
Less: Claims credits and overpayments	214,002	791,523	(577,521)	982,782	2,443,869	2,877,784
Total Benefits Paid	96,288,670	106,707,634	(10,418,964)	126,368,205	130,765,495	144,927,948
Administrative Expenses	4,425,690	4,789,106	(363,416)	6,260,679	6,799,283	8,168,444
Total Expenditures	100,714,360	111,496,739	(10,782,380)	132,628,883	137,564,778	153,096,392
Excess (Deficiency) of Revenues over Expenditures	53,103,680	(132,128,348)	185,232,028	(83,875,828)	(113,058,544)	(73,208,938)
Transfer from Operating Fund	15,000,000	-	15,000,000			
Cash Ending Balances	1,061,332,817	944,976,618	116,356,200	993,229,138	1,077,104,966	1,190,163,510

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

APRIL 30, 2021

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	220,914,521	232,485,887	(11,571,365)	232,485,887	246,768,365	251,313,328
Revenues						
Investment Earnings (Losses)	35,684,022	(5,803,425)	41,487,447	9,366,126	3,546,660	13,912,317
Other Income - Return of Unclaimed Property	-	-	-	-	-	645
Total Revenues	35,684,022	(5,803,425)	41,487,447	9,366,126	3,546,660	13,912,961
Expenditures						
Claims Benefits Paid:						
Medical	3,253,009	6,428,492	(3,175,483)	7,541,269	4,623,840	6,709,112
PTD and Fatal Indemnity	7,308,845	7,397,855	(89,009)	8,899,722	8,683,360	7,945,389
Loss Adjustment Expenses	2,866,999	3,491,919	(624,921)	3,933,266	3,620,512	3,165,542
Total	13,428,853	17,318,266	(3,889,413)	20,374,258	16,927,711	17,820,043
Less: Claims Credits and Overpayments	46,167	72,450	(26,282)	360,474	85,884	268,646
Total Benefits Paid	13,382,686	17,245,816	(3,863,130)	20,013,784	16,841,827	17,551,397
Administrative Expenses	638,899	777,421	(138,522)	923,707	987,312	906,527
Total Expenditures	14,021,585	18,023,237	(4,001,652)	20,937,491	17,829,139	18,457,924
Excess (Deficiency) of Revenues over Expenditures	21,662,437	(23,826,662)	45,489,100	(11,571,365)	(14,282,479)	(4,544,963)
Cash Ending Balances	242,576,959	208,659,224	33,917,735	220,914,521	232,485,887	246,768,365

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
APRIL 30, 2021

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	33,724,356	33,373,873	350,483	33,373,873	34,042,831	33,836,322
Revenues						
Guaranty Risk Pool Assessments	-	-	-	-	(354)	-
Collateral Proceeds	-	-	-	-	252,925	-
Investment Earnings (Losses)	5,513,237	(907,057)	6,420,294	1,367,274	523,349	1,873,190
Total Revenues	5,513,237	(907,057)	6,420,294	1,367,274	775,921	1,873,190
Expenditures						
Claims Benefits Paid:						
Medical	192,552	309,731	(117,179)	346,473	496,368	239,490
Permanent Total Disability	78,623	85,324	(6,701)	102,389	102,389	181,821
Permanent Partial Disability	76,457	196,580	(120,123)	225,842	260,557	522,798
Temporary Disability	-	-	-	-	13,148	56,649
Fatals	172,496	189,007	(16,510)	223,506	226,808	253,055
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	39,699	-	39,699	10,000	125,000	170,000
Non Awarded Partial Disability	-	-	-	-	-	10,904
Loss Adjustment Expenses	44,719	67,497	(22,778)	76,110	112,306	123,706
Total	604,547	848,139	(243,592)	984,319	1,336,576	1,558,423
Less: Claims Credits and Overpayments	63	45,480	(45,417)	45,480	205	12,868
Total Benefits Paid	604,484	802,659	(198,175)	938,840	1,336,371	1,545,555
Administrative Expenses	54,643	64,867	(10,224)	77,951	108,508	121,127
Total Expenditures	659,127	867,526	(208,399)	1,016,791	1,444,879	1,666,682
Excess (Deficiency) of Revenues over Expenditures	4,854,110	(1,774,583)	6,628,693	350,483	(668,958)	206,509
Cash Ending Balances	38,578,466	31,599,290	6,979,176	33,724,356	33,373,873	34,042,831

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

APRIL 30, 2021

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	49,568,499	50,905,481	(1,336,982)	50,905,481	53,404,259	54,448,203
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	243,007	-
Investment Earnings (Losses)	8,026,511	(1,293,473)	9,319,984	2,087,341	770,092	3,015,368
Total Revenues	8,026,511	(1,293,473)	9,319,984	2,087,341	1,013,099	3,015,368
Expenditures						
Claims Benefits Paid:						
Medical	472,327	481,857	(9,530)	549,908	527,648	802,935
Permanent Total Disability	1,049,455	1,158,310	(108,855)	1,379,159	1,519,062	1,603,037
Permanent Partial Disability	4,137	(60)	4,197	(60)	5,702	-
Temporary Disability	-	-	-	-	-	-
Fatals	733,023	827,491	(94,469)	979,631	1,090,855	1,230,799
104 Weeks Death Benefit	152,186	61,538	90,648	78,073	8,932	37,804
Settlement Agreements	253,368	105,071	148,297	162,665	19,065	207,565
Loss Adjustment Expenses	58,271	107,949	(49,677)	118,818	96,587	88,371
Total	2,722,767	2,742,156	(19,389)	3,268,194	3,267,851	3,970,511
Less: Claims Credits and Overpayments	82,853	102,059	(19,206)	102,299	54,962	223,585
Total Benefits Paid	2,639,914	2,640,097	(183)	3,165,895	3,212,889	3,746,926
Administrative Expenses	157,282	213,459	(56,177)	258,428	298,987	312,386
Total Expenditures	2,797,196	2,853,556	(56,360)	3,424,323	3,511,876	4,059,312
Excess (Deficiency) of Revenues over Expenditures	5,229,314	(4,147,029)	9,376,344	(1,336,982)	(2,498,778)	(1,043,944)
Cash Ending Balances	54,797,813	46,758,452	8,039,361	49,568,499	50,905,481	53,404,259

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
APRIL 30, 2021

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	13,817,714	13,211,915	605,799	13,211,915	12,989,971	12,760,544
Revenues						
Fines and Penalties	271,137	337,829	(66,692)	385,577	588,767	436,728
Investment Earnings (Losses)	2,251,670	(376,573)	2,628,243	517,439	179,479	660,537
Total Revenues	2,522,807	(38,743)	2,561,551	903,016	768,246	1,097,265
Expenditures						
Claims Benefits Paid:						
Medical	2,096	6,492	(4,396)	7,169	129,612	164,187
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	-	13,991	(13,991)	15,617	30,633	33,025
Temporary Disability	3,048	22,059	(19,012)	22,059	35,751	104,582
Fatals	21,334	39,656	(18,322)	37,816	50,030	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	40,276	62,000	(21,724)	82,000	106,000	344,000
Loss Adjustment Expenses	25,709	44,030	(18,320)	46,867	52,714	5,846
Total	92,463	188,228	(95,764)	211,528	404,740	701,671
Less: Claims Credits and Overpayments	41,982	7,535	34,447	7,535	50,676	47,333
Total Benefits Paid	50,481	180,693	(130,212)	203,993	354,064	654,338
Administrative Expenses	2,760	92,096	(89,336)	93,224	192,238	213,501
Total Expenditures	53,241	272,789	(219,548)	297,217	546,302	867,839
Excess (Deficiency) of Revenues over Expenditures	2,469,566	(311,532)	2,781,099	605,799	221,944	229,426
Cash Ending Balances	16,287,280	12,900,383	3,386,898	13,817,714	13,211,915	12,989,971

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.



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

James A. Dodrill
Insurance Commissioner

May 24, 2021

Joint Committee on Government and Finance
Building 1, Room E-140
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0610

Re: Commissioner's Annual Report on Mental Health Parity

Honorable Committee Members:

Senate Bill 291, regarding Mental Health Parity, passed the Legislature during the 2020 Session and became effective on June 5, 2020. The substantive provisions of the newly enacted code sections became effective for health insurance policies, contracts, plans or agreements beginning on or after January 1, 2021. Senate Bill 291 (2020) also requires that, on or after June 1, 2021, and annually thereafter, the Insurance Commissioner submit a written report to the Joint Committee on Government and Finance that contains certain information on health plans subject to the newly enacted provisions. Accordingly, I am providing you with this first annual report to update the Legislature on the Insurance Commissioner's actions since Senate Bill 291(2020) was enacted.

Pursuant to the newly enacted W.Va. Code §§33-15-4u, 33-16-3ff, 33-24-7u, 33-25 -8r, and 33-25A-8u, the Insurance Commissioner was required to promulgate legislative rules for consideration by the Legislature during the 2021 Legislative Session, which specified the information and analyses that insurance carriers must provide to the Commissioner necessary for the Commissioner to complete an annual report to the Joint Committee on Government and Finance. The rule was to delineate the format in which insurance carriers are to submit the required information and analyses and must require that each insurance carrier first submit the report to the Commissioner no earlier than one year after the rules are promulgated, and any year thereafter during which the carrier makes significant changes to how it designs and applies medical management protocols. The Insurance Commissioner completed the rule as required by the Legislature, W.Va. Code St. R. §114-64-1, *et seq.* The rule was passed as part of the Department of Revenue "rules bundle," Senate Bill 160 (2021), on March 23, 2021, and approved by the Governor on April 1, 2021. The Insurance Commissioner filed the final rule with the Secretary of State on April 14, 2021, and it was effective May 1, 2021.



As noted, the rule also requires our office to issue a data call annually to insurance carriers subject to the rule but provides the first report from insurance carriers be made no earlier than one year after the rule is promulgated. Additionally, as the substantive provisions of the newly enacted code sections only became effective for health insurance policies, contracts, plans or agreements beginning on or after January 1, 2021, there is not yet a full year's worth of data available to collect. However, the Insurance Commissioner is currently developing an electronic reporting format or portal to collect the data required from insurance carriers. I anticipate that the first data call will be issued in March 2022, with a due date of April 2022. This data will be used to prepare the Annual Report on Mental Health Parity due June 1, 2022 to the Joint Committee on Government and Finance.

I look forward to sharing this information with the Committee in the future on this very important topic. Should you have any questions, please do not hesitate to contact me.

Very truly yours,



James A. Dodrill
Insurance Commissioner

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 12, 2021

OPERATING REPORT

APRIL 2021

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Glenda Probst,
Appointed by the
Governor

Mark A. Mangano,
Esq. Attorney
Appointed by the
Governor

Executive Staff

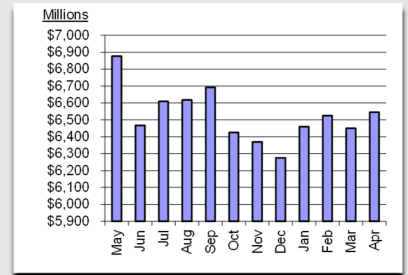
Executive
Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$6,545,530,000

Last Month
\$6,450,098,000

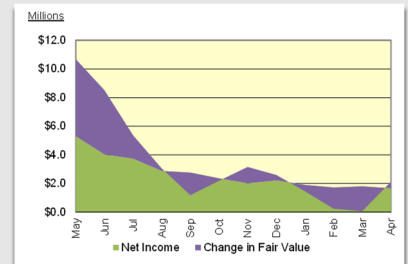
Beginning of Fiscal Year
\$6,467,527,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$21,358,000



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

Money Market Pools

As of April 30, 2021

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.0934%	54 Days	\$5.2 Billion
WV Gov't Money Market	0.0247%	42 Days	\$169.1 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

APRIL 2021

Modestly Higher Interest Rates

Market Results

Global equities pushed higher in April as a relatively positive macroeconomic backdrop—progress with the vaccine roll-out, stronger-than-expected corporate earnings and ongoing stimulus tailwinds—bolstered market sentiment. In the U.S., the S&P 500 Index posted its third consecutive month of gains, adding 5.3% in April; this marked the best month for the index since November 2020. Outside the U.S., local markets benefitted from broad dollar weakness: the MSCI EAFE and MSCI Emerging Markets indexes gained 3% and 2.5%, respectively.

In fixed income, U.S. yields fell following a significant rise in March. The 10- and 30-year Treasury yields fell 10 and 12 basis points, respectively, resulting in the flattening of the yield curve. Longer-duration fixed-income indexes outperformed with the Barclays U.S. Long Treasury Index up 2.3% for the month. Within credit, option-adjusted spreads modestly tightened, reflecting broad risk-on sentiment. Spreads in lower-quality credit experienced the greatest movement with the U.S. Corporate High Yield OAS falling 19 basis points in April.

Within real assets, commodities rallied given supply chain disruptions and general improvement in the global growth outlook; the Bloomberg Commodity Index increased 8.3% last month. Spot WTI Crude Oil experienced a volatile month with the OPEC+ decision to curb production cuts, but the commodity still ended up 7.4% in April.

Market Outlook

The broadly improving macroeconomic backdrop has generally resulted in higher growth and inflation expectations in the near term. While the increase in interest rates this year has been notable, we continue to advocate for investors to maintain a dedicated allocation to Treasuries to support liquidity levels and cash flow needs in the event of a market dislocation. Further, the ongoing support from monetary and fiscal interventions continues to provide a supportive environment for equities. To that end, we encourage investors to favor equities even in the face of modestly higher interest rates.

West Virginia Board of Treasury Investments

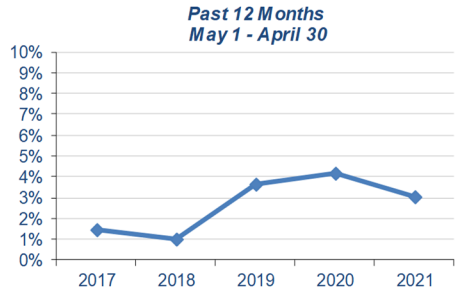
Financial Highlights as of April 30, 2021

WV Short Term Bond Pool

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

<u>May 1 - April 30</u>	<u>Return</u>	<u>Net Assets At Apr 30 (In Millions)</u>
2021	3.0%	\$ 820.5
2020	4.2%	\$ 811.8
2019	3.6%	\$ 728.5
2018	1.0%	\$ 706.9
2017	1.5%	\$ 754.3

WV Short Term Bond Pool Rates of Return

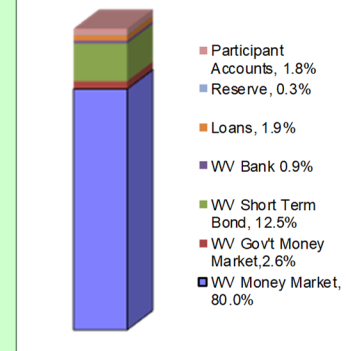


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

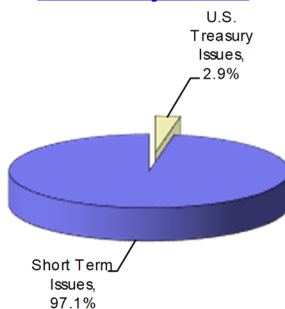
<u>Pool</u>	<u>Net Asset Value</u>	<u>Apr Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 5,234,960	\$ 398	\$ 7,551
WV Gov't Money Market	169,092	5	171
WV Short Term Bond	820,506	1,462	10,983
WV Bank	60,224	10	165
Loans	123,658	161	1,610
Reserve	19,937	3	32
Participant Accounts	117,153	85	846
	<u>\$ 6,545,530</u>	<u>\$ 2,124</u>	<u>\$ 21,358</u>

Percent of Total Net Asset Value

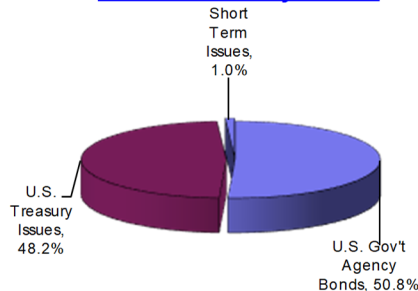


Securities by Type for Operating Pools (Percentage of Asset Value)

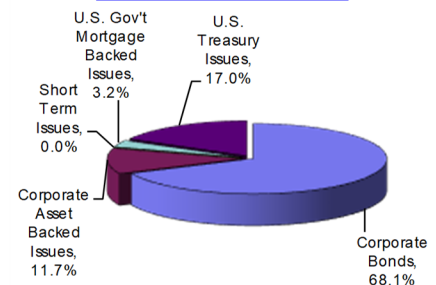
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED

APRIL 30, 2021

(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>
Assets							
Investments:							
At amortized cost	\$ 5,235,530	\$ 169,161	\$ -	\$ 60,193	\$ 143,439	\$ -	\$ 5,608,323
At fair value	-	-	817,227	-	-	116,612	933,839
Other assets	733	7	4,921	36	166	542	6,405
Total assets	<u>5,236,263</u>	<u>169,168</u>	<u>822,148</u>	<u>60,229</u>	<u>143,605</u>	<u>117,154</u>	<u>6,548,567</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	1,303	76	1,642	5	10	1	3,037
Total liabilities	<u>1,303</u>	<u>76</u>	<u>1,642</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>3,037</u>
Net Position							
Held in trust for investment pool participants	5,234,960	169,092	820,506	60,224	143,595	-	6,428,377
Held in trust for individual investment account holders	-	-	-	-	-	117,153	117,153
Total net position	<u>\$ 5,234,960</u>	<u>\$ 169,092</u>	<u>\$ 820,506</u>	<u>\$ 60,224</u>	<u>\$ 143,595</u>	<u>\$ 117,153</u>	<u>\$ 6,545,530</u>
Additions							
Investment income:							
Interest and dividends	\$ 197	\$ 3	\$ 1,402	\$ 11	\$ 166	\$ 93	\$ 1,872
Net (amortization) accretion	434	9	(349)	-	-	(2)	92
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>631</u>	<u>12</u>	<u>1,053</u>	<u>11</u>	<u>166</u>	<u>91</u>	<u>1,964</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	233	10	56	1	2	-	302
Total investment expenses	<u>233</u>	<u>10</u>	<u>56</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>302</u>
Net investment income	398	2	997	10	164	91	1,662
Net realized gain (loss) from investments	-	3	302	-	-	-	305
Net increase (decrease) in fair value of investments	-	-	163	-	-	(6)	157
Net increase (decrease) in net position from operations	398	5	1,462	10	164	85	2,124
Participant transaction additions:							
Purchase of pool units by participants	1,283,598	17,692	21,585	10	6,583	-	1,329,468
Reinvestment of pool distributions	398	6	1,114	10	163	-	1,691
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>1,283,996</u>	<u>17,698</u>	<u>22,699</u>	<u>20</u>	<u>6,746</u>	<u>-</u>	<u>1,331,159</u>
Total additions	1,284,394	17,703	24,161	30	6,910	85	1,333,283
Deductions							
Distributions to pool participants:							
Net investment income	398	2	997	10	163	-	1,570
Net realized gain (loss) from investments	-	3	302	-	-	-	305
Total distributions to pool participants	<u>398</u>	<u>5</u>	<u>1,299</u>	<u>10</u>	<u>163</u>	<u>-</u>	<u>1,875</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,124,128	110,728	-	10	1,110	-	1,235,976
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>1,124,128</u>	<u>110,728</u>	<u>-</u>	<u>10</u>	<u>1,110</u>	<u>-</u>	<u>1,235,976</u>
Total deductions	<u>1,124,526</u>	<u>110,733</u>	<u>1,299</u>	<u>20</u>	<u>1,273</u>	<u>-</u>	<u>1,237,851</u>
Net increase (decrease) in net position from operations	159,868	(93,030)	22,862	10	5,637	85	95,432
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	159,868	(93,030)	22,862	10	5,637	85	95,432
Net position at beginning of period	5,075,092	262,122	797,644	60,214	137,958	117,068	6,450,098
Net position at end of period	<u>\$ 5,234,960</u>	<u>\$ 169,092</u>	<u>\$ 820,506</u>	<u>\$ 60,224</u>	<u>\$ 143,595</u>	<u>\$ 117,153</u>	<u>\$ 6,545,530</u>

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION



INFORMATIONAL REPORT

June 8, 2021

Informational Report on the Boy Scouts of America: Property Tax Exemption at the Bechtel Summit Reserve Property

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Introduction

In 2009 the Boy Scouts of America (BSA) purchased the Bechtel Summit Reserve to host the National Scout Jamboree.¹ The Bechtel Summit is a 10,000-acre facility located in Fayette, Raleigh, and Summers counties in West Virginia.

In 2015 the Legislature enacted W.Va. Code §11-3-9, which exempted the BSA from paying property taxes at Bechtel Summit Reserve, and set forth the following statutory requirements:

1. Revenues generated by BSA from certain *for-profit* activities are subject to a one and one quarter percent fee (authorized fee).
2. The sheriff(s) of the county wherein the Summit property is located are responsible for the collection of the one and one quarter percent fee, as well as the remittance of the collected funds into the State Treasury.
3. Separate studies by the county commissions (having jurisdiction over the location of the Summit property) and research bodies affiliated with West Virginia University and Marshall University are to be conducted regarding the economic impact upon local businesses, as well as the overall local and statewide effect of the exemption.

The Legislative Auditor is providing the Joint Committee with an update regarding the various study requirements and collected additional information regarding the authorized fee amounts collected and remitted since 2015.

Authorized Fee

W.Va. Code §11-3-9 details the limitations and conditions placed on the exemption granted to BSA, specifically noting that the exemption does not apply to situations where the Summit property is used “*for-profit or outside the primary purpose of the business*” **unless** the income is generated by an activity subject to a statutorily authorized one and one quarter percent fee. W.Va. Code §11-3-9 subsequently details the approved activities subject to the authorized fee, as well as allowable charitable and nonprofit uses of the property.

The statute assigns responsibility for the monthly collection of all monies derived from the authorized fee to the sheriff of the county where the majority of the Summit property is located. In addition, all monies collected are to be remitted to a special account in the State Treasury, and distributed annually by the State Treasurer, on October 1 of each year, in the following manner:

- A. Twenty-Five percent shall be paid annually to the Tourism Promotion Fund.
- B. Twenty-Five percent shall be paid annually to county or counties (by proportion) where the property is located.
- C. Fifty percent shall be paid into accounts used solely for the establishment and delivery of a science, technology, engineering, art and math (STEAM) program in conjunction with the owner of the exempt property.

¹ The Summit property provides a venue for a variety of training, scouting, and adventure activities. The Summit has hosted two National Scout Jamborees (a gathering of thousands of members of the Boy Scouts of America) in 2013 and 2017. In addition to hosting the national jamboree every fourth year, the Summit hosts various kinds of events at the state, national, as well as international level on a yearly basis.

The Legislative Auditor requested information from the West Virginia State Treasurer's Office regarding the collection and distribution of the authorized fee. The following table summarizes the State Treasurer's Office response and the disbursement of funds resulting from the collection of the authorized fee for fiscal years 2018-2020.

Disbursement of Funds 2018-2020*			
<u>Total Tourism Fund Disbursements - 25%</u>			
Year	2018	2019	2020
Totals	\$321.85	\$555.74	\$638.87
<u>Total Disbursements to Counties - 25%</u>			
Year	2018	2019	2020
Fayette County	\$308.86	\$533.32	\$613.09
Raleigh County	\$12.86	\$22.21	\$25.53
Summers County	\$0.12	\$0.21	\$0.24
Totals	\$321.84	\$555.74	\$638.86
<u>Total STEAM Disbursements- 50%</u>			
Year	2018	2019	2020
Fayette County	\$160.93	\$277.87	\$319.43
Nicholas County	\$160.93	\$277.87	\$319.44
Raleigh County	\$160.93	\$277.87	\$319.43
Summers County	\$160.93	\$277.87	\$319.44
Totals	\$643.72	\$1,111.48	\$1,277.74
Grand Total	\$1,287.41	\$2,222.96	\$2,555.47
<i>Source: West Virginia State Treasurer's Office</i>			
<i>* The West Virginia State Treasurer's Office did not have data regarding the disbursement of funds for years prior to 2018.</i>			

Reporting Requirements

University Reporting

W.Va. Code §11-3-9 sets forth requirements relating to the submission of economic impact studies by the West Virginia University Bureau of Business and Economic Research in coordination with Marshall University Center for Business and Economic Research. The results of these studies, which seek to determine the realized and future potential financial benefits and/or disadvantages resulting from the continuation of the exemption granted to the BSA, fall under a statutorily required submission date of January 1, 2020.

The Legislative Auditor obtained and reviewed the WVU economic impact report, released in 2019, and a draft copy of the Marshall economic impact report (a date for the release of the final report has not been set by Marshall University) for compliance with the provisions of W.Va. Code §11-3-9. This review identified a number of informative revenue/spending figures and projections, however information regarding the authorized fee, corresponding benefits/disadvantages, and/or reasons proposed to continue or terminate this statutory provision was notably absent from both reports.

County Reporting

W.Va. Code §11-3-9 also requires the county commission of the counties where the Summit property is located to report to the Joint Committee on Government and Finance, information regarding the costs and benefits, as well as any unfair business competition, resulting from the exemption granted to BSA, every five years, beginning on January 1, 2020.

The Legislative Auditor requested information regarding these reports from the Raleigh County Commission and the Fayette County Commission. In response, the Raleigh County Commission stated that their office was not aware of the reporting requirements stipulated in W.Va. Code §11-3-9 – however the Commission did transmit to the Legislative Auditor data regarding the amount of foregone property tax revenue applicable to the portion of the Summit property located within Raleigh County, as is shown in the table below.

Raleigh County Foregone Property Tax Revenue			
<u>Tax Year</u>	<u>Assessed Value[^]</u>	<u>Tax Rate</u>	<u>Foregone Tax Revenue</u>
2016	\$212,340	2.4560%	\$5,215.07
2017	\$212,340	2.4172%	\$5,132.68
2018	\$212,340	2.4172%	\$5,132.68
2019	\$212,340	2.4172%	\$5,132.68
2020	\$212,340	2.4172%	\$5,132.68
2021	\$212,340	2.4172%	\$5,132.68*
Total	\$1,274,040	---	\$30,878.47

Source: Raleigh County Commission
[^] *Assessed value based on the combined property value of two separate parcels comprising the portion of the Summit property located within Raleigh County.*
 * *Estimated Amount based on 2020 Tax Rate.*

In addition, the Legislative Auditor was informed that the Fayette County Commission has not, to this point, collected and reported information related to the Summit property as required by W. Va. Code §11-3-9, but steps are now being taken by the County to ensure compliance with the statute moving forward. Further, the Commission submitted general information regarding the Reserve based upon observations and inquiries, a portion of which, is included below:

- 2011 Summit Property Value - \$10,779,300 / Forgone Tax Revenue - \$91,253.
- 2020 Summit Property Value - \$221,867,880 / Forgone Tax Revenue - \$1,878,245.
- The County has not collected hotel/motel taxes for lodging facilities recently added to the Summit property but is working with BSA to re-evaluate its obligation regarding hotel/motel taxes.
- The Commission has collected information from a small sample of local businesses regarding the perceived impact of the Reserve upon their operations. The Legislative Auditor reviewed this information and found that, among business owners who felt BSA’s presence had a measurable effect upon their operations (roughly half of the respondents), the majority conveyed that the Reserve had a positive impact on their business.

Fayette County Commission Informational Survey		
Responses from Businesses	Do you feel that the activity at the Summit Bechtel Reserve has an impact on your business?	Should the Summit Bechtel Reserve maintain their property tax exempt status?
Yes	37	9
Positive Impact	34	-
Negative Impact	3	-
No	26	14
Maybe	7	-
Did not respond	-	42
Other	2	7

Source: Fayette County Commission



ECONOMIC IMPACT OF THE SUMMIT BECHTEL FAMILY NATIONAL SCOUT RESERVE ON WEST VIRGINIA

SUMMER 2019



 **West Virginia University**
JOHN CHAMBERS COLLEGE OF
BUSINESS AND ECONOMICS
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The opinions herein are those of the authors and do not necessarily reflect those of the West Virginia Higher Education Policy Commission or the West Virginia University Board of Governors.

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Executive Summary

The Summit Bechtel Family National Scout Reserve, henceforth called the Summit, was chosen by the Boy Scouts of America (BSA) in 2009 as the home of the US National Scout Jamboree. The Summit has hosted two National Scout Jamborees in 2013 and 2017. Moreover, it also hosts various training, scouting, and adventure events at the state, national, and international levels. Overall, the Summit is expected to play an important role in promoting tourism in the state, which in turn helps boost the state economy. The purpose of this study is to estimate the economic impact that the Summit operation generates for the West Virginia economy. We estimate the impact based on the Summit operations in 2017 and 2018. We consider these two years separately because activities in 2017 were much larger than what is typical due to the 2017 National Jamboree. This level of activity occurs only once every four years. Our estimates from 2018 are intended to represent typical operations in Non Jamboree years.

Our findings are summarized as follows:

Economic Impact of the Summit Operational Spending during the Jamboree Year:

- **All the Summit events hosted during the Jamboree Year attracted a total of more than 46 thousand participants, of whom, nearly 30 thousand were the participants of the 2017 National Jamboree.**
- **The Summit operational spending during the Jamboree Year generated a total output impact of more than \$76 million, which supported, on an annualized basis, 350 jobs associated with a total employee compensation of nearly \$13.5 million.**
- **Overall, the operation generated \$1.2 million in select state and local tax revenue.**

Economic Impact of the Summit Operational Spending during the Non Jamboree Year:

- **All the Summit events hosted during the Non Jamboree Year attracted a total of nearly 24 thousand participants.**
- **The Summit operational spending during the Non Jamboree Year generated a total output impact of more than \$28 million. This output impact supported, on an annualized basis, 280 jobs associated with a total employee compensation of more than \$10.5 million.**
- **Overall, the operation generated \$0.9 million in select state and local tax revenue.**

Economic Impact of the Summit Construction Spending:

- **The annual Summit construction spending generated a total output impact of more than \$18.5 million, which supported, on an annualized basis, 92 jobs associated with a total employee compensation of more than \$7.5 million.**
- **Overall, the construction spending generated a total of \$0.5 million in select state and local tax revenue.**

The above impact considers only dollars spent in the West Virginia economy in 2017 and 2018. It does not include the impact that spilled over to other parts of the US economy or the value of the volunteers working for the Summit events. The estimated impact also does not include non-quantifiable impacts such as the exposure that the state's tourism industry receives from hosting the event, which in and of itself could help boost the state economy.



1 Introduction

The Summit Bechtel Family National Scout Reserve, henceforth the Summit, is an area chosen by the national council of Boy Scouts of America (BSA) in 2009 as the home of the US National Scout Jamboree. It is a more than 10 thousand acre area within Fayette and Raleigh counties in West Virginia, and is located about 12 miles north of Beckley. It provides an attractive venue for a variety of training, scouting, and adventure activities. Thus far, the Summit has hosted two National Scout Jamborees in 2013 and 2017. In addition to hosting the national jamboree every fourth year, every year the Summit hosts various kinds of events at the state, national, as well as international level such as Shooting Sports Conference, Hunters Education, Youth Science Camps, Spartan Race, etc. In July 2019, the Summit will host the 24th World Scout Jamboree.

Overall the Summit is expected to play an important role in promoting tourism in West Virginia, attracting people to visit the state and spend money on the West Virginia businesses, thereby boosting the state economy. It is not a coincidence that the Summit is located close to the New River Gorge national river, a popular destination for whitewater rafting, mountain biking, rock climbing, and about 14 miles south of the New River Gorge Bridge, a popular tourist destination.

The purpose of this study is to estimate the economic impact that the Summit operation generates for the West Virginia economy. We estimate the impact based on the Summit operations in 2017 and 2018. The 2017 operation represents the Jamboree Year operation in which the Summit hosted the 2017 National Jamboree, and the 2018 operation represents the Non Jamboree Year operation in which the Summit did not host a National Jamboree. Presenting the impacts in both cases, with and without the National Jamboree, provides a more complete picture of the overall impact of the Summit on the state economy. This approach is preferred because the National Jamboree, a very sizeable event that occurs only once every four years, naturally generates a larger economic impact compared to the other events that occur at the Summit every year.

The next section of the report describes the types of events that the Summit organized in its 2017 and 2018 operations, followed by a section describing the methodology used to estimate the economic impact. The final section of the report presents the economic impact estimates.



2 Methodology

To estimate the economic impact of the Summit operation we apply a detailed model of the West Virginia economy that outlines how trade-flows among industries interact with key economic indicators such as employment, income, output, and tax revenue.¹ The first step to estimate the total economic impact is estimating the Summit's direct impact, which represents the direct spending associated with the Summit operation organizing all these events. The direct spending, in this case, comes from two sources: first, the Summit routine operational spending in which it pays the regular and temporary workers, purchase materials, office supplies, and meal and beverages needed for the events, and second, the spending made by the participants, vendors, or spectators as they pay for lodging, food and beverages, gas, etc., during their stay at the events.

Data on the Summit's annual operation spending is provided by the Summit. Included in these data is information about the shares of the expenditures going to West Virginia residents as opposed to non-West Virginia residents. Data on the spectators' spending, however, is more difficult to obtain. We estimate the spectator's spending based on the collection of various data sets including a survey of the Spartan Race participants, a STAR hotel report,² and online information on local hotels rates and the number of rooms available in the area nearby the Summit such as Beckley and Charleston. It is important to note that we explicitly do not consider some of the spectators spending that should not be attributed as part of the Summit impact. First, we filter out the spending made by West Virginia residents on food and beverages. This is because these people would typically spend their money on food and beverages anyway even if they do not visit or participate in the Summit events. In other words, this money will still circulate in the state economy even if they don't attend the Summit events. Second, we take into account the displacement effect that the Summit spectators have on the regular visitors. During the events, the Summit spectators occupy most of the lodging facilities available in the region, and as a result they push-out regular visitors who would have come had there been no Summit events. We attribute only the difference in lodging spending made during the Summit events and the normal season as part of the Summit impact.

All the steps described are taken to estimate the Summit's direct impact. The total economic impact of Summit operation, however, is not limited to this direct impact, but also includes the secondary economic impacts accrued as these direct expenditures are re-spent throughout the rest of the economy. For example, as spectators purchase food and beverages from restaurants, the restaurants will increase production by purchasing more materials to make the food and beverages. Consequently, the suppliers of these food and beverage materials will increase their production, which in turn will cause the next suppliers to increase their production, and so on. All of this additional economic activity that stems from the direct impact is referred to as indirect impacts. In addition, these restaurants and all the subsequent suppliers employ numerous workers, part of whose income will be spent in the West Virginia economy, generating additional impact. This activity associated with employees spending their income in the state is referred to as induced impacts. These indirect and induced impacts together form

¹ This study was conducted using the IMPLAN modeling software, an industry-standard input-output model of the economy. More information about IMPLAN can be found at <http://www.implan.com>.

² This is a report published by Smith Travel Research (STR), generated based on STR's survey of participating hotels. It is available on a subscription basis and contains information on hotels' occupancy rate, average daily rate, and total revenue. For this study we obtain only a general summary of the report.



what is known as the “multiplier effect.” The original stimulus to the economy from the Summit operation’s direct impact is re-spent multiple times through the rest of the economy. The combined direct impact and secondary impacts constitute the total economic impact of the Summit.

3 Jamboree Year (2017) and Non Jamboree Year (2018) Summit Operations

The Summit funds its annual operations using not only its own routine operational budget, but also the revenue it collects from hosting all those events. These revenues come from different sources such as fees from participants, vendors, and spectators, as well as revenues from the sales of merchandises, outfitters, and food and beverages.

Naturally, the bigger the event, the bigger the revenue collected, and this determines the difference in the magnitude of the Summit operation year by year. For example, the Summit hosted the National Jamboree in 2017, an event attended by nearly 30 thousand participants from across the US. The impact of this big event is reflected in about \$30 million difference in total spending between the Summit’s 2017 operation and 2018 operation. More importantly, that \$30 million difference was almost entirely attributable to the revenue that the Summit collected from hosting the 2017 National Jamboree event.

Naturally, there is also a tradeoff. As the Summit hosts a big event such as the 2017 National Jamboree, it has to forego hosting some other smaller events. For example, the number of events the Summit hosted in 2017 is significantly smaller than in those it hosted 2018. The Summit was able to host as many as nine Training Center events in 2018, but it only hosted five similar events in 2017. In addition, the Summit also hosted various small events in 2018 that it did not host in 2017 such as WVU Science Camp, Camp Royal, Greater Alabama Council Visit, Leadership Beckley, and Leadership West Virginia. Overall, however, all the Summit events during the Jamboree Year operation in 2017 attracted a total of 46.4 thousand participants, about 22.6 thousand more than the number of participants attracted during the Non Jamboree operation in 2018.

Figure 1 shows the comparison of all the events the Summit hosted in 2017 and 2018. All the spending associated with hosting the events listed in this Figure is the basis this study uses to estimate the economic impact of the Summit operation.



Figure 1: Summit's 2017 and 2018 Events Summary

Events in 2017	Number of Participants	Events in 2018	Number of Participants
Jamboree	29,071	--	--
Spartan Race	11,000	Spartan Race	11,206
High Adventure	780	High Adventure	2,202
Community Heroes	827	Veterans/Community Heroes	829
One Day Picnic (September)	700	One Day Picnic (July & Oct.)	1,400
Scout Camp	3,972	Scout Camp	2,809
Justice Resident Camp		Scout Camp	
Council Adventure		Venture Fest	
Girl Scouts			
LDS Encampment			
Training Center	76	Training Center	4,601
MTB Program Manager		Shooting Sports Conference	
NAYLE		Summit/Buckskin Sporting Clays	
NAYLE Staff		Training Center	
Training Staff		National Camp school	
IMBA Level 1 Instructor		National Pistol Class	
		USA Cycling Youth Dev. Camp	
		Wood badge Course	
		Buckskin November Event	
		Hunters Education	
		Other Events	692
		WVU Science Camp	
		WVU Tech STEM	
		Beckley Area Foundation	
		Camp Royal	
		Fayette County Board of Education	
		Fayette/Raleigh Chamber of Com.	
		Glock	
		Greater Alabama Council Visit	
		Leadership Beckley	
		Leadership West Virginia	
		OA Takhonek Lodge Event	
All 2017 Events	46,426	All 2018 Events	23,739



4 Economic Impact of the Summit Operation

We differentiate between two types of spending at the Summit: operational spending and construction spending. The operational spending typically is a routine spending and for that reason yields economic impact that will recur every year as long as the Summit continues its operation. The construction spending, on the other hand, yields a onetime impact, which ends as the construction ends. Of course, it is possible that the Summit spends money on construction every year and consequently yields construction impact every year. However, construction spending is more of an investment than a routine spending and tends to vary widely from year to year in magnitude or type. Due to this difference, we present the impact of the operational spending and construction spending separately.

4.1 Economic Impact of the Summit Operational Spending

During the Jamboree Year in 2017 the Summit operational spending generates a direct impact of more than \$55 million in output. As mentioned above, about \$30 million of this direct impact stems from the revenue the Summit collected from hosting the 2017 National Jamboree. The rest of the direct impact comes from the Summit's other operational spending and from the spectators' spending. Included in this direct impact is nearly \$7 million impact in employee compensation. We estimate that this direct impact supports, on an annualized basis, more than 190 workers.³

As this direct spending circulated in the state economy, we estimate it generated more than \$21 million in secondary output impacts, resulting in a total economic impact of more than \$76 million in output. Note that a significant part of the impact, more specifically the impact of spending on food catering, went directly outside of the state economy. This is because the Summit had to order it from outside of the state. Nonetheless, while this impact did not stay in the state economy, it stayed in the US economy.

We also estimate that the secondary impact supported 160 additional jobs, with nearly \$7 million in employee compensation, in the state economy. This results in a total employment impact of 350 jobs or total employee compensation impact of \$13.5 million. The overall economic activity associated with the 2017 operational spending generated a total of \$1.2 million in selected state and local tax revenue (Figure 2).

³ The number of workers worked in all the Summit events was obviously more than 190. However, most of them worked as part time workers and some worked simply as volunteers. Using their number to represent the direct employment impact will be an overstatement.



Figure 2: Economic Impact of Jamboree Year (2017) Summit Operational Spending

Impact	Direct	Indirect and Induced	Total
Output (million \$)	55.1	21.1	76.2
Employment (jobs)	191	160	350
Employee Compensation (million \$)	6.9	6.6	13.5
Taxes (thousand \$)	--	--	1.2

Notes Tax Revenue impact includes sales, personal income, and corporation net income taxes.
Individual components may not sum to total due to rounding.

During the Non Jamboree Year in 2018 the Summit operational spending generates a direct impact of more than \$16 million in output. Included in this direct impact is nearly \$7 million impact in employee compensation. We estimate that this direct impact supported, on an annualized basis, nearly 190 workers. As this direct spending circulated in the state economy, we estimate it generated more than \$12 million in secondary output impacts, resulting in a total economic impact of more than \$28 million in output. This is about \$48 million less than the total output impact generated by the 2017 Summit's operational spending.

We also estimate that the secondary impact supported 93 additional jobs, with nearly \$4 million in employee compensation, in the state economy. This results in a total employment impact of 280 jobs or a total employee compensation impact of \$10.6 million. The overall economic activity associated with the 2018 operational spending generated a total of \$0.9 million in selected state and local tax revenue (Figure 3).

Figure 3: Economic Impact of Non Jamboree Year (2018) Summit Operational Spending

Impact	Direct	Indirect and Induced	Total
Output (million \$)	16.1	12.1	28.2
Employment (jobs)	187	93	280
Employee Compensation (million \$)	6.8	3.8	10.6
Taxes (million \$)	--	--	0.9

Notes Tax Revenue impact includes sales, personal income, and corporation net income taxes.
Individual components may not sum to total due to rounding.

The output impact estimated above considers only dollars spent in the West Virginia economy associated with the 2017 and 2018 Summit operations. These estimates do not include other impact associated with the Summit operations such as the impact that spilled over to outside of the state and the impact that stems from volunteers working on the events. In addition, some of the impact associated with the event is intangible and as a result is difficult to quantify. An example of a major non-quantifiable impact is the exposure that the state's tourism gets from hosting the event to participants from all over the US as well as abroad. The nature of the Summit events, which promotes natural and outdoor challenges, fits well with West Virginia's theme of being a destination for great outdoor experiences.



4.2 Economic Impact of the Summit Construction Spending

Our estimate on the impact of the construction spending is based on the average of the Summit's construction spending made in 2017 and 2018. The Summit's annual construction spending averaged nearly \$12 million. As this spending circulated in the state economy, it generated nearly \$7 million in secondary output impacts, resulting in a total economic impact of nearly \$18.6 million in output. Included in the output impact is the employee compensation impact that totaled \$7.6 million, supporting a total of, on annualized bases, more than 92 jobs. The overall economic activity associated with the construction spending generated about \$0.5 million in selected state and local tax revenue (Figure 4).

Figure 4: Economic Impact of Construction Spending

Impact	Direct	Indirect and Induced	Total
Output (million \$)	11.9	6.8	18.6
Employment (jobs)	36.4	55.9	92.3
Employee Compensation (million \$)	4.0	3.6	7.6
Taxes (thousand \$)	--	--	0.5

Notes Tax Revenue impact includes sales, personal income, and corporation net income taxes. Individual components may not sum to total due to rounding.



About the Bureau of Business and Economic Research

Since the 1940s, the BBER's mission has been to serve the people of West Virginia by providing the state's business and policymaking communities with reliable data and rigorous applied economic research and analysis that enables the state's leaders to design better business practices and public policies. BBER research is disseminated through policy reports and briefs, through large public forums, and through traditional academic outlets. BBER researchers are widely quoted for their insightful research in state and regional news media. The BBER's research and education/outreach efforts to public- and private-sector leaders are typically sponsored by various government and private-sector organizations.

The BBER has research expertise in the areas of public policy, health economics, energy economics, economic development, economic impact analysis, economic forecasting, tourism and leisure economics, and education policy, among others. The BBER has a full-time staff of three PhD economists and one master's-level economist. This staff is augmented by PhD student research assistants. The BBER also collaborates with affiliated faculty from within the College of Business and Economics as well as from other parts of WVU.

To learn more about our research, please visit our website at <http://www.be.wvu.edu/bber>.





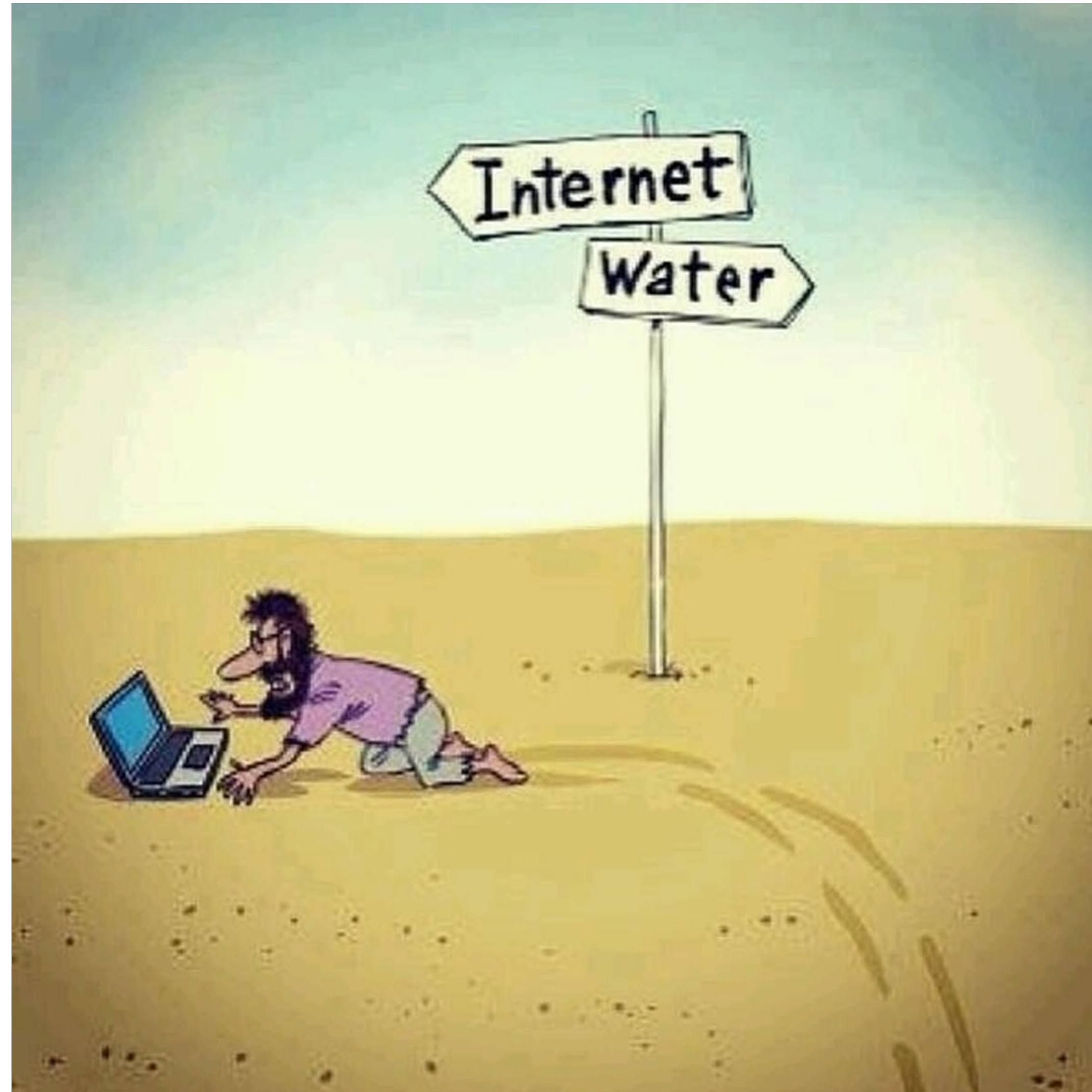
WEST VIRGINIA

Economic Development

WestVirginia.gov

West Virginia's Broadband Investment Plan

Investing West Virginia's Funding under the American Rescue Plan Act to Expand and Improve Broadband services



BROADBAND IS A PRIORITY !

AGENDA

1. Program Overview
2. Mapping, Data and Application Portal
3. Key Partnerships and Other Funding Opportunities
4. Discussion, Q&A, Next Steps

PROGRAM GOALS AND OBJECTIVES

- Provide **last-mile** broadband service
- Primary purpose is to target unserved addresses:
 - No access to broadband with at least 25 Mbps download and 3 Mbps upload (federal broadband definition); and
 - Not in an area with a funded state, federal, or local project
 - Will not rely solely on inaccurate federal maps
- Fiber-to-the-premise, cable, or wireless technology
- Preference given for Gigabit speeds (1000/500 Mbps)
 - Minimum required speeds of 100/20 Mbps

Governor Justice on priorities:

- “Fully deploy broadband across West Virginia. This is a once-in-a generation opportunity. Let’s accelerate a 10-year plan over the next 18 months—and bring broadband to all of West Virginia’s cities and rural areas.”

PROPOSED ARPA BROADBAND PROGRAMS

Four Proposed Programs

1. Existing Network Line Extensions
2. Rapid Wireless Deployment Projects
3. Major Broadband Infrastructure Investment
4. Local Government/Matching Broadband Funding Incentive

** Program designs will comply with guidance from U.S. Treasury*

NOW IS THE TIME

- Now is the time to expand broadband through investment in hard-to-reach areas.
- Now is the time to develop partnerships. Local governments are seeking partners to provide critical services.

West Virginia's Programs are designed to:

- Prioritize last mile connections through wireline services while recognizing need for middle mile or wireless solutions in compliance with ARP guidelines.
- Avoid investing in locations that have existing agreements to build wireline service with minimum speeds of 100/20.
- Encourage cooperation and partnership with local governments, nonprofits and co-ops.

EXISTING NETWORK LINE EXTENSIONS

- Expansions of existing fiber and cable networks
- Program announcement in June
- Rolling application/approval window throughout the summer
- Simple application
- Awards can be made quickly upon valid application
- Target approx. \$25M in total awards
- Match will be required for all projects
- 100/20 Mbps required

Quick Wins

A program with a quick start and fast decisions to help existing cable and fiber broadband providers expand their networks to nearby unserved locations

RAPID WIRELESS DEPLOYMENT PROJECTS

- Expansions or upgrades of existing networks
- Program announcement in June
- Rolling application/approval window throughout the summer
- Priority given to projects that can be deployed quickly
- Awards can be made quickly upon valid application
- Target of approx. \$25M total awards
- Match will be required for all projects

(As Treasury guidance is finalized, these particular initiative may evolve to utilize other than ARPA funding)

On Air

A program to jump-start networks with modern wireless equipment to rapidly fill broadband coverage gaps

LOCAL GOVERNMENT / MATCHING BROADBAND FUNDING INCENTIVE

- A state incentive for local governments and organizations to pool some of their ARPA allocations or other local funding
- Program announced by early June
- Participants must agree to pay at least 25% of project costs and participate in the state's technical assistance program
- Target approx. \$30M in total awards
- Preference for Gigabit service. Minimum requirement of 100/20 Mbps
- Technical assistance will help:
 - Create high-level designs and cost estimates
 - Prepare business-case analyses
 - Solicit, select, and structure agreements with private partners / vendors
 - Identify and apply for additional federal funding
 - Seek additional match from private partners
 - Insure efficient utilization of all funding streams for broadband expansion

Smart and Local

A program that helps Counties and Cities effectively use their ARPA funding to help solve broadband problems in their communities

MAJOR BROADBAND INFRASTRUCTURE INVESTMENT

- New networks or major expansions of existing networks
- Program announced in June
- Target approx. \$40M in total awards
- Match will be required for all projects
- Robust application and review covering:
 - Technical feasibility
 - Cost reasonableness
 - Team experience and track record
 - Financial resources and soundness to deliver
- Competitive selection among well-qualified proposals based on cost against value delivered
- Preference for Gigabit. Minimum of 100/20 Mbps

Large Impact

A competitive program to fund a few projects with the scale to achieve big results

ELIGIBLE APPLICANTS

- Existing Network Expansion and Rapid Wireless Deployment Projects
 - Existing Internet Service Providers in West Virginia and neighboring states
- Local Government Broadband Funding Incentive
 - County and municipal governments and affiliated organizations
- Major Projects
 - Private for-profit, non-profit and public organizations

Funding decisions will consider the qualifications and prior performance on commitments for all applicants

PROJECT COMPLETION

- Existing Network Expansion and Rapid Wireless Deployment Projects
 - Application window opens June 2021
 - Priority given to projects that can complete quickly
- Local Government / Matching Broadband Funding Incentive
 - Local communities apply to participate and projects are announced on a rolling basis as they successfully complete Technical Assistance
- Major Broadband Infrastructure Investment
 - Application window opens June 2021
 - Construction must be complete within 24 months of award (6 month good cause extensions possible)



PROPOSED TIMELINE THROUGH FUNDING ANNOUNCEMENTS

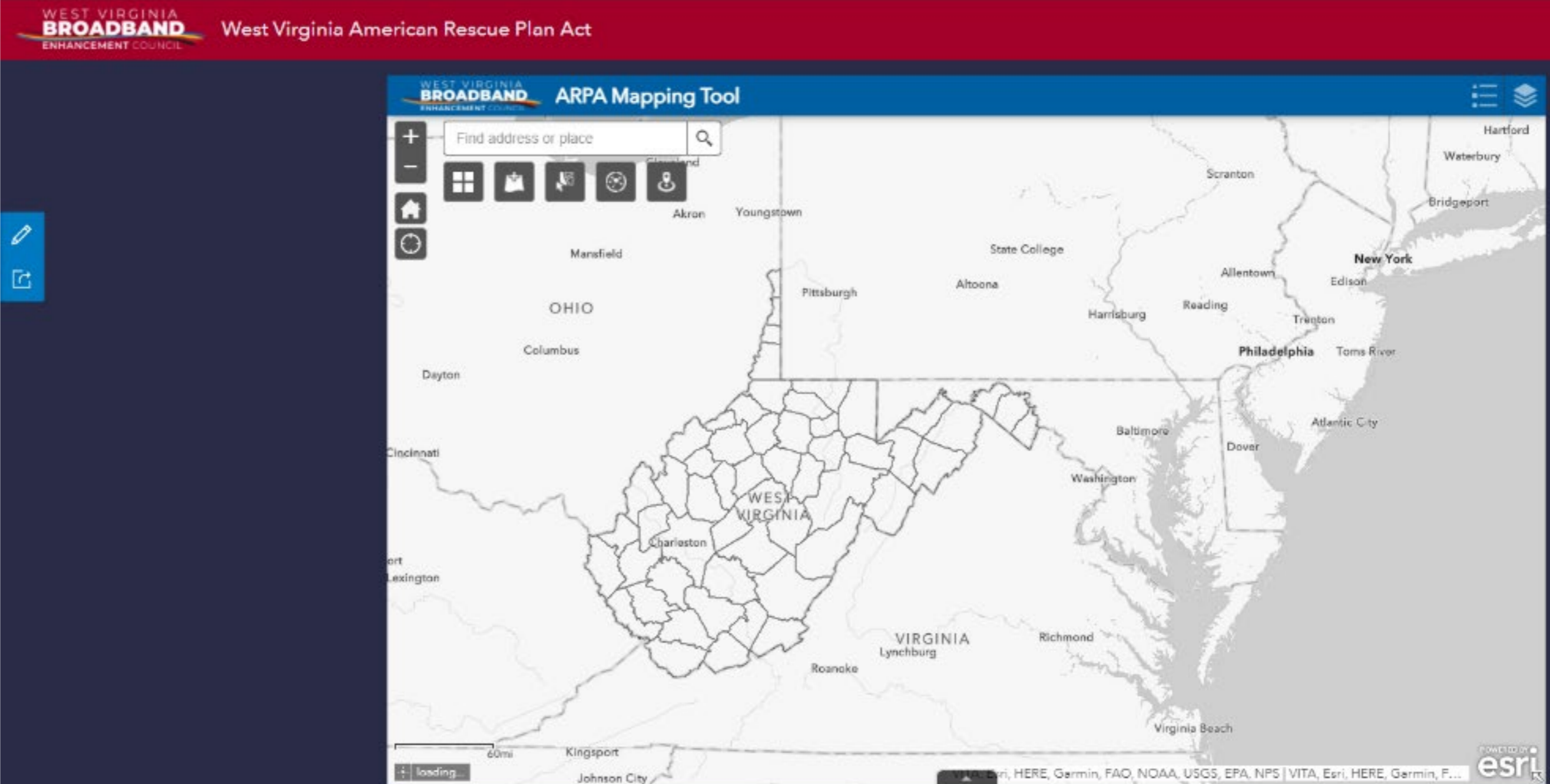
	May 2021	June 2021	July 2021	Aug. 2021	Sept. 2021	Oct. 2021	Nov. 2021	Dec. 2021	Jan. 2022	Feb. 2022	March 2022	April 2022	May 2022
Existing Network Line Extensions and Rapid Wireless Deployment Projects													
Program Announcement													
Applications Accepted													
Application Review													
Award Announcements													
Awarded Project Implementation / Post Award Monitoring													→
Facilitating Local Government Funding													
Program Announcement													
Local Government Workshops													
Local Government Applications Accepted													
Local Project Proposal Development and Technical Assistance													
Final Project Review and Announcements													
Awarded Project Implementation / Post Award Monitoring													→
Major Broadband Projects													
Program Announcement													
Applications Accepted													
Application Review													
Award Announcements													
Awarded Project Implementation / Post Award Monitoring													→



Mapping Data and Application Portal

Utilize the mapping portal to download address-level data to plan for your next application.

- The mapping portal is an interactive map with statewide addresses and other related GIS layers that identifies eligibility for ARPA grant-funding.



The West Virginia ARPA Mapping Tool is the platform for exploring and downloading GIS address data or other related layers to plan for your next broadband project. Addresses are represented by point locations and can be selected with any custom extent to be downloaded as a csv. or layer file.

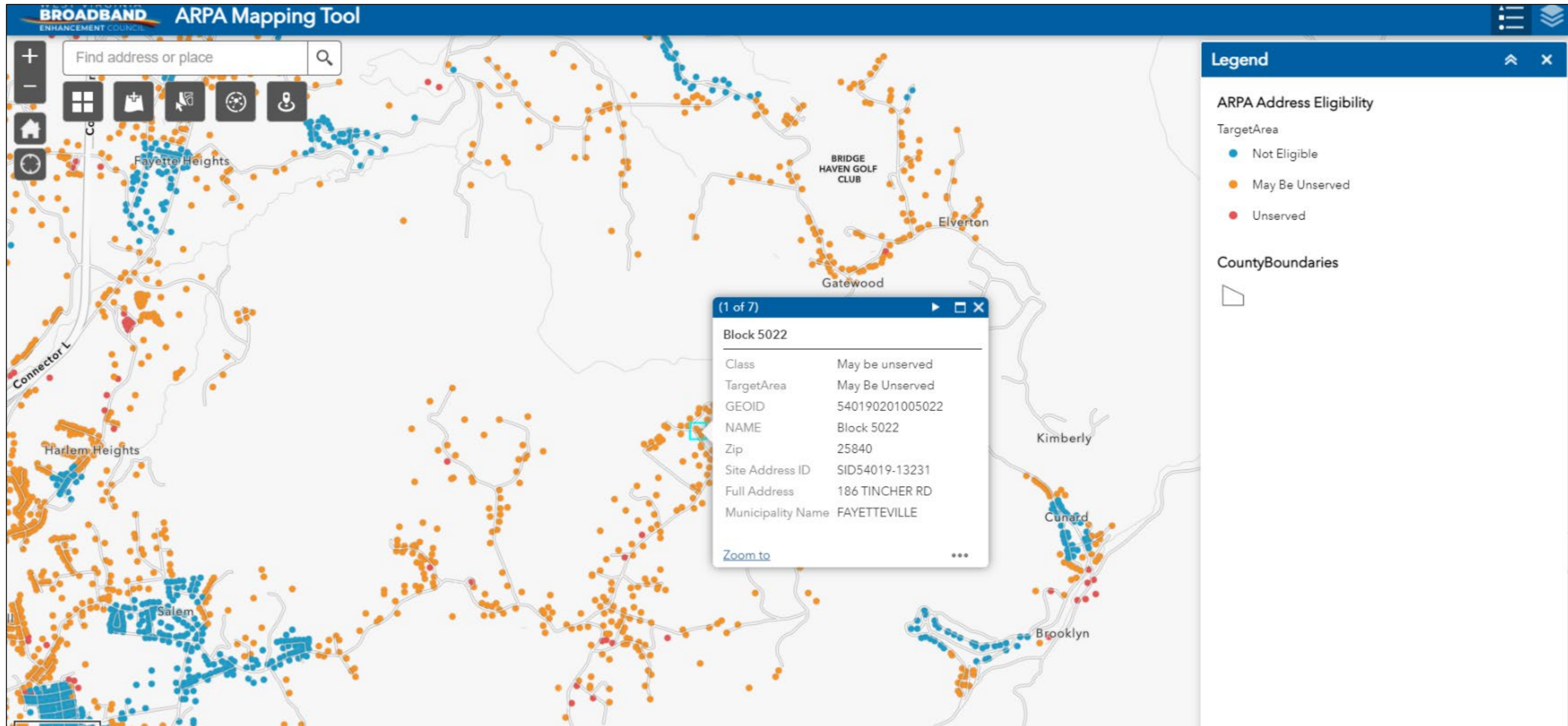
Custom data can be uploaded to analyze with the available address eligibility layer.

Mapping Data and Application Portal

Statewide address GIS layer

Target areas are categorized as:

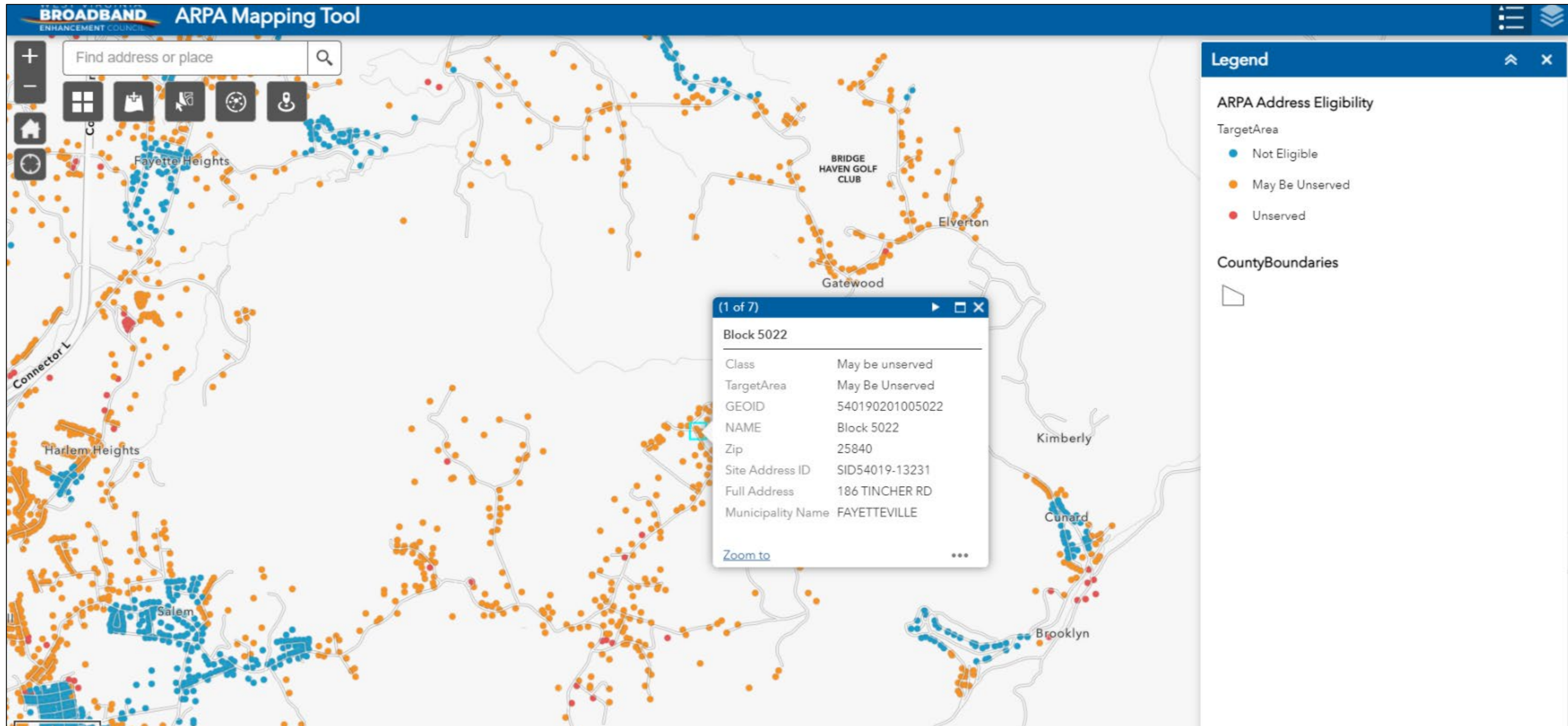
- Not Eligible:
 - Addresses that are not eligible due to being serviced from other publicly funded projects
- May be unserved:
 - Addresses of uncertainty regarding access to broadband. Eligibility for funding for these locations can be defined through the ARPA challenge process.
 - To be eligible for funding, applicants must provide information to prove broadband accessibility for each address
- Unserved:
 - Addresses that do not have access to 25/3 Mbps.



Mapping Data and Application Portal

Challenge Process

- Applicants that include addresses classified as “May be unserved” will need to complete a challenge process that proves eligibility.
- Applicants will have the option to select and download road segments from the mapping portal where they plan to build service extensions. Road segment data where service extension will be developed on are required to be submitted with the application.
- Applicants will be required to submit road segments downloaded from the mapping portal that identifies where existing cable and fiber infrastructure are located. This will be required if applicants wish to include “May be unserved” addresses in the application.



Mapping Data and Application Portal

Our goal is to provide reliable high-speed broadband to unserved homes across the State

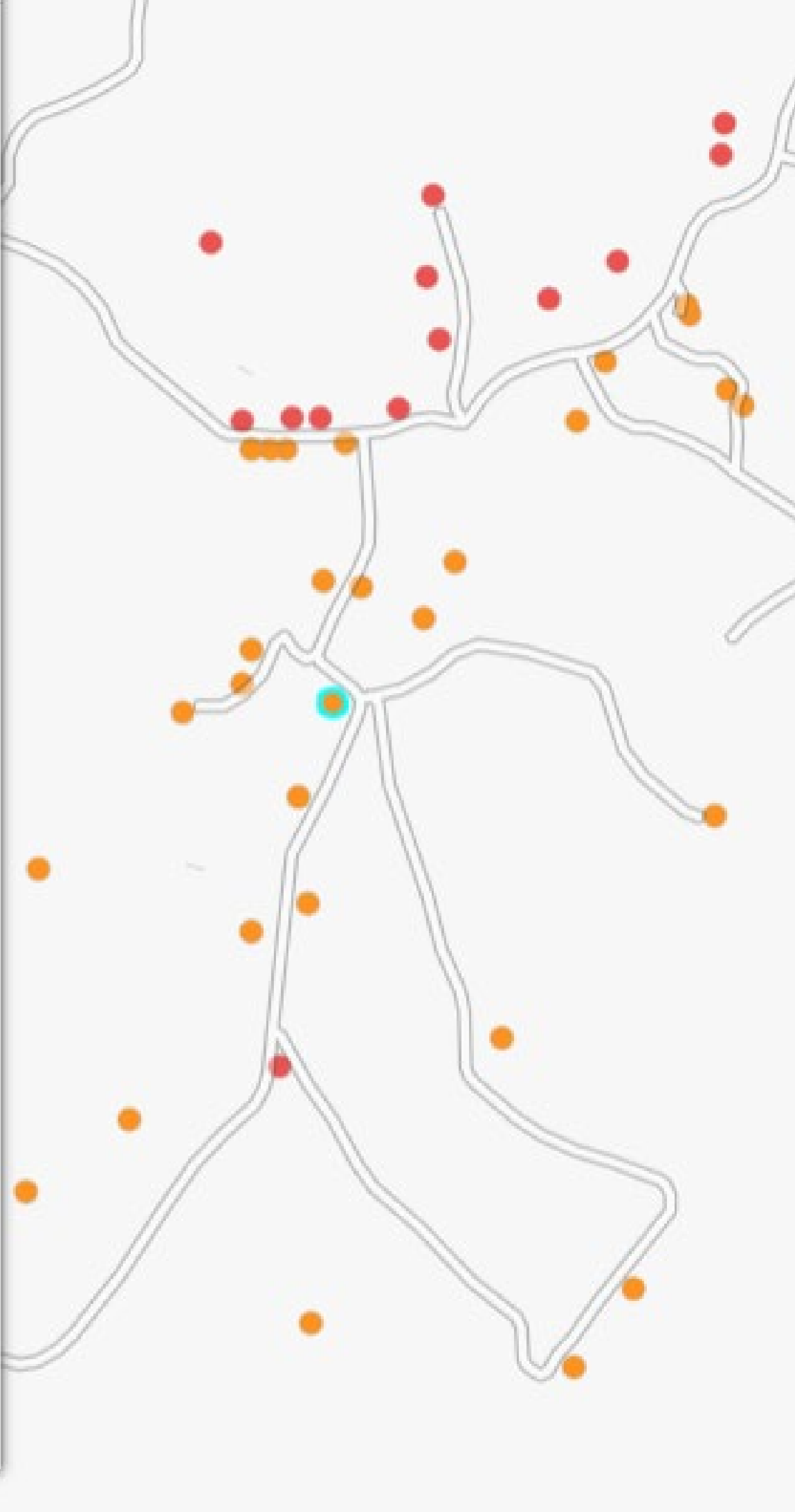
We must remove any degree of uncertainty from identifying connectivity classification on the address level

We must prevent spending public funds on infrastructure overbuilds

Help us identify who is served and unserved in West Virginia

Block 2029 ✖

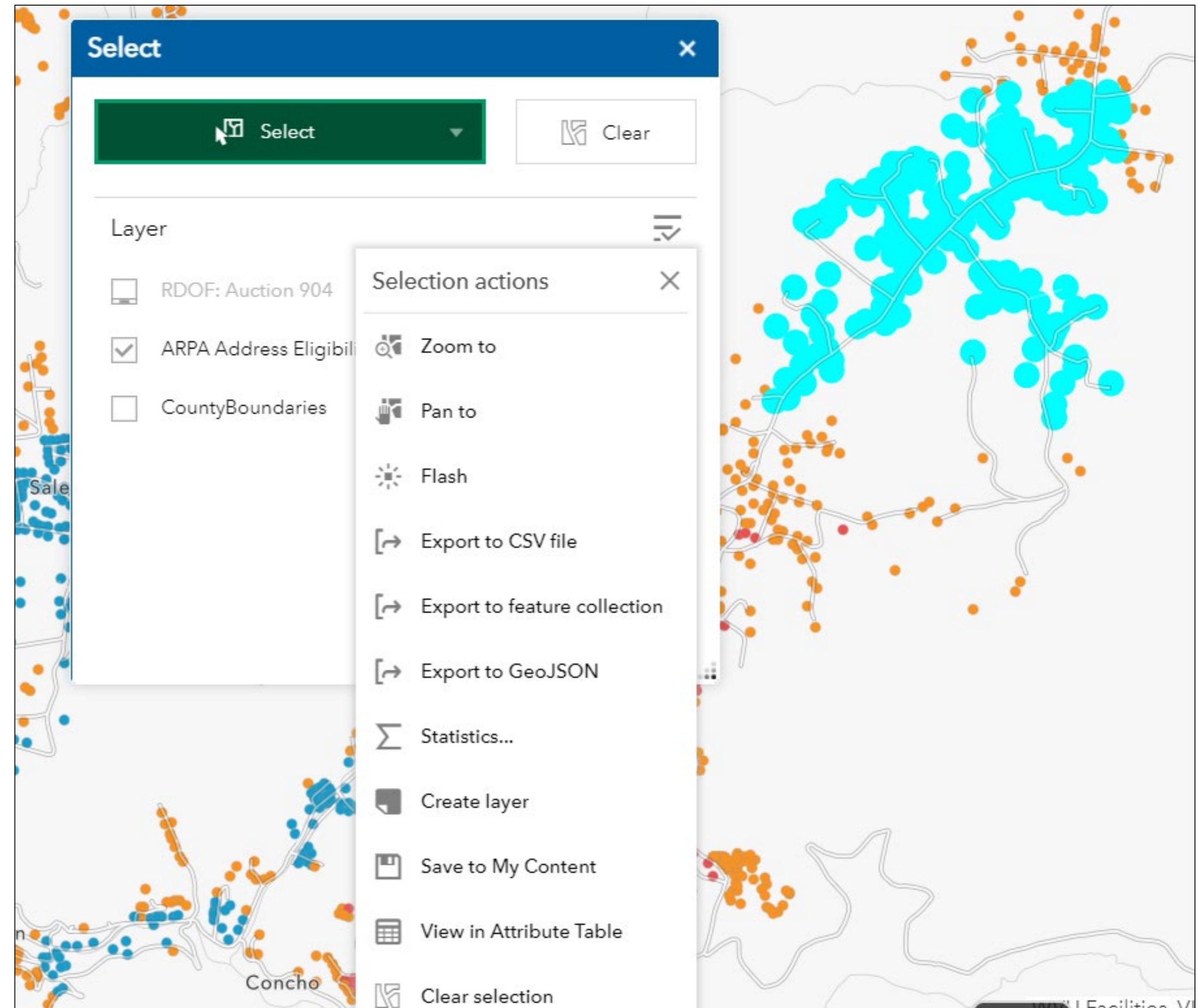
Class	May be unserved
TargetArea	May Be Unserved
Technology	Cable or Fiber
Full Address	212 EUREKA RD
NAME	Block 2029
GEOID	540679504002029
Zip	26205
Municipality Name	CRAIGSVILLE
Site Address ID	SID54067-43725
NAME	Block 2029
Address Unit Number	
Address Unit Type	
ALAND	6317061.000000
Alternate Address Unit Number	
Alternate Address Unit Type	



Mapping Data and Application Portal

Export data to a .csv file or layer file

- Data can be downloaded as a csv file or layer file to submit information for each address necessary for applications.
- Road segments will be available to select and download to complete the challenge process.



Mapping Data and Application Portal

Broadband Planning Webinars

Join us for webinars on how to utilize the ARPA Mapping Tool to plan for your next broadband applications. Webinars will demonstrate how to navigate the tool to explore and download data, critical for the application process. We will discuss how to complete an application for West Virginia ARPA's four broadband programs. Stay tuned for more information!

Programs:

- Existing network line extensions
- Rapid wireless deployment projects
- Local government/matching funding broadband incentive
- Major broadband infrastructure investment



About

- [ARPA Capitol Projects Fund](#)
- [ARPA State and Local Fiscal Recovery Fund](#)
- [ARPA State and Local Fiscal Recovery Fund Interim Final Rule](#)
- [ARPA State and Local Fiscal Recovery Fund allocation by County](#)
- [FCC Fixed Broadband Deployment Data](#)

Contact Us

- WVBroadbandCouncil@wv.gov
- 304-558-2234

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Mapping Data and Application Portal

Application information can be found on broadband.wv.gov

- Grant Program Information
 - Rules and Procedures
 - Eligibility Challenge Process
 - Application Process

Stay tuned for the program launch!

The screenshot shows the website for the West Virginia Broadband Enhancement Council. At the top, there are two navigation bars: a red one for 'COVID19 RESOURCE INFORMATION FOR WV' and a blue one for 'AVAILABLE WIFI LOCATIONS'. Below these is the main header with the council's logo, navigation links for 'ABOUT' and 'NEWS CENTER', a search icon, and two buttons: 'TAKE THE SPEED TEST' and 'BROWSE THE MAPS'. A dark blue banner below the header reads 'PRIVATE: WEST VIRGINIA BROADBAND INFRASTRUCTURE PLAN'. The main content area features three columns. The left column is titled 'Grant Program Information and Application Links' and contains a note that the link list will be updated as information is released. The middle column is a news article titled 'West Virginia Statement on ARPA Broadband Investment Plan' dated May 24, 2021. The article text states that the West Virginia Department of Economic Development and the West Virginia Broadband Enhancement Council are pleased to announce the West Virginia Broadband Investment Program, which will utilize funding from the American Rescue Plan Act (ARPA) to expand broadband in West Virginia. It also notes that the page will be updated with program details and resources as guidance is issued. The right column is titled 'Applicant Resources' and lists several links: 'ARPA Mapping Portal', 'ARPA Capital Projects Fund', 'ARPA State and Local Fiscal Recovery Fund', 'ARPA State and Local Fiscal Recovery Fund Interim Final Rule', 'ARPA State and Local Fiscal Recovery Fund allocation by County', 'FCC Fixed Broadband Deployment Data', 'Grant Program Webinar Schedule', and 'Community Technical Assistance'.

Discussion and Next Steps

Application Portal and Updates will be added to broadband.wv.gov



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