



JOINT COMMITTEE
ON GOVERNMENT & FINANCE
INTERIM BOOK

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West Virginia Department of Economic Development
Office of Broadband
Report to the
Joint Committee on Government and Finance

Prepared by the
West Virginia Office of Broadband
November 8, 2023

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

American Rescue Plan Act (ARPA) Funding

The West Virginia Legislature's allocation of State Local Fiscal Recovery Funds (SLFRF) and General Revenue funding provided a historic \$100 million investment for broadband development in West Virginia. This funding will complement West Virginia's allocation of funds through the Capital Projects Funds (CPF), also part of the American Rescue Plan Act (ARPA). West Virginia was among the first four states in the nation to receive approval from the U.S. Treasury for funding under the ARPA CPF program in June 2022. West Virginia will receive \$136 million to support broadband development.

The ARPA SLFRF and CPF broadband funding allocations represent a major transition to state-led broadband development through which states will oversee the investment of broadband funding. CPF funding, combined with the Legislature's allocation of SLFRF funding in the amount of \$90 million and General Revenue Funding in the amount of \$10 million, provides a combined total of \$236 million for broadband development in West Virginia under ARPA.

With the use of CPF, in 2021, Governor Justice launched West Virginia's Billion Dollar Broadband Strategy. The Governor announced the State's broadband initiative on Friday, October 15, 2021. Learn more about the Governor's announcement here: [Gov.-Justice-announces-Billion-Dollar-Broadband-Strategy](#).

To carry out the Governor's Billion Dollar Broadband Strategy, the West Virginia Department of Economic Development, Office of Broadband, in coordination with the West Virginia Broadband Enhancement Council, developed and launched the West Virginia Broadband Investment Plan (WVBIP). The WVBIP is designed to:

- Leverage Private Investment
- Involve Local Governments
- Encourage Public-Private Partnerships
- Connect the Unconnected

The WVBIP includes three separate programs for projects that can be awarded funding from Capital Projects Fund or State and Local Fiscal Recovery Fund (SLFRF), each designed to meet West Virginia's broadband development needs through efficient utilization of state and federal funding streams. The programs were developed to align with ARPA rules and guidance and contains three well defined infrastructure grant initiatives.

ARPA programs focus on last mile connections to locations without access to reliable wireline service of 25/3 Mbps. Deployed networks will deliver a minimum of 100/20 Mbps and are scalable to symmetrical 100 Mbps. The programs of the WVBIP encourages networks owned or affiliated with local governments, ensure participation in federal affordability programs, and promotes the availability of a low-cost service.

2023 ARPA Progress

As of July 26, 2023, Governor Justice has awarded over \$156 million in ARPA funds to 37 last-mile broadband infrastructure projects. With the deployment of approximately 4,306 miles of fiber and cable plant, these projects will bring connectivity to 49,171 unserved locations.

Table 1 shows key metrics for projects awarded with State and Local Fiscal Recovery Fund program funds.

Program	Number of Awarded Projects	Counties	New Miles of Plant Planned	New Miles of Plant Completed	Total Targeted Addresses Funded
LEAD	13	19	818.9	86.53	7,845
MBPS	6	9	604.2	0	6,498
GigReady	1	2	106.4	0	1,677
Total	20	25	1,529.4	86.5	14,343

Table 1: Key metrics for projects awarded under SLFRF.

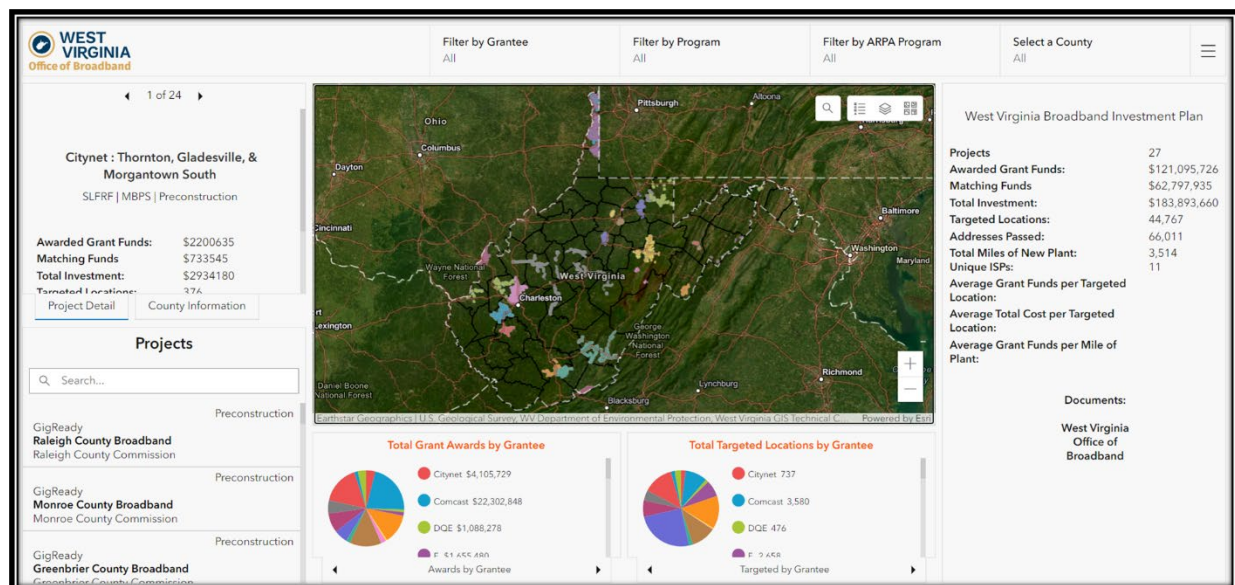
Table 2 shows key metrics for projects awarded with Capital Project Funds program funds.

Program	Number of Awarded Projects	Counties	New Miles of Plant Planned	New Miles of Plant Completed	Total Targeted Addresses Funded
LEAD	7	7	902.6	0	10,365
MBPS	6	8	1,314.5	0	12,600
GigReady	4	14	559.4	0	11,863
Total	17	27	2,776.6	0.0	34,828

Table 2: Key metrics for projects awarded under CPF.

Project Dashboard Launched August 2023

To demonstrate awards announced under ARPA, the WVDED has created an interactive application for end users to learn more about project details. This dashboard is available at broadband.wv.gov and [ARPA Dashboard \(arcgis.com\)](https://arcgis.com).



2023 ARPA Construction Forecast

The WVDED post-award grant process is structured by distinct phases designed to ensure that projects will provide broadband connectivity upon completion. Grantees may not move forward to each distinct phase of the program until receiving an official written notice from the WVDED. Those phases include the Notice to Proceed with Exempt Activities (NTPE), the Notice to Proceed with Construction (NTPC), and the Notice of Completion and Request for Close-Out (NOC).

Five ARPA projects are currently under construction, two of which have already been completed. Furthermore, seven projects are currently in design phase and expected to be authorized to begin construction near the end of December 2023. The list below includes projects that have been completed, are under construction, or expected to begin construction by the end of this quarter.

ARPA Projects - Construction Forecast				
Grantee Name	Funding Source	Targeted Addresses	Approximate Mileage	Construction Status
Citynet LLC Green Valley Line Extension	SLFRF	265	26	Complete
Citynet LLC Shavers Fork, Helvetia, and Crestview Extension	SLFRF	96	14	Under Construction
Comcast Cable Communications LLC Brooke, Hancock, Ohio Line Extension	SLFRF	1462	132	Q4 2023
Comcast Cable Communications LLC Cabell, Kanawha, Morgan, Putnam Line Extension	SLFRF	716	59	Q4 2023
Digital Connections Inc. DBA, Prodigy Northcentral Preston Network Extension	SLFRF	1203	93	Under Construction
Digital Connections Inc. DBA, Prodigy West Preston-Valley District Extension	SLFRF	1455	60	Under Construction
Digital Connections Inc. DBA, Prodigy East Monongalia and East Preston Rural Broadband	SLFRF	799	103	Q4 2023
Hardy Telecommunications Inc. East Hardy Line Extension Project	SLFRF	58	10	Complete
Hardy Telecommunications Inc. South Mill Creek Road Line Extension	SLFRF	117	5	Q4 2023
Frontier, West Virginia Inc. Boone County - Turtle Creek	SLFRF	1566	83	Q4 2023
Frontier, West Virginia Inc. West Mason	SLFRF	1092	108	Q4 2023
MGW Networks LLC, DBA Lingo Eastern Pendleton, Phase 1 Extension	SLFRF	86	31	Q4 2023
Roane EDA Multi-County Broadband Expansion	CPF	4878	287	Q4 2023
Micrologic Inc. Randolph County Fiber Deployment	CPF	3991	282	Q4 2023

Table 3: Construction status of ARPA projects anticipated to be authorized to begin by the end of December 2023, pending pole permits.

Project Delays Due to Pole Permitting

Broadband expansion consisting of aerial attachments to telephone poles require a permitting process for entities wishing to attach. This is a requirement for ISPs to obtain approval from the pole owner or utility that controls the communication space to attach to the pole. To obtain permits, pole owners have a set of requirements typically outlined in a joint-use agreement. Activities include pole owners verifying the physical characteristics of each pole to determine where the ISP can attach and identifying additional work that may be required. Before an ISP can attach, existing attachments may need to be adjusted on the pole to be made ready for a new line of infrastructure. This process is best known as "Make Ready."

Historically, pole owners have modified the permitting process over the years, yet the review timeline and costs related has been standardized and accepted by the ISPs. Therefore, ISPs could reasonably plan for the time needed for review and likewise budget the required review and Make Ready costs into overall project budgets. In preparation for ARPA, ISPs used this data to plan for broadband projects. However, recent policy changes by pole owners have significantly affected the pole attachment process.

Under ARPA, Governor Justice has approved 37 projects. With the recent influx of awards, grantees have been submitting pole applications for approval at a rate that has not been experienced to date. This has become problematic for pole owners as they are unable to meet the review timelines outlined in their joint use guidelines. As a result, some pole owners have outsourced the permit review to third party entities along with making major revisions to their application requirements and review guidelines and related cost. The Office of Broadband has identified the following issues related to pole attachments:

Current Issues

1. Delays in the review process
 - a. Backlog of pole attachment permit requests
 - b. Lack of capacity in personnel for pole owners
2. Inconsistent Make Ready requirements for projects
 - a. An increase in pole replacements and mid-span pole placements are being requested in permit reviews
 - b. Third party entities are returning reviews with measurements that are inconsistent and/or have been shown to not meet NESC Guidelines. This requires additional remediation conducted by the grantee
3. Inconsistent permit review fees
4. Increase in Make Ready invoices, sometimes exceeding 5 times the estimated amount
 - a. Lack of itemization for high costs such as engineering or project management fees
5. Duplication of field review including duplication of invoicing for previously conducted work
6. Make Ready requirements for previously approved permits
7. Delay in Make Ready completion

As a result of the issues listed above, construction timelines have been delayed and project budgets are being overran due to increased costs for review and Make Ready. Below is the ARPA projects currently in the pole permitting phase:

1. **Citynet** - Thornton, Gladesville & Morgantown South
2. **Citynet** - Shavers Fork, Helvetia, Crestview Line Extension
3. **Comcast** - Northern Panhandle Broadband Expansion

4. **Comcast** - Brooke, Hancock, Marshall, Ohio Line Extension
5. **Comcast** - Cabell, Kanawha, Morgan, Putnam Line Extension
6. **DQE** - Greater Hepzibah Area FTTH
7. **Frontier** - Boone County - Turtle Creek
8. **Frontier** - West Mason
9. **Greenbrier County Commission** – Greenbrier Broadband Expansion Project
10. **Lingo Networks** - East Pendleton Phase 1 Line Extension
11. **Micrologic** - Randolph County MBPS
12. **Prodigi** East Monongalia and East Preston Rural Broadband
13. **Prodigi** North-Central Preston Extensions
14. **Prodigi** West Preston-Valley District Extension
15. **Prodigi** - Tucker County-Parsons, Hambleton, Aurora
16. **Prodigi** - Preston to Barbour Rural Expansion
17. **Roane County EDA** – Multi-County Broadband Expansion
18. **Shentel** - Lewis County Broadband Project
19. **Shentel** - North Fork

The Office of Broadband has undertaken an analysis of pole permit data. The purpose of this analysis is to measure permitting timelines, document inconsistencies, and provide a more thorough accounting of costs associated with ARPA funded projects.

Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

In June 2023, NTIA announced that West Virginia would be awarded \$1.21 billion in federal Broadband Equity, Access and Deployment (BEAD) funding for broadband development in West Virginia. BEAD is administered by the National Telecommunication and Information Administration (NTIA). This historic investment in broadband infrastructure and related digital inclusion efforts will support West Virginia’s universal broadband access vision:

West Virginia Vision for Digital Equity and BEAD

Achieve universal broadband coverage and digital equity throughout the State through aggressive broadband deployment goals and a commitment to closing the digital divide through robust equity and inclusion initiatives.

The BEAD application requires several steps: a Five-Year Action Plan, Initial Proposal Volumes I and II, followed by a Final Proposal. Additionally, the BEAD Program requires states to coordinate efforts with Digital Equity planning, capacity building, and workforce development. West Virginia’s Initial Proposal Volumes I and II will build upon the goals, objectives, and strategies outlined in West Virginia’s BEAD Five-Year Action Plan. The sections of the Initial Proposal, contained in Volume I and Volume II, are provided below:

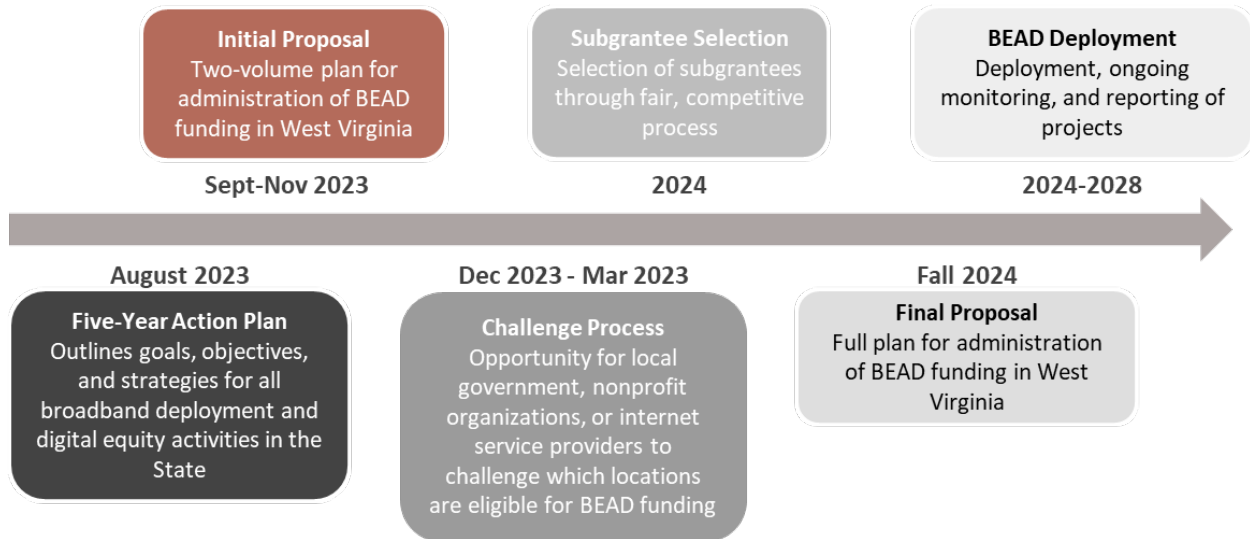
Initial Proposal Requirements

Volume I

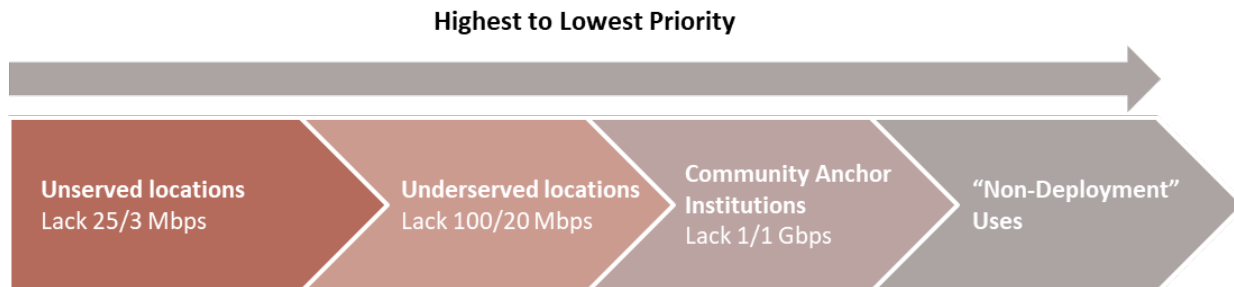
Volume II

Req. 1 Objectives	Req. 11 Labor Standards and Protection
Req. 2 Local, Tribal, and Regional Broadband Planning	Req. 12 Workforce Readiness
Req. 3 Existing Broadband Funding	Req. 13 MBE’s/WBE’s/LSA’s
Req. 4 Local Coordination	Req. 14 Cost and Barrier Reduction
Req. 5 Unserved and Underserved Locations	Req. 15 Climate Assessment
Req. 6 Community Anchor Institutions	Req. 16 Low-Cost Broadband Service Option
Req. 7 Challenge Process	Req. 17 Use of 20% of Funding
Req. 8 Deployment Subgrantee Selection	Req. 18 Eligible Entity Regulatory Approach
Req. 9 Non-Deployment Subgrantee Selection	Req. 19 Cert. of Compliance with BEAD Req.
Req. 10 Eligible Entity Implementation Activities	Req. 20 Middle Class Affordability Plans

A conceptual timeline, subject to change, for BEAD application and implementation is provided below:



As directed by NTIA, BEAD funding places the highest priority on expanding broadband to unserved locations, followed by underserved locations, community anchor institutions, and non-deployment uses.



West Virginia's broadband access gap is significant, and the State currently ranks near the bottom of broadband availability in the U.S.¹ As of December 31, 2022, Federal Communications Commission (FCC) data shows that only 65.3% of West Virginia's Broadband Serviceable Locations (BSLs) are classified as fully served.²

To be considered fully served, a BSL must have a terrestrial or licensed fixed wireless internet service provider that provides, or could easily provide, a minimum connection speed of 100/20 Mbps, with latency less than or equal to 100 milliseconds. Underserved locations are subsequently defined as BSLs

¹ West Virginia is 50th of 50 states, Washington, D.C., and Puerto Rico.

² West Virginia's broadband availability falls short; of all 50 states, the District of Columbia, and Puerto Rico, West Virginia ranks 50th. This number reflects residential broadband availability rankings; the FCC does not provide data for statewide combined residential, mixed-use, and non-residential rankings.

with maximum speeds between 25/3 Mbps, and 100/20 Mbps. Finally, unserved locations are defined by the BEAD program as BSLs with speeds less than 25/3 Mbps.³

Unserved and underserved locations exclude those with existing enforceable federal, state, or local commitments to provide service.⁴ Ongoing state and federal investments are projected to increase the number of connected BSLs, but there is still a long way to go to reach 100%.⁵ This gap in broadband access impedes full participation in an increasingly digital society, preventing access to telemedicine, remote work, personal connections, and online news media, among other things. West Virginia's Five-Year Action Plan serves as a guide to achieve universal connectivity and close the digital divide.

The IJA includes three major programs:

1. Broadband Equity, Access, and Deployment (BEAD) Program (\$42.5 billion)
2. Enabling Middle Mile Broadband Infrastructure Program (\$1 billion)
3. State Digital Equity Act programs (Digital Equity Capacity Grant and Digital Equity Competitive Grant (\$1.5 billion))

Each program is briefly detailed below:

1. **Broadband, Equity, Access, and Deployment (BEAD)**
 - a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities.
 - b. On June 26, 2023, NTIA announced that West Virginia will receive \$1,210,800,969.15 in BEAD funding.
 - c. West Virginia's Five-Year Action Plan is approved by NTIA. The plan posted at broadband.wv.gov.
 - d. West Virginia's Initial Proposal Volume 1 was available for public comment through September 30, 2023. Volume 1 has been submitted to NTIA 2023, and is posted at broadband.wv.gov.
 - e. West Virginia's Initial Proposal Volume 2 is posted for a 30-day public comment period at <https://broadband.wv.gov>. The comment period will end on November 20, 2023.

Key Takeaways from Five-Year Action Plan and Initial Proposal Volume 1:

- WVDED is coordinating the deployment of BEAD funding with other existing broadband infrastructure programs in the State.
- Only 65% of broadband serviceable locations in West Virginia are served, according to NTIA's definitions.
- **BEAD funding will support deployment to the 167,965 unserved and underserved locations that do not have existing enforceable commitments.**
- In addition to NTIA's community anchor institution categories, WVDED will consider adding correctional and rehabilitation facilities, courthouses, job training centers, and senior centers because they facilitate greater use of broadband service by vulnerable populations.

³ <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf>, p16 and p17

⁴ NTIA, Notice of Funding Opportunity (NOFO) Broadband Equity, Access, and Deployment Program, <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf>, p36

⁵ Derived from calculations by WVDED. For more details, please see Section 3.1.

- To ensure “future-proof” broadband service, any location served through DSL will be considered “underserved” for the purposes of the BEAD program.
- Using NTIA’s model, WVDED will launch its own challenge process in December 2023 or early January 2024 to give nonprofit organizations, units of local governments, and broadband service providers the opportunity to confirm which locations will be eligible for BEAD funding.
- WVDED is planning modifications to NTIA’s model to support efficient speed testing.

Initial Proposal Volume 2 will address the remaining BEAD requirements and allow West Virginia the opportunity to request initial BEAD funds. Taken together, Volume I and Volume II will serve as the backbone for deploying affordable and reliable high-speed broadband internet to all West Virginians, drawing on all funding available to accomplish this goal.

2. State Digital Equity Planning Grant Program

- The State Digital Equity Planning Grant (<https://broadbandusa.ntia.doc.gov/resources/grant-programs/digital-equity-programs>) will be awarded to States and territories to develop State Digital Equity Plans designed to identify barriers to digital equity and implement strategies to overcome these barriers.
- West Virginia’s draft version of the [Digital Equity Plan](#) for a 30-day public comment period ending on August 21, 2023.
- The final Digital Equity Plan will be submitted to NTIA before November 13, 2023.
- Upon approval, the State will be eligible to apply for Digital Equity Capacity Grant from NTIA. The amount of this grant is not yet known.

West Virginia’s Digital Equity Initiative

The Digital Equity Act is a component of the Infrastructure Investment and Jobs Act (IIJA). The goal of the Digital Equity Act is to close the “digital divide” across the nation, ensuring that everyone has access to affordable, high-speed internet service, affordable digital devices, and the tools and training necessary to make full use of the internet’s benefits—all of which should be accessible to everyone, regardless of their background.

West Virginia Vision for Digital Equity

Ensure that all West Virginians have the resources they need to participate in the digital world and achieve the economic benefits of digital equity

High quality, accessible, and affordable broadband for all is critical for a more just and equitable West Virginia, a healthier society, and an economy that offers opportunity for everyone. West Virginia’s

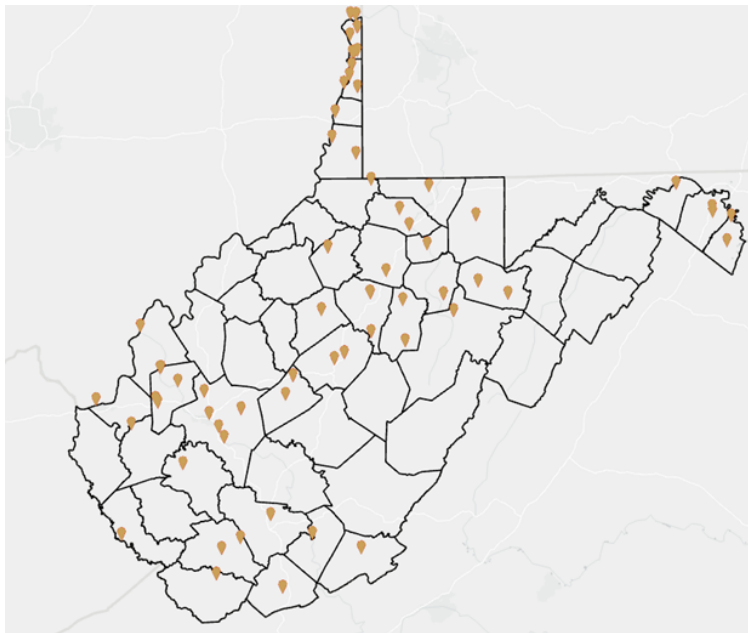
low rate of access to broadband, coupled with its demographic profile, creates many challenges for digital equity⁶:

1. 97% of West Virginians are covered by the Digital Equity Act.
2. More than 35% of its citizens live in unserved or underserved areas as defined by the NTIA.⁷
3. West Virginia has the highest rate in the U.S. of individuals living in a rural area (90%).⁸

West Virginia Digital Equity Outreach Meetings

Since each community approaches broadband from a different perspective, WVDED emphasized gathering qualitative information from citizens through a series of local gatherings. Importantly, WVDED stressed the need to conduct meetings in each of West Virginia’s 55 counties with the overall goal of “meeting people where they are.”

Through partnership with West Virginia’s 11 Regional Planning and Development Councils, nearly 150 small-to-mid-sized listening sessions were held with broad representation from members of covered populations and organizations that serve them.



A total of 1,463 West Virginians attended a listening session. Attendance ranged from 1 to 111 community members, with an average of 11.9 attendees per listening session. Preliminary listening session locations are shown on the following map.

Figure 1: Preliminary listening session locations for the Digital Equity.

West Virginia Statewide Broadband Survey

In addition to listening sessions, WVDED procured a professional survey firm to execute the West Virginia Broadband Survey, a randomized survey of at least 1,000 citizens across the State. The survey

⁶ NTIA defines digital equity as a condition in which all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy. Digital equity is necessary for access to essential services, civic and cultural participation, employment, and lifelong learning.

⁷ Calculated using National Broadband Availability Data provided by the Federal Communications Commission, available at <https://broadband477map.fcc.gov/#/data-download>.

⁸ Ibid.

sample was weighted to reflect the digital equity target populations. The selected firm and WVDED worked collaboratively to create the survey, which launched on June 30, 2023, and closed on July 30. Final survey analysis will extend beyond the August 11, 2023, due date of the Five-Year Action Plan. This survey will complement the findings of the RPDC listening sessions. The survey responses are currently under review; however, the following preliminary results were collected from the online survey:

- 1,167 responses from unserved/underserved zip code addresses
- 2,076 total responses statewide
- 527 responses did not yield speed tests which could imply that service was too poor for a test to complete. This is a common response for survey takers with poor internet connectivity.

A full report detailing the results of this survey campaign will be posted to broadband.wv.gov.

BEAD Allocation and the FCC National Broadband Map

On June 26, 2023, the National Telecommunications Information Administration announced that West Virginia will receive \$1,210,800,969.15 in Broadband Equity Access and Deployment (BEAD) funding. Funds are provided through the Infrastructure Investment and Jobs Act (IIJA). The BEAD program will provide \$42.5 billion nationwide to expand internet access.

The BEAD allocation is based upon the number of unserved Broadband Serviceable Locations (BSLs) in West Virginia. According to the latest update of broadband availability data made on June 15, 2023, from the Federal Communications Commission (FCC), the National Broadband Map now shows 900,408 BSLs in West Virginia, of which 271,624 are unserved locations, for an unserved percentage of 30.17. West Virginia ranks second in the nation for the percentage of unserved locations, following Alaska's percentage of 31.97.

Through a series of FCC challenges, input from the public, direct consultation with Internet Service Providers, and field verification, West Virginia gained 86,833 unserved locations in the May 2023 release of Version 2 of the National Broadband Map. West Virginia's gain of 86,833 unserved locations was the second highest in the Nation, following North Carolina's gain of 114,718.

Mapping and Data Quick Facts

- West Virginia gained 86,860 unserved locations in the latest version of the National Broadband Map accounting for a total of 271,623 unserved locations.
- West Virginia gained the second highest number of unserved locations in the Nation in the Version 2 release of the National Broadband Map, following North Carolina at 114,718.
- West Virginia is second in the Nation for percentage of unserved locations at 30.17%, following Alaska's 31.97%.
- West Virginia is 12th in the Nation for most unserved locations totaling 271,623.
- West Virginia's per capita allocation is among the highest in the nation at \$4,458 per unserved location.
- In the latest update of the National Broadband Map, the FCC identified 900,408 Broadband Serviceable Locations (BSLs) in West Virginia. (900,408 BSLs / 271,623 unserved locations = 30.17% unserved)

Nationwide, the FCC has designated approximately 8.5 million homes and businesses as unserved by high-speed internet. This number represents about 7 percent of all locations included in the current map. FCC filings are updated twice per year; however, the National Broadband Map is updated bi-weekly due to availability and location challenges. Served and Unserved locations are being identified during every update.

West Virginians can still submit challenges to the National Broadband Map at <https://broadbandmap.fcc.gov/home>. More information about the BEAD program is available [here](#).

FCC Affordable Connectivity Program (ACP)

The West Virginia Broadband Enhancement Council and West Virginia Office of Broadband website prominently features the Affordable Connectivity Program at <https://broadband.wv.gov/> and <https://internetforallwv.wv.gov/>.

The West Virginia Office of Broadband has received a \$400,000 grant from the FCC to promote the ACP in West Virginia. **As of October 9, 2023, nearly 119,597 West Virginians have enrolled in ACP benefits. A household is eligible if one member of the household meets at least one of the criteria below:**

- Income at or below 200% of [Federal Poverty Guidelines](#);
- Assistance programs, such as SNAP, Medicaid, Federal Public Housing Assistance, SSI, WIC, or [Lifeline](#);
- Free and reduced school lunch or school breakfast, such as USDA Community Eligibility Provision;
- Federal Pell Grant during the current award year; or
- Eligibility for provider's existing low-income program.

The ACP helps ensure that households can afford the broadband they need for work, school, healthcare, and more by providing a discount of up to \$30 per month. The FCC estimates that about 48 million families are eligible for the program—nearly 40 percent of households in the United States.

Steps to Enroll:

1. Go to AffordableConnectivity.gov to submit online or mail-in application.
2. Contact participating provider to apply discount.
3. Additional resources are available at:

Support Contact

ACPSupport@usac.org or 1-877-384-2575

FCC ACP Information

<https://www.fcc.gov/acp> or <https://broadband.wv.gov/>

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

October 17, 2023

1:00 p.m. – 2:00 p.m.

Senate	House
Blair, Chair	Hanshaw, Chair
Nelson (absent)	Capito (absent)
Takubo (absent)	Criss
Tarr	Hornbuckle
Trump	Householder (absent)
Weld (absent)	Howell
Woelfel (absent)	Summers

Speaker Hanshaw: “Chair notes that we do not yet have a quorum. We will back up and approve the minutes of our last meeting if and when we have a quorum present. For purposes of today’s meeting though, we’ll move directly in to receipt of the periodic reports that we’re docketed to take up today. Let’s begin with the Broadband report. Miss Workman, you’re invited to the podium.”

Kelly Workman: “Thank you. Is there anyone here who can log in?”

Speaker Hanshaw: “We have a technical issue here at the podium.”

Kelly Workman: “Thank you. Okay, I apologize for the delay. Good afternoon, I’m Kelly Workman, I’m Director of the West Virginia Office of Broadband and here representing Secretary Carmichael. He’s out of town today.

So, we'd like to give you an update...on where we are with our broadband initiatives in West Virginia. I'll go ahead and start with just some introductory remarks related to our utilization of ARPA funding. So, to date we have awarded about \$156 million dollars in ARPA funding in West Virginia. That's \$96 million in the Capital Projects Fund and \$60 million in the State and Local Fiscal Recovery Fund, which is what the legislature allocated to our office in 2021. Total investment, counting private sector investment as well, is about \$232 million. Thirty-seven last mile broadband projects in West Virginia covering forty counties. About 4,300 miles of infrastructure and almost 50,000 targeted locations in West Virginia...and we do have good representation from the companies in West Virginia. Thus far, I think we have about thirteen companies that are participating in our programs and...okay...absolutely, thank you..."

Secretary Hardy: "Good afternoon from the Department of Revenue. Obviously, I'm not Mark Muchow, Mark is away on college visits with his son. So, I'm filling in for Mark today. I'm sure he's listening by the way.

As I said yesterday at the Joint Committee, we had a fantastic September. We were ahead of budget \$205 million dollars for the month of September and that was on top of the \$30 million dollars that we had when we started the month. If you remember, we were \$7 million dollars ahead of budget in July, we were \$23 million ahead in August. So, year to date we were up 30. At the end of September, we were up to...235...so, let me get my numbers right here, yeah 235 plus 30, 205 plus 30. So, what made September so good? Personal income tax, we were...at the end of the first quarter of fiscal year '24, which would have been end of September, we were spot on even where we were with personal income tax a year ago, September of 2022. That number is astonishing because

we had cut our state income tax, as we all know (...inaudible...) so we were very very pleased to see that our personal income tax numbers were so good in September and September is a bellwether month because that's when we receive, of course, our estimated payments from our taxpayers in September...so, that was great news.

However, severance tax continues to be a disappointing number for us. Year to date our severance tax number is...continues to be low and it's not about anything other than the price. The production is very good, our natural gas production was up 9.9%, our coal production was up 5.9%, but the price is very very flat and now the new unknown with respect to severance tax is what effect the Israeli situation in the Middle East may or may not have on energy prices going forward. No one knows that answer to that question but that's something that we're watching as well. So, when you look at the severance tax numbers and you see at the end of the first quarter, we were...our severance tax number was down 73.4% from a year ago...total revenue number. Our total revenues, at the end of the first quarter, we're only down 7.1%. Considering the size of our tax cut, \$741 million dollars, it is a great outcome that our total revenues were only down 7.1%.

So overall, I think we had a good first quarter but we're learning the new numbers now with the tax cut and the ebb and flow of how the tax cut works. We are still trying to come up with what type of patterns we'll see in the future. Now, inevitably you might ask me about October because today of course, it's the middle of October, today's the seventeenth. We are basically flat for October, we're basically on budget. I think we're a couple million dollars under budget for the month of October so far. So, contrast that to September, where we were \$205 million dollars above budget. The big unknown as we move forward is of course the pass-through entity bill, most of the taxpayers that were

affected by the pass-through entity bill settled up on October 15th of this year. So, they were getting their 2022 taxes finalized on October 15th of 2023 and there will be some refunds that will come from the pass-through entity bill. So, we will be looking in November and December at our refund numbers to see where those will go because this is the first run down or the first go through that we've had with the pass-through entity bill.

I'll remind everyone, of course, that we do have a tax cut in 2024. Our personal income tax cut in 2024 is the property tax credits. Everybody on their 2024 taxes will have the benefit of the car tax, that's estimated at about \$140 million dollars, maybe \$145 million, that'll be coming back to our taxpayers. The benefit, many of our small businesses will have the benefit of the small business tax credit that was passed. That's estimated to be about \$35 million...and then the disabled veteran's tax credit that will apply to 2024 taxes and that's estimated I think roughly 10 to 15 million. So, there's going to be another \$200 million dollar tax cut in 2024, calendar year '24.

Looking ahead to calendar year '25, we'll be applying the trigger on August 15th of '24, we will be applying the trigger formula that is in state code and to refresh your memory on what that involves, we will take our final numbers for fiscal year '24, not counting severance tax...so it's general revenue, less severance tax...for fiscal year '24. Then we will take our fiscal year '19 general revenue, less severance tax, we will adjust by applying the consumer price index, our fiscal year '19 number, and we will compare our fiscal year '24 number with our fiscal year '19 number and of course the '19 number will be adjusted for inflation. If we have growth when we do that apple-to-apple comparison, then under the trigger formula, we will be able to cut income taxes again up to but not to exceed 10% more and that will apply to calendar year '25. So, twenty-three,

21.25% income tax cut, twenty-four, approximately \$200 million-dollar additional income tax cut because we are allowing credits that equal about \$200 million. Twenty-five, question mark at this point because we will have to apply that formula on August 15th of twenty-four. Of course, with the proviso that the cut could never exceed 10% a year and that trigger will apply every year going forward. Every year on August 15th we'll do that very same calculation for the fiscal year that we just closed down.

Other points that I wanted to make was, we're well under way on constructing the fiscal year '25 budget that the governor will be introducing on the first day of the session of course, in January. Mike Cook is wrapping up his budget hearings today and we hope to have a draft of that budget to the Governor's Office (...inaudible...) for consideration and our goal is always to have the governor's budget finished and done by the middle of December because we all know what happens around here between December 15th and January 1st, everybody goes on vacation and leaves the building. So, our goal is to have the budget ready for introduction to the legislature no later than December 15th.

Other issues that are at play, our ratings calls. Once a year we have ratings calls with the three ratings agencies Moody's, Standard & Poor's, and Fitch. This year our ratings calls will be the week of November 6th. In past years, pre-pandemic, we would at times actually go to New York City and do those ratings presentations at the headquarters of the rating agencies. In recent years, particularly in light of COVID, everyone has learned that we can do those effectively by Zoom. So, PRAG will be here the week of November 6th and they will help us get ready and our presentation calls will be...our ratings calls will be...we're doing two on Wednesday, November 8th and one on Thursday

morning, November 9th, and that's an annual event every year that we do with the rating agencies and we call it sort of our annual report card.

S&P...and Delegate Criss, of course, had asked me about a radio interview I did on Hoppy Kercheval...S&P has already given us some preliminary thoughts in writing and I had forwarded you that by email yesterday...and as soon as the session was over and we did those tax cuts S&P was asking us written information back in August about the tax cuts and how they were going to work and they sort of gave us a preliminary already even though we're going to do another rating (...inaudible...) with S&P. So, our goal is always to maintain our double A stable credit rating or to improve it and I think everybody knows what our strengths are. Our strengths are an excellent reserve fund, an excellent OPEB liability reduction plan, and an excellent plan to fund our unfunded pension liability. Those are all those positive checkmarks that we get every time. Of course, on the other side they always want to know are we improving our public education, how are we going to grow our work force, and how we're going to deal with the fact that our birth rate...our death rate...in West Virginia exceeds our birth rate? So, those are the things that they always want us to address. They were favorably impressed by the K...the K3 Program that was passed by the legislature and we highlighted that during our conversations with S&P.

So, that's all I have from the Department of Revenue unless anyone has any questions and of course Mike Cook will be wrapping up his budget hearings this afternoon. He's finishing up with Higher Ed."

Speaker Hanshaw: "We thank you, Mr. Secretary. Questions for our presenter? Yes, Delegate Hornbuckle."

Delegate Hornbuckle: “Thank you, Mr. Chair. Thank you, Mr. Secretary for being here. I just wanted to go back through again really briefly, the formula again on the tax cuts surrounding that language around the 10%.”

Secretary Hardy: “Yes and it’s in the code and I’m going to paraphrase it, I think I’ve got it completely right but if I miss a little something don’t hold me totally to it. It’s...you take the fiscal year ’19 revenue and you take out severance tax and then you adjust it by the consumer price index to get it up to fiscal year ’24 number and then you compare it to our revenue...our final revenue numbers...for fiscal year ’24 absent severance tax and that was a suggestion that Senator Tarr had made is that we take severance tax out of the formula and I think it made the formula better to be honest. So, you compare them by adjusting it for the consumer price index, it becomes an apple-to-apple comparison. If our fiscal year ’24 number is higher than the fiscal year ’19 number as adjusted, then that creates an amount of money available for an income tax cut and then that sum can then be used to cut additional income taxes if this body would want to do that and not to exceed 10% per year.”

Delegate Hornbuckle: “And if it doesn’t then there’s no cut, correct?”

Secretary Hardy: “Then there’s no cut.”

Delegate Hornbuckle: “Okay, just wanted to be clear on that. Thank you.”

Secretary Hardy: “Yeah, that’s right.”

Speaker Hanshaw: “Okay, other questions for our presenter? Senator? Senator Tarr.”

Senator Tarr: “(...inaudible...) revisit that just a second. I think that the trigger institutes a decrease in that tax without another action of the legislature.”

Delegate Criss: “(...inaudible...)”

Senator Tarr: “Is that—”

Secretary Hardy: “You may be correct on that. I...so, it’s—”

Senator Tarr: “I just want to—”

Delegate Criss: “(...inaudible...)”

Secretary Hardy: “So, it’s an automatic trigger is what—”

Senator Tarr: “Yeah, okay that’s what I thought.”

Secretary Hardy: “I stand corrected. I wasn’t sure about that, I took a...I took a guess there but—”

Senator Tarr: “Thank you, I just wanted to clarify.”

Secretary Hardy: “Yeah, you’re saying it’s an automatic trigger.”

Senator Tarr: “Yeah.”

Secretary Hardy: “Yeah, it’s based on the mathematical formula.”

Senator Tarr: “Automatic trigger for anywhere from really zero up to 10% based off that CPI adjusted revenue.”

Secretary Hardy: “Yeah, there you go. Did I get the rest of it right off memory?”

Senator Tarr: “Right on—”

Secretary Hardy: “Okay.”

Senator Tarr: “You hit it really well, the rest of it yeah.”

Secretary Hardy: “Thank you, thank you. Okay. All right, anything else?”

Speaker Hanshaw: “Others? Yeah? Delegate Hornbuckle again.”

Delegate Hornbuckle: “Thank you, Mr. Chair and I apologize. And so, three things on the S&P rating. You did say that they are looking at public education, work force, and our death rate?”

Secretary Hardy: “Demographics meaning one of the demographical things that they always question us about is hey, your death rate exceeds your birth rate, where is West Virginia going forward? And of course, we respond by saying we’re doing these economic development projects, here’s our plan to improve public education, and that we also have some new initiatives encouraging young professionals to come back to West Virginia.”

Delegate Hornbuckle: “And they were impressed with our latest move in public education?”

Secretary Hardy: “They were...they were favorably impressed with the K through 3 program that was implemented and the other economic development initiatives...Nucor and many of the other ones. They are impressed and they realize that we are being proactive in trying to address some of these things.”

Delegate Hornbuckle: “So, with them being impressed by that, would it be reasonable to say that any strides that we make in public education and work force development would be good things?”

Secretary Hardy: “I don’t know if I would say any because it would depend on whether they think they’re real and have a real impact.”

Delegate Hornbuckle: “Thank you.”

Speaker Hanshaw: “Any others? Okay if not, Mr. Secretary we thank you very much.”

Secretary Hardy: “Thank you.”

Speaker Hanshaw: “Okay Miss Workman, let’s try to get our technology cued up this time.”

Kelly Workman: “We like for you to see the maps and think it helps.”

President Blair: “Take care of the minutes while we wait.”

Speaker Hanshaw: “Yeah, that’s a good point. The President makes a good point, we do now have a quorum. Chair will note for the record we do have the presence of a quorum today. So, if all members will turn your attention to the draft set of minutes contained in the packet for our September 12th, 2023, meeting of the committee. We’ll move on with approval of those minutes. Questions or comments from any of the members of the committee about the draft contained in today’s meeting packet? If there are no questions, Chair recognize the President.”

President Blair: “Mr. Speaker, I move that we approve the minutes from September the 12th, 2023, of the Joint Committee on Government and Finance.”

Speaker Hanshaw: “The question is on the President’s motion that the draft minutes of the September 12th, 2023, meeting of the committee be approved as distributed. Is there discussion on the motion? If not, those in favor of the motion will please say aye, any opposed please say no. The ayes have it, that motion is adopted.”

Kelly Workman: “I can go ahead and just tell you what’s going on and—”

Speaker Hanshaw: “It’s entirely up to you.”

Kelly Workman: “Okay. I don’t want to hold up—”

Speaker Hanshaw: “It’s your presentation—”

Kelly Workman: “—the whole meeting.”

Speaker Hanshaw: “—we’ll let you do it how you choose.”

Kelly Workman: “Okay. Well, I can give you an update on where we are with ARPA. I may have to grab some notes but we have five projects under construction. The total passings are about 1,500 I think and that number is increasing every day. So, as these projects go to construction, those passings will increase. We expect that about seven of our projects will go to construction or be authorized to proceed to construction by the end of the year. So, early 2024 you’re going to see those numbers continue to go up and we have 49 or 50,000 total passings that have been funded to date. We are going to execute another round of our LEAD program in October...thank you, yes...and we break those down into targeted and nontargeted. So, the targeted locations have no

broadband today but in order to get to those locations you might pass some locations that do currently have service or service that is inferior in some way. So, sometimes you have to pass three houses to get to five. So, the passings are broken down at the bottom left of this screen. So, under construction, 1,300 targeted addresses, a total of almost 2,000 addresses passed and we report this information to Treasury on a quarterly basis.

So, this is a listing of the projects that I mentioned that are going to construction hopefully by the end of the year. Sometimes this is a little bit out of our hands, it depends upon when these project teams obtain their permits and that would be their DOH and their SHIPPO permits and their pole permits. The pole permits are often the longest phase of that permitting process. This is a dashboard that our office has executed, it's at broadband.wv.gov and if you log on you'll see at the top there is a project...ARPA project dashboard tab. You can log on this...on to this dashboard at any time and see all of the ARPA projects that have been funded in West Virginia and a breakdown by county, by company, by funding source, and you'll also see those total locations passed. We'll also show you which projects are in design and which are in construction and which are completed on that dashboard.

As I mentioned, LEAD round three will open tomorrow and that will be the...hopefully the final round of LEAD. This will enable us to allocate most of our funding under ARPA and if we do have funding remaining, we will execute another funding opportunity, and we may also hold a little bit of that funding back for potential overruns or to be used in association with BEAD. This is an overview of the internal controls that we've established in our office to ensure that when the funds are invested, they actually do result in connectivity for our state residents.

As I mentioned, factors that impact broadband expansion in West Virginia...pole attachments, we've mentioned that previously and it does tend to be the longest permitting process in our design phase of our projects...and so most recently there was a case at the West Virginia Public Service Commission, the two case numbers are added here and that case is proceeding. We're monitoring that very closely and the Broadband Council most recently voted to intervene in that case. However, they have not yet taken that official action.

Permits and locates, we may address that in some of our BEAD funding to provide additional funding to state or local agencies that are involved in permitting to help accommodate that surge that is anticipated under the BEAD program. Supply chain is always a concern, however with proper planning many of our companies are able to mitigate that concern. Several of our companies, large, medium, and small, have all raised an issue regarding matching funds for BEAD and so we'll address that here in just a moment. With the BEAD funding that's coming through the U.S. Department of Commerce, the National Communications Information Administration, that's NTIA...that letter of credit requirement and the match requirement coupled are a concern for many companies and we've heard that from many of them throughout the year during our planning process. I'll give you an illustration of what this actually means to a company. If there is a total...if there's a project with a total cost of \$10 million dollars, the BEAD program will only pay \$7.5 million dollars of that project cost. The company will come up with the \$2.5 million dollar match. The company will also then be required to obtain a letter of credit relative to the amount of the BEAD grant. So, in the case of a \$7.5 million dollar grant, that letter of credit may be \$1.9 million dollars, adding initial additional fees

for interest, and then the total allocation is reduced to about \$4.6 million under this scenario.

So, the source of this graphic is Connect Humanity, and this organization along with about 300 entities throughout the nation submitted a letter to NTIA raising this concern particularly for small and regional companies, and to date NTIA has not made any changes regarding this requirement. However, it is quite likely that many of our small and regional companies will need some type of assistance through the West Virginia Economic Development Authority, just as they did to secure their letters of credit through RDOF and...this is an overview of the other funding sources that are coming through the Infrastructure Act.

So, as you know, West Virginia has been allocated \$1.2 billion dollars in BEAD funding, that's Broadband Equity Access and Deployment. We are about midway through the application phase for that funding in order to secure it for the state. The first couple of stages included a five-year plan, that five-year plan has been approved by NTIA. The next phase is the initial proposal volume one, it has closed public comment and will be submitted to NTIA in October. Volume two is near completion, it will go out to public comment within a matter of days. After that required thirty-day public comment, we hope to complete any necessary revisions, get everything submitted to NTIA on or around December 1st, and the deadline for all states to submit their plans...the initial proposal, the five-year plan...to NTIA is the end of December. So, West Virginia is on pace to be well ahead of that December 27th deadline. Our goal is to get in there before this rush of other states so that we hopefully can get our funding approved quickly by NTIA and then proceed onto the next step in the process which is the state challenge process.

We're also working through the Digital Equity Program under the Infrastructure Act. That final plan is due November 13th, it's already been through public comment, it's ready to go. That will enable West Virginia to compete for Digital Equity Compacity Grant funding which will roll out in 2024. As you may recall, NTIA also established a Middle-Mile Grant program and Appalachian Power was awarded \$25 million dollars through that grant funding opportunity for a five-county project to serve Mercer, Wyoming, McDowell, Summers, and Raleigh counties. Specifically, regarding the BEAD program, this is just an illustration of the timeline that we just went through. So, as you'll see on the top...on the first three blocks, the top initial proposal volume one, that's completed. Five-year plan on the bottom, that's completed. Initial proposal volume two, that's going out for public comment in a matter of days. Once those items are approved, NTIA will enable us to move to the state challenge process, that's the December March red block that we're showing there. The challenge process will last 90 to 120 days. Following that challenge process, we will actually be able to stand up our grant program. So, during the challenge process, internet service providers, local governments, nonprofit organizations, will have an opportunity to challenge the map that we will be producing during that challenge.

On into 2024, once we stand up that grant program, we'll be in the project selection phase. NTIA requires that we select all of our projects that we ensure that every broadband serviceable location on our map is served and that goes in one final proposal to NTIA...and so it's very critical that we meet the NTIA mandate of ensuring that all locations in West Virginia are served. We do think that we have enough funding to prioritize fiber broadband development in West Virginia. If there are any locations remaining that are not able to be served by fiber location due to a high-cost threshold,

which we will establish during the grant funding cycle, then NTIA will accept other technologies. So, we'll talk about the high-cost threshold in just a moment. This is just an overview of the timeline and we'll provide these slides to you for your reference. So, we do estimate that the state challenge process can begin in early January 2024. The initial proposals are broken down as follows, volume one is shown in the gold, volume two is in the blue, and as you'll see volume two is the more lengthy of these two documents. Some of the requirements that are included in volume two include our selection process, the activities that the Department of Economic Development will undertake, labor standards, workforce readiness...which we can talk about more in detail...our goals regarding minority and women owned businesses, climate assessment, a low cost broadband service option, utilization of our 20% funding, our regulatory approach...which is an analysis of all of the applicable regulations in West Virginia....and our middle class affordability plan.

So, taking a look at the data that we have to work with from NTIA. As you'll see over on the...it's on your left, my right...there were 900,408 broadband serviceable locations identified in West Virginia. That represents about 35%...about 35% of those locations are deemed today to be unserved or underserved. There are about 149,000 that are already the subject of a federal funding commitment. So, that can be RDOF, USDA, Appalachian Regional Commission, or other funding sources that have already been allocated, and that also includes our allocation of ARPA funding. So, those addresses have to be carved out so that there is no duplication of federal funding. That leaves us with about 168,000 addresses that are located throughout the state and this is just a very busy map that shows you the allocation of where those locations are

throughout the state. So, the unserved is shown in orange, underserved is in that purple color, the fully served...according to NTIA and the Broadband Data Collection data...are shown in dark blue, and the lighter blue is what has already been funded by another federal funding source. I want to stop there and just see if you have any questions about that information so far if that's okay?"

Speaker Hanshaw: "Sure, questions thus far for our presenter? Senator Trump."

Senator Trump: "Thank you, Mr. Speaker. Miss Workman, you mentioned RDOF and I know that's a federal program. It's...you all are not implementing it but are you monitoring it and could you tell us what you know about how far along that is?"

Kelly Workman: "We are. Thank you for the question. That is a question that we hear routinely, it's a major concern for West Virginians. So, we do monitor RDOF process...progress...companies that have received RDOF funding are to report in what is called the USAC Hub, that's the Universal Service Fund Hub, and the last time we checked it there were about 2,000...maybe 1,500 to 2,000...locations reported in that hub. The only two companies that have reported thus far are Prodigy, up in Preston County, and Frontier...and so we do monitor that on a regular basis."

Senator Trump: "Okay, thank you."

Speaker Hanshaw: "Delegate Howell."

Delegate Howell: "...(inaudible)...Thank you, Director Workman for being here. My question is with the activation within the past few weeks of Starlink statewide, are we seeing any of these companies maybe starting to adjust their plans...maybe looking

where the running terrestrial lines may not make economic sense anymore or maybe pulling back or do you expect to see some of that?”

Kelly Workman: “Well, Starlink is always an option. However, we are prioritizing fiber development through these programs because of the speed requirements and the technology requirements by the federal agencies. So, once we run that...that grant funding opportunity next year, if there are locations that are not served by fiber connection, we then move to cable, DSL, or fixed wireless but Starlink would not be considered an eligible funding under these funding sources...or an eligible project...but it is an option. It’s an option that should be available to everyone who wants it but as far as what the companies are doing in West Virginia, we’re seeing great participation and diversity within the program. So, I think I told you we have thirteen companies that are currently participating in ARPA and those are all the companies that you would expect to see. So, all of the major companies and then a lot of the smaller ones. Most recently Spruce Knob, Seneca Rocks, received some ARPA funding. So, when we set...I mentioned the high-cost threshold...so, that is a number that NTIA directs the states to set to say that if it costs this amount of money to reach this location, that is more than a reasonable public benefit. So, in those cases we do have to revert to try to find another solution for those locations.”

Delegate Howell: “Thank you.”

Kelly Workman: “Thank you.”

Speaker Hanshaw: “(...inaudible...) Senator Tarr.”

Senator Tarr: “Thank you, Mr. Speaker. Kelly, on the...I’m trying to wrap my head around the rate with which we’re passing addresses to supply it. So, for the 50,000 addresses, when did we actually get...for lack of a better term...shovel on the ground or when they actually started working to put the broadband down after it’s approved, when did that first project start?”

Kelly Workman: “The first one...let’s see...we don’t have that here but the very first projects to go to construction...they were right together, Citynet, Green Valley, and HardyNet...East Hardy...two projects in Preston County with Prodigy. The next two projects that we believe are ready to go to construction...pending those pole permits...will be two to three major projects with Comcast and so the projects...the first projects were funded in I want to say February 2022, and we had projects under construction by the end of the year 2022.”

Senator Tarr: “Okay and then how many do we have still left to get to?”

Kelly Workman: “Projects that have not yet gone to construction?”

Senator Tarr: “Yes.”

Kelly Workman: “Yes. So—”

Senator Tarr: “Passings.”

Kelly Workman: “Passions? We have about 50,000 passings that are funded to date and let me see here...I want to make sure I give the right number...so, 2,000 passings to date.”

Senator Tarr: “So, there’s only 2,000 passings left to get fiber to every unserved?”

Kelly Workman: “No, I apologize. 2,000 passings have been constructed. So, we have about 48,000 remaining.”

Senator Tarr: “We have 48,000 remaining to get to their unserved.”

Kelly Workman: “Correct.”

Senator Tarr: “Okay and then who owns...like is there a consistent owner of the poles where we’re having permitting issues?”

Kelly Workman: “Thus far, our earliest projects were in the northern half of West Virginia and the earliest projects to go to construction have been in the FirstEnergy Mon Power territory. That is where we’ve encountered most of the issues that we’ve had to work through over the past year. The Comcast project will be...two Comcast projects will be among the first to go to construction in the Appalachian Power territory.”

Senator Tarr: “So, I would assume that...that the circumstances with which it goes to a permit might be questionable or be delayed...would be the same in southern West Virginia as it would be in northern West Virginia. So, you have AP down in the southern part and FirstEnergy in the northern part...why is there such a problem in the FirstEnergy and Mon Power section as compared to the AP section?”

Kelly Workman: “Thus far, we haven’t...we haven’t had that experience with Appalachian Power. So, we have more experience with pole permits with FirstEnergy Mon Power.”

Senator Tarr: “That’s what I’m hearing, I’m wanting to know why?”

Kelly Workman: “Right. So, the companies...let me back up just a moment...so, in 2022 FirstEnergy Mon Power rolled out new pole attachment policies and those policies contained additional engineering requirements, additional make ready requirements. The companies that we were working with at the time include Citynet and Prodigy...had invested considerable time and resources into working through those new policies. There were a lot of meetings, a lot of frustration, a lot of work....just to get those projects to permit stage and have those permits approved and that...I have said publicly at Broadband Council meetings...that has been the most significant delay in the deployment of broadband in the state of West Virginia, that pole permitting process...and so as a result of that, the issue...there was a case filed at the Public Service Commission because FirstEnergy Mon Power and Frontier have that old Joint Use Agreement and so the Public Service Commission requested...at the behest of some of the companies that requested that action...that FirstEnergy and Frontier revisit that old Joint Use Agreement. So, I think it’s dated 1988 and so that case...the Public Service Commission issued an order in that case, I want to say in August, directing FirstEnergy and Mon Power to revisit that agreement and to clarify in their pole attachment policies, their...their procedures for those...obtaining those pole permits, to include consistency and predictability on the cost and the method by which those companies could receive their permits because we did hear from the companies that we work with that there was inconsistency. You know, the engineering was required here, it may not have been required there, and just a lot of consultation took place over 2022 to obtain those permits. So, most recently FirstEnergy and Frontier have filed their response to that order and the Broadband Council still has concerns that that filing does not go far enough.”

Senator Tarr: “Okay. So, would you agree that the longer that this permitting takes place, the more costly it is to get the fiber on the poles?”

Kelly Workman: “It...it has resulted in an increase in cost and resources and time on the part of the internet service providers to work through these requirements.”

Senator Tarr: “Okay. Does that ultimately result in decreased attachments relative to the amount that they’re funding? So, if it’s...right now it’s about \$4,600 of the dollars passing. So, if these permits keep pushing this out, is there going to be more of a demand on the state and possibly from the federal matches and things that we have in order to get those passings still accomplished?”

Kelly Workman: “Anecdotally, I can tell you that the companies that we have worked with have said that they base their budgets on past experience...prior to 2022. So, they had experience with what they expected these costs to be. When they actually filed for their permits, those costs had increased greatly. So, it pulls money from a project budget and from the state’s perspective, you know, we’re requesting itemized billing and cost accounting that meets federal requirements so that as we’re dispersing federal funds for these expenses that they’re properly documented. You know, we’re held to a higher standard with federal funds. We can’t have an invoice that just says \$10,000 dollars for engineering. We need to know exactly what that engineer—”

Senator Tarr: “So then, that gets to...I guess my final question is that are you prepared to bring the legislature proposed legislation to get this permitting to where it’s not a problem, where it’s not an obstacle (...inaudible...) a timeframe for getting these passings done?”

Kelly Workman: “We are not prepared to offer suggestions on that short of working through the Public Service Commission procedure because there is still an open case there that we’re hoping that some things will be resolved through that process and we’re continuing to work with FirstEnergy Mon Power to help resolve the issues. So, our perspective is to see if the Public Service Commission takes action that is satisfactory.”

Senator Tarr: “Okay. Can you follow up with me? I’d be eager to assist.”

Kelly Workman: “Okay. Thank you.”

Senator Tarr: “Thank you.”

Kelly Workman: “Thank you.”

Speaker Hanshaw: “Before I recognize...before I recognize Senator Woodrum. Kelly...Miss Workman, let me just...let me just follow up on the Senator’s question just now because it’s...for our collective benefit here, I don’t want to ask you to opine on legal questions because I know that’s outside your expertise but...but to the extent you can...can you tell us what your office believes to be the state of the law with respect to pole attachments and whether there is even room for us to legislate or whether that is still preempted by the Federal Communications Commission?”

Kelly Workman: “Well, it’s my understanding that the Public Service Commission has jurisdiction. We are a reverse preemption state.”

Speaker Hanshaw: “And...and your office believes that working with the PSC you...through that process you now have the latitude that you need to address the Senator’s question?”

Kelly Workman: “The Broadband Council is interested in intervening—”

Speaker Hanshaw: “Okay.”

Kelly Workman: “—in the proceeding with the Public Service Commission. However, they have not yet taken that action formally.”

Speaker Hanshaw: “That’s...that’s all I need to know.”

Kelly Workman: “Okay.”

Speaker Hanshaw: “Okay, Senator Woodrum.”

Senator Woodrum: “Thank you, Mr. Speaker. Director, are we talking in part about placement of the lines on the poles and the spacing when we’re...”

Kelly Workman: “To some extent. If there are already attachers on the pole and facilities have to be moved for a new attacher...is that what you mean?”

Senator Woodrum: “Yes.”

Kelly Workman: “So, that would be considered make ready work and the pole owner does have to permit that work to take place.”

Senator Woodrum: “And...and part of what we might want to do is...is specify where these lines will be attached so that the spacing is correct so we add...when we add fiber to it.”

Kelly Workman: “Well and they follow that NESC codes, the National Electric Safety Code.”

Senator Woodrum: “Because I had heard in the past that they tried to crowd...crowd some of those lines and they were creating problems.”

Kelly Workman: “Right and that may be...you know...what has created the situation we have today where if companies attached without obtaining proper permits and some of that was done improperly, now when there is a new attacher, things have to be moved because there has to be clearance between the electric and the telecom facilities and then clearance from the ground. So, that is the engineering process that is taking place and it...it has lengthened the time necessary to get these projects to construction.”

Senator Woodrum: “Okay, another question...I was previously in county government and I had a number of complaints about people that had fiber that passed through their property, that they could see from their front porch, but they couldn't attach to it. Is that something that's a thing of the past now?”

Kelly Workman: “It depends on the company and where their splice points are. I think that's an individual case that...if we could look into that on an individual basis, that might be best.”

Senator Woodrum: “All right—”

Kelly Workman: “Okay.”

Senator Woodrum: “—and the other thing is, when we're working on these things is there a collaboration with state emergency management when it comes to maybe towers for siren, things like that?”

Kelly Workman: “We did a...you know...we wanted to consult on the (...inaudible...) towers and as you know the legislature allocated some funding to our department for that wireless program. Sometimes when we attempted to execute projects on those towers, on those state-owned towers....and it was not through state funding, it was through funding available through the Appalachian Regional Commission...those projects didn’t actually go forward. Sometimes there were issues with gaining access to the towers or structural issues that prevented those projects from moving forward. So, some of the projects that we funded that were intended to be wireless, we’ve actually now converted them to wireline projects.”

Senator Woodrum: “Is there ever a circumstance where you’d want to put a tower up for a wireless project that then might be used by emergency management?”

Kelly Workman: “I think if the state constructed a tower of any kind it would be available to state emergency management facilities.”

Senator Woodrum: “But...but you generally don’t construct towers?”

Kelly Workman: “We have not, no—”

Senator Woodrum: “Okay.”

Kelly Workman: “—no, but now we have utilized county towers.”

Senator Woodrum: “Okay—”

Kelly Workman: “So we—”

Senator Woodrum: “—that helps me out. Director, thank you very much.”

Kelly Workman: “Okay, thank you.”

Senator Woodrum: “Thank you, Mr. Speaker.”

Speaker Hanshaw: “Other questions for our presenter? Okay, Kelly did you have...Miss Workman, did you have more to share?”

Kelly Workman: “I’m going to look, just one moment. I think we covered everything but we’re going to public comment for volume two. Hopefully, that will get wrapped up here very soon and everything related to the Infrastructure Act, BEAD funding, Digital Equity funding, we’ve got it under control.”

Speaker Hanshaw: “All right, we thank you very much.”

Kelly Workman: “Thank you.”

Speaker Hanshaw: “Secretary Young, welcome!”

Secretary Young: “Good afternoon, thank you for having me. Would you...I don’t have a PowerPoint or anything I just—”

Speaker Hanshaw: “That’s quite all right—”

Secretary Young: “—was going to make an...I was asked to make an introduction.”

Speaker Hanshaw: “(...inaudible...)”

Secretary Young: “Thank you, thank you so much. Well first of all, thank you all for having me. I recognize several faces from LOCHHRA and other committees but I do want to make sure that regardless of where you sit on health or human services that we’re here, we have an open-door policy, and we look forward to working with everyone. We

appreciate the efforts that the legislature has taken to make sure that the three new departments will have their needs met, and that we can serve West Virginia even better.

We are looking forward to several different things, especially from the Department of Health. We have our state health assessment coming out and one thing that I...even if this isn't a health committee, one place that that's very important is that...our healthy West Virginia folks, that is money...that is money back in the taxpayer's pockets. That is bringing people in for jobs and attracting folks to come in to work and to live here in West Virginia. So, we will be working on the state health assessment from the Bureau for Public Health. We'll also be working on the HIV Hepatitis C Elimination Plan...and as we put our budgets and we get our different departments together, we want to show you what we have done with the current budgets that we have and the things that we need and the ways that we've been able to collapse down different FTEs...and different positions that we've been able to create hopefully some more efficient positions, and be ready to serve the public at a moment's notice for anything health related. I do have Secretary Persily here with me as well, if there's any questions, I'm happy them or she would also be happy to answer any questions as well."

Speaker Hanshaw: "Okay, questions from our committee members?"

Delegate Summers: "(...inaudible...)"

Speaker Hanshaw: "Okay. Okay."

Secretary Young: "Delegate Summers has my phone number and she's free to use it anytime she wishes."

Speaker Hanshaw: “Well, we recognize that you’re new on to the job or newer on to the job Dr. Young but we appreciate having been able to work with you in the past. So, this...this is the...we consider this to be the Board of Directors of the organization to hear periodic reports of what goes on in the various agencies. So, this will not be your last opportunity to visit with us I’m sure.”

Secretary Young: “I look forward to it and please if there’s anything that you would like to see or hear, anything that we can share, please let me know and in the meantime please take my number. It’s a twenty-four seven open door policy. We haven’t been able to fix everything immediately but we are committed to fixing everything that we can. So, feel free to reach out if we can be of any assistance.”

President Blair: “Thanks for opening the door and so it goes both ways on this. You’re going to see things over at the DHHR that need to be addressed and needs to be done legislatively and right now we’re reaching out to all the different agencies saying hey, you see something that you can do more for less or whatever...improve the process, whatever it may be....reach out to us and we’ll work together so that we can put legislation in there. Move at the speed of business, not the speed of government, to be able to take care of the people of West Virginia to meet our task. So, you just offered that for us to you, I’m giving it right back to you, and I do this all the time but we are literally in the planning stages for January right now on getting everything together. So, if there’s anything that you’ve seen or become aware of...or your staff and that applies to other Secretary back there...please let us know so that we can actually work together to be able to get things and make a better state.”

Secretary Young: “Thank you.”

Speaker Hanshaw: “Okay with that, we thank you for being here.”

Secretary Young: “Thank you, so much.”

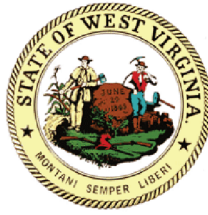
Speaker Hanshaw: “Is there any other business to come before this meeting today? If not, President Blair.”

President Blair: “I move we adjourn.”

Speaker Hanshaw: “Question is on the motion to adjourn. Those in favor of the motion please say aye, those opposed will please say no. The ayes have it, this meeting is 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 25301*

304-347-4870

November 01, 2023

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

- West Virginia Lottery as of September 30, 2023
Gross profit as of September 30, 2023, was \$149.6 million. Gross profit as of September 30, 2022, was \$147.1 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2023
Total disbursements were \$16.7 million higher than in fiscal year 2023. Overall ending trust fund balance was \$32.9 million higher on September 30, 2023, than on September 30, 2022.
- General Revenue Fund as of October 31, 2023
The general revenue collections ended the fourth month of fiscal year 2024 at 115% of the estimate for the year. Total collections were \$242.2 million above the estimate for the fiscal year.
- State Road Fund as of October 31, 2023
The road revenue collections ended the fourth month of fiscal year 2024 at 106% of the estimate for the year. Total collections were \$29.5 million above the estimate for the fiscal year.

WEST 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: October 26, 2023

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2023

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for September 30, 2023, 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 \$332.8 million for July-September of fiscal year 2023-2024. Table games accounted for \$8.4 million of this total. Historic Resort Hotel video lottery accounted for \$1.9 million of total gross receipts. Gross lottery revenue has increased by \$5.4 million or 1.7% when compared with July-September of fiscal year 2022-2023. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-September was \$149.6 million; for July-September of last fiscal year gross profit was \$147.1 million. Expressed as a percentage, gross profit is 1.7% higher for fiscal year 2024

Lottery continued

than for fiscal year 2023.

Operating Transfers to the State of West Virginia:

A total of \$144,344,000.00 has been accrued to the state of West Virginia for fiscal year 2023-2024. 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	\$55,483,000.00
Community and Technical College	\$1,499,000.00
Department of Education	\$8,882,000.00
Library Commission	\$7,109,000.00
Higher Education-Policy Commission	\$4,588,000.00
Tourism	\$4,296,000.00
Department of Natural Resources	\$2,334,000.00
Division of Culture and History	\$2,645,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$2,998,000.00
School Building Authority	\$5,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$95,234,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$6,306,000.00
Higher Education Improvement Fund	\$4,500,000.00
General Purpose Fund	\$13,253,000.00
Higher Education Improvement Fund	\$5,913,000.00
State Park Improvement Fund	\$307,000.00
School Building Authority	\$5,690,000.00
Refundable Credit	\$403,000.00
WV Racing Commission	\$1,207,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Department of Education	\$000.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$12,442,000.00
Economic Development Authority	\$1,317,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$9,956,000.00
Total State Excess Lottery Revenue Fund	\$78,294,000.00

Total Budgetary Distributions:	\$173,258,000.00
Veterans Instant Ticket Fund	\$136,000.00
Pension Plan	\$00.00
TOTAL TRANSFERS	*\$173,664,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2023:	\$252,394,000.00
Total Cash Distributions FY 2024:	\$173,664,000.00
Applied to FY 2023:	\$173,664,000.00
Applied to FY 2024:	\$000.00
Accrued for FY 2023 as of September 30:	\$78,730,000.00
Accrued for FY 2024 as of September 30:	\$223,074,000.00




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 September 30, 2023
DATE: October 16, 2023

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

Financial statements of the Lottery for the month ending September 30, 2023 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$105,374,400 for the month of September.

Transfers of lottery revenue totaling \$45,394,986 made for the month of September 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 September 30, 2023 was 1,522 and 1,180 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
Riley Moore, Treasurer
J. B. McCuskey, Auditor
Members of the West Virginia Lottery Commission

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

September 30, 2023

WEST VIRGINIA LOTTERY

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

ASSETS	September 30, 2023	June 30, 2023
Current Assets:		
Cash and cash equivalents	\$ 253,325	\$ 288,680
Accounts receivable	38,360	35,255
Inventory	1,245	1,228
Other assets	<u>210</u>	<u>1,407</u>
Total Current Assets	<u>293,140</u>	<u>326,570</u>
Capital assets	63,510	63,256
Less accumulated depreciation and amortization	<u>(22,271)</u>	<u>(21,847)</u>
Net Capital Assets	<u>41,239</u>	<u>41,409</u>
Total Noncurrent Assets	<u>41,239</u>	<u>41,409</u>
Total Assets	<u>\$ 334,379</u>	<u>\$ 367,979</u>
Deferred outflows of resources	<u>\$ 2,340</u>	<u>\$ 2,340</u>
Total assets and deferred outflows	<u>\$ 336,719</u>	<u>\$ 370,319</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 223,074	\$ 252,394
Estimated prize claims	18,568	18,081
Accounts payable	3,426	3,672
Other accrued liabilities	<u>29,456</u>	<u>33,976</u>
Total Current Liabilities	<u>274,524</u>	<u>308,123</u>
Deferred inflows	<u>\$ 766</u>	<u>766</u>
Net Position:		
Net Investment in capital assets	41,239	41,409
Unrestricted	<u>20,191</u>	<u>20,021</u>
Total Net Position	<u>61,430</u>	<u>61,430</u>
Total net position, liabilities, and deferred inflows	<u>\$ 336,720</u>	<u>\$ 370,319</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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2023

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2024	FY 2023	FY 2024	FY 2023
Lottery revenues				
On-line games	\$ 7,898	\$ 5,515	\$ 29,987	\$ 22,538
Instant games	12,409	13,773	41,341	42,558
Racetrack video lottery	40,237	40,543	124,323	126,209
Limited video lottery	39,452	39,624	120,564	120,235
Table games	2,569	2,697	8,351	8,678
Historic resort	543	493	1,874	1,438
Sports Wagering	437	691	965	1,304
Interactive Wagering	1,829	1,618	5,358	4,374
	<u>105,374</u>	<u>104,954</u>	<u>332,763</u>	<u>327,334</u>
Less commissions				
On-line games	547	394	2,089	1,579
Instant games	868	964	2,894	2,980
Racetrack video lottery	22,075	22,243	68,209	69,243
Limited video lottery	19,332	19,416	59,076	58,915
Table games	1,095	1,145	3,558	3,684
Historic resort	262	229	901	705
	<u>44,179</u>	<u>44,391</u>	<u>136,727</u>	<u>137,106</u>
Less on-line prizes	3,823	2,571	14,598	10,789
Less instant prizes	8,490	9,410	28,273	28,971
Less ticket costs	205	181	524	437
Less vendor fees and costs	812	994	3,025	2,953
	<u>13,330</u>	<u>13,156</u>	<u>46,420</u>	<u>43,150</u>
Gross profit	<u>47,865</u>	<u>47,407</u>	<u>149,616</u>	<u>147,078</u>
Administrative expenses				
Advertising and promotions	330	559	1,297	1,674
Wages and related benefits	1,042	943	3,101	2,758
Telecommunications	35	89	93	191
Contractual and professional	835	883	2,547	1,853
Rental	22	27	84	75
Depreciation and amortization	141	138	424	415
Other administrative expenses	201	53	1,096	705
	<u>2,606</u>	<u>2,692</u>	<u>8,642</u>	<u>7,671</u>
Other Operating Income	<u>489</u>	<u>532</u>	<u>2,253</u>	<u>2,032</u>
Operating Income	<u>45,748</u>	<u>45,247</u>	<u>143,227</u>	<u>141,439</u>
Nonoperating income (expense)				
Investment income	1,159	464	3,580	1,310
Distributions to municipalities and counties	(773)	(777)	(2,363)	(2,357)
Distributions -capital reinvestment	(31)	(26)	(100)	(80)
Distributions to the State of West Virginia	(46,103)	(44,908)	(144,344)	(140,312)
	<u>(45,748)</u>	<u>(45,247)</u>	<u>(143,227)</u>	<u>(141,439)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>61,430</u>	<u>60,896</u>	<u>61,430</u>	<u>60,896</u>
Net position, end of period	<u>\$ 61,430</u>	<u>\$ 60,896</u>	<u>\$ 61,430</u>	<u>\$ 60,896</u>

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

**WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

**(In Thousands)
-Unaudited-**

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 331,910	\$ 325,242
Cash payments for:		
Personnel costs	(3,101)	(2,758)
Suppliers	(4,217)	(5,022)
Other operating costs	<u>(181,105)</u>	<u>(182,109)</u>
Cash provided by operating activities	<u>143,487</u>	<u>135,353</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(173,664)	(172,899)
Distributions to municipalities and counties	(2,381)	(2,342)
Distributions to racetrack from racetrack cap. reinv. fund	<u>(6,123)</u>	<u>(6,577)</u>
Cash used in noncapital financing activities	<u>(182,168)</u>	<u>(181,818)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(254)</u>	<u>(256)</u>
Cash flows from investing activities:		
Investment earnings received	<u>3,580</u>	<u>1,310</u>
Increase (decrease) in cash and cash equivalents	(35,355)	(45,411)
Cash and cash equivalents - beginning of period	<u>288,680</u>	<u>281,709</u>
Cash and cash equivalents - end of period	<u>\$ 253,325</u>	<u>\$ 236,298</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 143,227	\$ 141,439
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	424	415
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(3,106)	(4,124)
(Increase) decrease in inventory	(17)	22
(Increase) decrease in other assets	1,197	70
Increase (decrease) in estimated prize claims	487	1,030
Increase (decrease) in accounts payable	(246)	(656)
Increase (decrease) in other accrued liabilities	<u>1,521</u>	<u>(2,843)</u>
Cash provided by operating activities	<u>\$ 143,487</u>	<u>\$ 135,353</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 \$807,352 and \$755,071 at June 30, 2023 and 2022, 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
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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 September 30, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$471 thousand with a bank balance (overdraft) of \$527 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	<u>September 30, 2023</u>	<u>June 30, 2023</u>
Deposits with financial institutions	\$ 471	\$ 458
Cash on hand at the Treasurer's Office	13,928	13,834
Investments with BTI reported as cash equivalents	<u>238,926</u>	<u>274,388</u>
	<u>\$ 253,325</u>	<u>\$ 288,680</u>

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

WEST VIRGINIA LOTTERY
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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended September 30, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At September 30, 2023
Construction in Progress	2,152	254	-	2,406
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	-	-	11,180
	<u>\$ 63,256</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ 63,510</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At September 30, 2023
Buildings	\$ 12,631	\$ 309	\$ -	\$ 12,940
Equipment	9,216	115	-	9,331
	<u>\$ 21,847</u>	<u>\$ 424</u>	<u>\$ -</u>	<u>\$ 22,271</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 September 30, 2023 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
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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	\$ 4,378,229	\$ 13,465,007
Lotto America	469,915	1,547,594
Mega Millions	1,187,957	9,011,225
Total	\$ 6,036,101	\$ 24,023,826

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,198,127	\$ 6,759,872
Lotto America	234,958	773,859
Mega Millions	594,003	4,505,800
Total	\$ 3,027,088	\$ 12,039,531

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	\$132,000,000	\$12,000,000	\$110,000,000

At September 30, 2023, 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	\$ 126,894,152	\$ 1,224,304
Lotto America	8,825,035	678,905
Mega Millions	99,527,314	790,146
Total	<u>\$ 235,246,501</u>	<u>\$ 2,693,355</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of

WEST VIRGINIA LOTTERY
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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 \$17,926,056 at September 30, 2023, of which the Lottery's share was \$210,209.

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 (66%) 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 12.

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 September 30, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 469,302	\$ 467,004	\$ 1,458,172	\$ 1,450,231
Credits (prizes) won	(421,609)	(419,684)	(1,311,338)	(1,303,641)
Promotional credits played	(7,456)	(6,777)	(22,511)	(20,381)
Gross terminal income	40,237	40,543	124,323	126,209
Administrative costs	(1,610)	(1,622)	(4,973)	(5,048)
Net Terminal Income	38,627	38,921	119,350	121,161
Less distribution to agents	(22,075)	(22,243)	(68,209)	(69,243)
Racetrack video lottery revenues	<u>\$ 16,552</u>	<u>\$ 16,678</u>	<u>\$ 51,141</u>	<u>\$ 51,918</u>

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

	September 30, 2023	Year-to-Date
State Lottery Fund	\$ 11,588	\$ 35,805
State Excess Lottery Revenue Fund	4,964	15,336
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 16,552</u>	<u>\$ 51,141</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
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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. This percentage is 50 percent. 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 September 30, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 525,758	\$ 523,310	\$ 1,601,728	\$ 1,584,761
Credits (prizes) won	(486,306)	(483,686)	(1,481,164)	(1,464,526)
Gross terminal income	\$ 39,452	\$ 39,624	\$ 120,564	\$ 120,235
Administrative costs	(789)	(792)	(2,411)	(2,405)
Gross Profit	38,663	38,832	118,153	117,830
Commissions	(19,332)	(19,416)	(59,076)	(58,915)
Municipalities and Counties	(773)	(777)	(2,363)	(2,357)
Limited video lottery revenues	<u>\$ 18,558</u>	<u>\$ 18,639</u>	<u>\$ 56,714</u>	<u>\$ 56,558</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
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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 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended September 30, 2023 were \$7,339,774 and \$23,858,427, 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	
	2024	2023	2024	2023
Table Games Privilege Tax	\$ 2,569	\$ 2,697	\$ 8,351	\$ 8,678
Interest on Table Games Fund	26	10	81	31
Administrative costs	(220)	(231)	(716)	(744)
Total Available for Distribution	2,375	2,476	7,716	7,965
<u>Less Distributions:</u>				
Racetrack Purse Funds	165	173	537	558
Thoroughbred & Greyhound Development Funds	132	139	430	446
Racing Association Pension Plan	66	68	213	219
Municipalities/ Counties	732	765	2,378	2,461
Total Distributions	1,095	1,145	3,558	3,684
Excess Lottery Fund	\$ 1,280	\$ 1,331	\$ 4,158	\$ 4,281

WEST VIRGINIA LOTTERY
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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 September 30, 2023 and fiscal year-to-date follows (in thousands):

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total credits played	\$ 4,954	\$ 5,331	\$ 15,975	\$ 15,653
Credits (prizes) won	(4,547)	(4,968)	(14,573)	(14,487)
Promotional credits played	(79)	(85)	(273)	(263)
Gross terminal income	<u>328</u>	<u>278</u>	<u>1,129</u>	<u>903</u>
Capital reinvestment	(15)	(13)	(53)	(42)
Excess Lottery Fund	(3)	(3)	(10)	(8)
Administrative costs	(18)	(15)	(61)	(49)
Hotel commissions	(139)	(118)	(477)	(382)
Net terminal income	<u>153</u>	<u>129</u>	<u>528</u>	<u>422</u>
Historic Resort Hotel Fund	97	82	336	268
Human Resource Benefit Fund	56	47	192	154

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 September 30, 2023 were \$614,951 and \$2,130,110 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:

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Table games privilege tax	\$ 215	\$ 215	\$ 745	\$ 535
Administrative Costs	<u>(28)</u>	<u>(28)</u>	<u>(96)</u>	<u>(69)</u>
Total Available for Distribution	187	187	649	466
Historic Resort Hotel Fund	156	156	543	390
Human Resource Benefit Fund	31	31	106	76

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 97	\$ 336
Historic Resort Table Games	156	543
Interest on Historic Resort Hotel Fund	7	19
Historic Resort Hotel Fund Net Income	<u>260</u>	<u>898</u>
Municipalities/ Counties	36	126
Excess Lottery Fund	224	772
Total Distributions	<u>\$ 260</u>	<u>\$ 898</u>

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 September 30, 2023 were \$4,372,255 and \$9,649,000, 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	
	2024	2023	2024	2023
Sports Wagering Privilege Tax	\$ 437	\$ 691	\$ 965	\$ 1,304
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(66)	(104)	(145)	(196)
Total Available for Distribution	371	587	820	1,108

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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 September 30, 2023 were \$12,195,403 and \$35,717,264 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	
	2024	2023	2024	2023
Interactive Wagering Privilege Tax	\$ 1,829	\$ 1,618	\$ 5,358	\$ 4,374
Interest on Interactive Wagering Fund	46	9	138	28
Administrative Costs	<u>(274)</u>	<u>(243)</u>	<u>(804)</u>	<u>(656)</u>
Total Available for Distribution	1,601	1,384	4,692	3,746

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

	Current Month	Year-to-Date
Pensions	16	47
Lottery Fund	1,585	4,645
Total Distributions	<u>\$ 1,601</u>	<u>\$ 4,692</u>

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, 2024 the State Legislature budgeted \$144,069,148 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 \$6,537,211 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 September 30, 2023 the Lottery has accrued additional distributions of \$223,074,302. 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>September 30, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,499
Bureau of Senior Services	8,482	55,483
Department of Education	1,945	8,882
Library Commission	1,557	7,109
Higher Education-Policy Commission	1,005	4,588
Tourism	941	4,296
General Revenue	-	-
Natural Resources	511	2,334
Division of Culture & History	579	2,645
Economic Development Authority	999	2,998
School Building Authority	1,800	5,400
Total State Lottery Fund	<u>\$ 18,319</u>	<u>\$ 95,234</u>

WEST VIRGINIA LOTTERY
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State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 6,306
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	6,709	13,253
Education Improvement Fund	2,993	5,913
State Park Improvement Fund	155	307
School Building Authority	1,897	5,690
Refundable Credit		403
WV Racing Commission	206	1,207
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Department of Education		
Division of Human Services		17,000
WV Lottery Statutory Transfers	6,298	12,442
Economic Development Authority	439	1,317
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,729	9,956
Total State Excess Lottery Revenue Fund	<u>\$ 27,028</u>	<u>\$ 78,294</u>
Total Budgetary distributions:	<u>\$ 45,347</u>	<u>\$ 173,528</u>
Veterans Instant Ticket Fund	\$ 48	\$ 136
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 45,395	\$ 173,664
Accrued nonoperating distributions, beginning	(222,366)	(252,394)
Accrued nonoperating distributions, end	<u>223,074</u>	<u>223,074</u>
	<u>\$ 46,103</u>	<u>\$ 144,344</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 cancellable operating leases. Rental expense for the fiscal year-to-date ended September 30, 2023 and September 30, 2022 approximated \$84,376 and \$75,181 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 September 30, 2023 and September 30, 2022 approximated \$235,857 and \$269,929 respectively.

NOTE 14 – COMMITMENTS

For the year ended June 30, 2023 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. For the year ended June 30, 2022 the Lottery Commission designated \$4,512,722 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2023 and 2022, \$5,986,994 and \$7,075,367, 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 10% 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 September 30, 2023 and fiscal year-to-date are as follows (in thousands):

	<u>September 30, 2023</u>	<u>Year-to-Date</u>
Employee contributions	\$ 38	\$ 117
Lottery contributions	69	213
Total contributions	<u>\$ 107</u>	<u>\$ 330</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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.

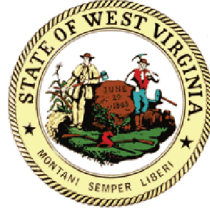
BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2023
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	12,409	12,083	41,341	36,250
On-line games	7,898	5,833	29,987	17,499
Racetrack video lottery	40,237	37,230	124,323	119,328
Limited video lottery	39,452	37,671	120,564	110,530
Racetrack table games	2,569	2,010	8,351	6,404
Historic resort	543	703	1,874	2,055
Sports wagering	437	298	965	892
Interactive wagering	1,829	663	5,358	1,988
Total gross revenues	<u>105,374</u>	<u>96,491</u>	<u>332,763</u>	<u>294,946</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,362	1,423	4,541	4,267
On-line games	2,509	1,674	9,383	5,023
Racetrack Video Lottery	11,911	10,722	36,822	34,367
Sports wagering	378	253	838	759
Interactive wagering	1,585	558	4,645	1,673
Total Lottery Fund net revenues	<u>17,745</u>	<u>14,630</u>	<u>56,229</u>	<u>46,089</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,088	4,593	15,728	14,721
Limited Video Lottery	19,016	17,720	58,093	51,993
Limited Video Lottery Fees	146	-	952	-
Racetrack table games	1,280	986	4,157	3,142
Historic resort	227	268	782	782
Total Excess Lottery Fund Net Revenues	<u>25,757</u>	<u>23,567</u>	<u>79,712</u>	<u>70,638</u>
Total Net Revenues	<u>43,502</u>	<u>38,197</u>	<u>135,941</u>	<u>116,727</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: November 01, 2023

Re: Status of General Revenue Fund and State Road Fund as of
October 31, 2023 (FY 24)

We have read the cash flow of the West Virginia general revenue fund as of October 31, 2023, which is the fourth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 115% of the estimate for the fiscal year. Total collections were \$242.2 million above the estimate for the fiscal year.

Personal Income Tax collections were \$121.4 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$11.9 million above the estimate for the year.

Severance Tax was \$53.5 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$86.2 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 \$29.5 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 \$663,968,601.33 as of October 31, 2023.

Balance July 1, 2023	\$ 435,167,871.58
Fiscal year 23 Surplus	\$ 231,584,774.65
*Loan to General Revenue Fund	\$ (70,000,000.00)
Loan paid off 09-23-23	\$ 70,000,000.00
Earnings/(Loss)	\$ (2,784,044.90)
Balance October 31, 2023	\$ 663,968,601.33

*\$70 million loan to state General Revenue Fund 7/01/2023 for beginning of the year cash flow, to be repaid within 90 days. Loan was paid off 09-23-2023.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$507,385,090.41 as of October 31, 2023.

Balance July 1, 2023	\$ 508,162,521.37
Earnings	\$(777,430.96)
Balance October 31, 2023	\$ 507,385,090.41

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of October 31, 2023.

Balance July 1, 2023	\$11,000,000.00
Balance October 31, 2023	\$11,000,000.00

**REVENUE COLLECTIONS
FISCAL YEAR 2024
as of October 31, 2023**

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	\$ 179,500,000	\$ 189,269,727	\$ 9,769,727	\$ 675,400,000	\$ 796,784,099	\$ 121,384,099	118%
Consumer Sales Tax & Use Tax	125,500,000	125,188,806	(311,194)	527,800,000	539,722,385	11,922,385	102%
Severance Tax	3,000,000	(37,489,955)	(40,489,955)	88,500,000	34,970,731	(53,529,269)	40%
Corporate Net Income Tax	10,600,000	26,344,528	15,744,528	66,100,000	152,287,560	86,187,560	230%
Insurance Tax	24,750,000	26,220,778	1,470,778	51,350,000	52,240,078	890,078	102%
Tobacco Products Tax	13,500,000	9,358,475	(4,141,525)	55,400,000	53,911,557	(1,488,443)	97%
Business and Occupation	8,300,000	10,015,298	1,715,298	34,500,000	36,049,290	1,549,290	104%
Liquor Profit Transfers	2,500,000	2,522,666	22,666	10,000,000	11,570,086	1,570,086	116%
Departmental Collections	1,390,000	1,393,861	3,861	5,480,000	5,819,298	339,298	106%
Property Transfer Tax	900,000	1,080,233	180,233	4,000,000	5,235,913	1,235,913	131%
Property Tax	1,050,000	1,144,101	94,101	3,650,000	4,983,799	1,333,799	137%
Beer Tax and Licenses	500,000	439,535	(60,465)	2,400,000	2,301,454	(98,546)	96%
Miscellaneous Transfers	100,000	-	(100,000)	1,240,000	159,772	(1,080,228)	13%
Interest Income	3,800,000	17,014,773	13,214,773	15,600,000	74,456,747	58,856,747	477%
Refundable Credit Reimb Liability	300,000	624,015	324,015	500,000	1,026,889	526,889	0%
HB 102 - Lottery Transfers	6,150,000	6,088,678	(61,322)	18,950,000	19,341,459	391,459.48	0%
Miscellaneous	150,000	10,186,581	10,036,581	600,000	12,310,505	11,710,505	2052%
Business Franchise Fees	50,000	57,551	7,551	235,000	331,095	96,095	141%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	91,000	98,757	7,757	272,000	282,798	10,798	104%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	1,171	1,171	-	1,902	1,902	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	65,785	65,785	-	234,803	234,803	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
Soft Drink Excise Tax	1,300,000	1,210,968	(89,032)	4,600,000	4,738,479	138,479	103%
SUBTOTALS	\$ 383,431,000	\$ 390,836,331	\$ 7,405,331	\$ 1,566,577,000	\$ 1,808,760,699	\$ 242,183,699	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 383,431,000	\$ 390,836,331	\$ 7,405,331	\$ 1,566,577,000	\$ 1,808,760,699	\$ 242,183,699	

Percent of Estimates

102%

115%

Collections this day

\$ 70,949,562

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

November 01, 2023

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
OCTOBER 2022 vs OCTOBER 2023**

GENERAL REVENUE FUND

	Actual Collections October 2022	Actual Collections October 2023	Actual Collections 4 Months Jul-Oct 2022	Actual Collections 4 Months Jul-Oct 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 215,128,608	\$ 189,269,727	\$ 823,288,189	\$ 796,784,099	\$ (26,504,091)	-3%
Consumer Sales Tax & Use Tax	123,486,119	125,188,806	518,341,636	539,722,385	21,380,749	4%
Severance Tax	69,079,649	(37,489,955)	341,230,021	34,970,731	(306,259,290)	-90%
Corporate Net Income Tax	19,144,749	26,344,528	122,065,327	152,287,560	30,222,233	25%
Insurance Tax	24,688,307	26,220,778	50,259,790	52,240,078	1,980,288	4%
Tobacco Products Tax	12,658,204	9,358,475	55,470,792	53,911,557	(1,559,235)	-3%
Business and Occupation	8,596,004	10,015,298	35,813,113	36,049,290	236,177	1%
Liquor Profit Transfers	2,525,158	2,522,666	11,017,599	11,570,086	552,486	5%
Departmental Collections	1,333,510	1,393,861	5,706,046	5,819,298	113,252	2%
Property Transfer Tax	1,356,350	1,080,233	5,704,598	5,235,913	(468,684)	-8%
Property Tax	983,984	1,144,101	4,420,249	4,983,799	563,550	13%
Beer Tax and Licenses	490,690	439,535	2,327,509	2,301,454	(26,055)	-1%
Miscellaneous Transfers	-	-	262,230	159,772	(102,457)	0%
Interest Income	4,536,984	17,014,773	16,943,956	74,456,747	57,512,791	339%
Refundable Credit Reimb Liability	563,601	624,015	1,390,470	1,026,889	(363,581.00)	0%
HB 102 - Lottery Transfers	6,142,835	6,088,678	18,990,229	19,341,459	351,230.24	0%
Miscellaneous	190,555	10,186,581	735,181	12,310,505	11,575,324	1574%
Business Franchise Fees	62,970	57,551	249,531	331,095	81,564	33%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	98,757	98,757	442,069	282,798	(159,271)	-36%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	125	1,171	1,640	1,902	262	16%
Video Lottery Transfers	12,353	65,785	62,855	234,803	171,948	0%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	1,515,352	1,210,968	4,729,294	4,738,479	9,185	100%
SUBTOTALS	\$ 492,594,863	\$ 390,836,331	\$ 2,019,452,322	\$ 1,808,760,699	\$ (210,691,623)	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 492,594,863	\$ 390,836,331	\$ 2,019,452,322	\$ 1,808,760,699	\$ (210,691,623)	
Increase/Decrease over Prior Period		\$ (101,758,532)		\$ (210,691,623)		
% Increase/Decrease over Prior Period		-21%		-10%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 2023

**REVENUE COLLECTIONS
FISCAL YEAR 2024
as of October 31, 2023**

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	\$ 43,700,000	\$ 62,461,502	\$ 18,761,502	\$ 155,000,000	\$ 170,499,858	\$ 15,499,858	110%
Sales/Privilege Tax	25,500,000	27,460,823	1,960,823	105,500,000	112,494,621	6,994,621	107%
Licenses & Registration	10,875,000	8,728,188	(2,146,812)	52,050,000	41,046,573	(11,003,428)	79%
Miscellaneous	6,000,000	8,187,511	2,187,511	172,500,000	190,523,700	18,023,700	110%
Highway Litter Control	114,000	115,195	1,195	609,000	565,788	(43,212)	93%
Federal Reimbursement	62,500,000	61,242,005	(1,257,995)	234,750,000	281,337,573	46,587,573	120%
SUBTOTALS	\$ 148,689,000	\$ 168,195,223	\$ 19,506,223	\$ 720,409,000	\$ 796,468,113	\$ 76,059,113	
Less: Federal Reimbursement	62,500,000	61,242,005	(1,257,995)	234,750,000	281,337,573	46,587,573	
TOTALS	\$ 86,189,000	\$ 106,953,219	\$ 20,764,219	\$ 485,659,000	\$ 515,130,540	\$ 29,471,540	
Percent of Estimates		124%			106%		

Collections this day \$ 18,963,909

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of October 31, 2023 : \$663,968,601.33

\$70 million loan to General Revenue fund 7/1/23 for beginning of the year cash flow, to be repaid within 90 days, not reflected.
Loan paid off 9/15/23.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of October 31, 2023: \$ 507,385,090.41

SPECIAL INCOME TAX REFUND RESERVE FUND as of October 31, 2023: \$11,000,000.00

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 2023

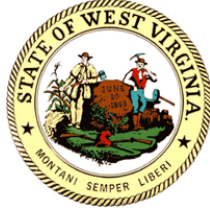
**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
OCTOBER 2022 vs OCTOBER 2023**

STATE ROAD FUND

	Actual Collections Oct 2022	Actual Collections Oct 2023	Actual Collections 4 Months Jul-Oct 2022	Actual Collections 4 months Jul- Oct 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 36,662,388	\$ 62,461,502	\$ 145,383,263	\$ 170,499,858	\$ 25,116,594	17%
Privilege Tax	28,494,043	27,460,823	112,241,728	112,494,621	252,893	0%
Licenses & Registration	8,249,308	8,728,188	45,044,374	41,046,573	(3,997,801)	-9%
Miscellaneous	1,649,842	8,187,511	158,660,026	190,523,700	31,863,674	20%
Highway Litter Control	132,001	115,195	584,550	565,788	(18,762)	-3%
Federal Reimbursement	57,034,065	61,242,005	215,174,325	281,337,573	66,163,248	31%
 SUBTOTALS	\$ 132,221,647	\$ 168,195,223	\$ 677,088,267	\$ 796,468,113	\$ 119,379,846	
Less: Federal Reimbursement	57,034,065	61,242,005	215,174,325	281,337,573	66,163,248	
 TOTALS	\$ 75,187,582	\$ 106,953,219	\$ 461,913,942	\$ 515,130,540	\$ 53,216,599	
 Increase/Decrease over Prior Period		\$ 31,765,637		\$ 53,216,599		
 % Increase/Decrease over Prior Period		42%		12%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 2023

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: October 26, 2023

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the September 30, 2023, monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of September 30, 2023, of fiscal year 2023-2024, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2023	\$ 419,876,988.10
Receipts July 1,2023 thru June 30, 2024	\$ 85,150,236.11
Disbursements July 1,2023 thru June 30, 2024	\$ 87,983,570.69
Balance September 30, 2023	\$ 417,043,653.52

ITEMS OF NOTE:

Regular benefits paid for July-September 2023 were \$ 10.4 million more than July-September 2022.

Federal emergency benefits totaled \$0 for July-September 2023. For July-September 2022, federal emergency benefits totaled \$0.

Total disbursements were \$16.7 million more in July-September 2023 than the preceding July-September 2022.

Receipts as of July-September 2023, were \$7.7 million more than in July-September 2022. Overall ending trust fund balance was \$32.9 million higher on September 30, 2023, than on September 30, 2022.

Seasonally adjusted unemployment rates for September 2023 were 3.8 percent for West Virginia and 3.8 percent nationally.

Since September 2022, employment has increased by 11,900. Employment increases included 1,800 in mining and logging, 2,300 in other services, 2,700 in private education and health services, 2,800 in construction, 2,500 in government, 900 in professional and business services, 200 in financial activities. Employment declines included 700 in manufacturing, 500 in leisure and hospitality, and 100 in trade, transportation, and utilities. Employment in the information sector was unchanged over the year.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JULY 2022 AND JULY 2023**

	JULY 2022	AUGUST 2022	SEPTEMBER 2022	JULY 2023	AUGUST 2023	SEPTEMBER 2023	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 377,973,650.98	\$ 380,192,897.83	\$ 390,353,159.63	\$ 419,876,988.10	\$ 422,838,146.62	\$ 423,531,699.22	\$ 117,727,125.50
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	9,904,869.53	17,308,661.77	910,266.89	15,274,118.79	10,920,131.47	916,581.81	(1,012,966.12)
3. Federal Emergency Benefits (PEUC)	18,584.00	51,924.98	28,907.98	10,046.55	4,951.89	3,291.67	(81,126.85)
4. Federal Share Extended Benefits (EE)	-	-	42.00	-	-	-	(42.00)
5. Federal Additional Compensation - FP	138,892.06	187,690.81	89,378.65	34,122.75	70,327.64	58,284.06	(253,227.07)
6. Pandemic Unemployment Assistance	128.00	-	(95,477.32)	(10,030.00)	(96,527.94)	(12,343.65)	(23,552.27)
7. UCFE (Federal Agencies)	49,202.62	76,680.94	68,109.56	54,450.49	87,787.58	31,268.45	(20,486.60)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-
10. Treasury Interest Credits	-	-	1,586,713.14	-	-	2,772,628.98	1,185,915.84
11. UCX (Military Agencies)	29,133.64	41,101.14	28,970.75	28,621.29	15,034.96	17,342.57	(38,206.71)
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	-	-	586.00	-	-	1,329.00	743.00
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/	-	-	-	-	-	-	-
Total Monthly Receipts	\$ 23,347,631.45	\$ 44,849,046.31	\$ 9,274,519.47	\$ 40,323,764.10	\$ 31,593,212.99	\$ 13,233,259.02	\$ 7,679,038.88
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$ 7,692,980.59	\$ 7,187,409.85	\$ 5,892,565.61	\$ 12,287,393.67	\$ 10,242,958.74	\$ 8,671,273.90	10,428,670.26
Federal Emergency Compensation - PEUC	20,401.99	50,128.99	36,411.98	11,243.55	3,754.89	3,291.67	(88,652.85)
Federal Additional Compensation - FPL	131,128.04	159,907.95	59,240.35	42,921.75	71,827.45	65,184.22	(170,342.92)
Pandemic Unemployment Assistance P	-	-	-	(10,030.00)	(100,730.94)	(8,140.65)	(118,901.59)
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	52,376.05	67,682.81	72,679.60	68,750.38	74,659.69	27,701.31	(21,627.08)
UCX (Military Workers) Benefits	24,676.33	40,668.24	25,318.45	27,849.72	13,925.77	17,041.87	(31,845.66)
Reed Act Funds	-	-	2,740,000.00	-	-	-	(2,740,000.00)
EUISAA Title IX/STC	-	-	-	2,042.28	1,757.40	1,500,076.27	1,503,875.95
Total Monthly Disbursements	\$21,128,384.60	\$ 34,688,784.51	\$15,483,661.81	\$37,362,605.58	\$30,899,660.39	\$19,721,304.72	\$ 16,682,739.77
Trust Fund Balance	\$380,192,897.83	\$ 390,353,159.63	\$384,144,017.29	\$ 422,838,146.62	\$ 423,531,699.22	\$ 417,043,653.52	\$ 108,723,424.61

* 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.

Indicates prior month values that have been updated

**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
Repaid on 5/17/2016
Borrowed on 12/5/2016
Repaid on 5/4/2017
Outstanding Loan from Revenue Shortfall Reserve Fund

**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 – 2023

Month	Receipts	Disbursements	Trust Fund Balance
2022			
Balance 1/1/2022			\$ 320,721,323
January	\$ 37,538,718	\$ 36,452,450	\$ 321,552,258
February	\$ 28,916,869	\$ 31,697,188	\$ 318,771,939
March	\$ 12,011,605	\$ 19,158,780	\$ 311,624,765
April	\$ 58,377,090	\$ 38,864,190	\$ 331,141,453
May	\$ 119,518,142	\$ 68,430,700	\$ 382,227,590
June	\$ 10,606,226	\$ 14,860,237	\$ 377,973,650
July	\$ 23,347,631	\$ 21,136,193	\$ 380,185,088
August	\$ 44,849,046	\$ 34,688,784	\$ 390,353,159
September	\$ 9,274,519	\$ 15,483,662	\$ 384,144,017
October	\$ 29,373,905	\$ 23,295,702	\$ 390,222,220
November	\$ 21,420,345	\$ 22,714,535	\$ 388,928,030
December	\$ 12,704,112	\$ 19,470,183	\$ 382,161,959
Totals - 2022	\$ 407, 938,208	\$ 346,252,604	\$ 382, 161, 959
2023			
January	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
February	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
March	\$ 17,679,370	\$ 25,286,212	\$ 361,700,928
April	\$ 53,423,465	\$ 41,376,931	\$ 373,747,462
May	\$ 135,614,882	\$ 83,183,401	\$ 426,178,943
June	\$ 14,588,998	\$ 20,890,953	\$ 419,876,988
July	\$ 40,323,764	\$ 37,362,605	\$ 422,838,147
August	\$ 31,593,212	\$ 30,899,660	\$ 423,531,699
September	\$ 13,233,259	\$ 19,721,305	\$ 417,043,653
October	\$	\$	\$
November	\$	\$	\$
December	\$	\$	\$
Totals - 2023	\$	\$	\$

Benefits and Technical Support Section • Unemployment Compensation Division
 1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
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**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JULY 2022 AND JULY 2023**

	JULY 2022	AUGUST 2022	SEPTEMBER 2022	JULY 2023	AUGUST 2023	SEPTEMBER 2023	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$ 377,973,650.98</u>	<u>\$ 380,192,897.83</u>	<u>\$ 390,353,159.63</u>	<u>\$ 419,876,988.10</u>	<u>\$ 422,838,146.62</u>	<u>\$ 423,531,699.22</u>	\$ 117,727,125.50
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	9,904,869.53	17,308,661.77	910,266.89	15,274,118.79	10,920,131.47	916,581.81	(1,012,966.12)
3. Federal Emergency Benefits (PEUC)	18,584.00	51,924.98	28,907.98	10,046.55	4,951.89	3,291.67	(81,126.85)
4. Federal Share Extended Benefits (EE)	-	-	42.00	-	-	-	(42.00)
5. Federal Additional Compensation - FP	138,892.06	187,690.81	89,378.65	34,122.75	70,327.64	58,284.06	(253,227.07)
6. Pandemic Unemployment Assistance	128.00	-	(95,477.32)	(10,030.00)	(96,527.94)	(12,343.65)	(23,552.27)
7. UCFE (Federal Agencies)	49,202.62	76,680.94	68,109.56	54,450.49	87,787.58	31,268.45	(20,486.60)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-
10. Treasury Interest Credits	-	-	1,586,713.14	-	-	2,772,628.98	1,185,915.84
11. UCX (Military Agencies)	29,133.64	41,101.14	28,970.75	28,621.29	15,034.96	17,342.57	(38,206.71)
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	-	-	586.00	-	-	1,329.00	743.00
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/	-	-	-	-	-	-	-
Total Monthly Receipts	<u>\$ 23,347,631.45</u>	<u>\$ 44,849,046.31</u>	<u>\$ 9,274,519.47</u>	<u>\$ 40,323,764.10</u>	<u>\$ 31,593,212.99</u>	<u>\$ 13,233,259.02</u>	\$ 7,679,038.88
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$ 7,692,980.59	\$ 7,187,409.85	\$ 5,892,565.61	\$ 12,287,393.67	\$ 10,242,958.74	\$ 8,671,273.90	10,428,670.26
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Pandemic Unemployment Assistance P	-	-	-	(10,030.00)	(100,730.94)	(8,140.65)	(118,901.59)
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	52,376.05	67,682.81	72,679.60	68,750.38	74,659.69	27,701.31	(21,627.08)
UCX (Military Workers) Benefits	24,676.33	40,668.24	25,318.45	27,849.72	13,925.77	17,041.87	(31,845.66)
Reed Act Funds	-	-	2,740,000.00	-	-	-	(2,740,000.00)
EUISAA Title IX/STC	-	-	-	2,042.28	1,757.40	1,500,076.27	1,503,875.95
Total Monthly Disbursements	<u>\$21,128,384.60</u>	<u>\$ 34,688,784.51</u>	<u>\$15,483,661.81</u>	<u>\$37,362,605.58</u>	<u>\$30,899,660.39</u>	<u>\$19,721,304.72</u>	\$ 16,682,739.77
Trust Fund Balance	<u>\$380,192,897.83</u>	<u>\$ 390,353,159.63</u>	<u>\$384,144,017.29</u>	<u>\$ 422,838,146.62</u>	<u>\$ 423,531,699.22</u>	<u>\$ 417,043,653.52</u>	\$ 108,723,424.61

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- Outstanding Loan from Revenue Shortfall Reserve Fund

**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.

FOR RELEASE: October 18, 2023
Contact: Andy Malinoski
Andy.E.Malinoski@wv.gov
304-553-9305

State Unemployment Rate Climbs to 3.8 Percent in September 2023

West Virginia's seasonally adjusted unemployment rate climbed two-tenths of a percentage point to 3.8 percent in September 2023. The number of unemployed state residents rose 2,000 to 30,300. Total employment rose 600 over the month. The national seasonally adjusted unemployment rate remained at 3.8 percent in September.

Total nonfarm payroll employment rose 1,200 in September, with a gain of 1,500 in the service-providing sector easily offsetting a decline of 300 in the goods-producing sector.

The decline of 300 in the goods-producing sector occurred entirely within construction. Employment was unchanged over the month in both manufacturing and in mining and logging.

Within the service-providing sector, employment gains included 1,100 in government, almost entirely within the local sector as schools returned to full staffing, 1,100 in professional and business services, 300 in private education and health services, 200 in other services, and 100 in trade, transportation, and utilities. Employment declines included 600 in leisure and hospitality, 400 in financial activities, and 300 in information.

Since September 2022, total nonfarm payroll employment has risen 11,900. Employment gains included 2,800 in construction, 2,700 in private education and health services, 2,500 in government, 2,300 in other services, 1,800 in mining and logging, 900 in professional and business services, and 200 in financial activities. Employment declines included 700 in manufacturing, 500 in leisure and hospitality, and 100 in trade, transportation, and utilities. Employment in the information sector was unchanged over the year.

West Virginia's not seasonally adjusted unemployment rate declined six-tenths of a percentage point to 3.8 percent in September.

The state's seasonally adjusted labor force participation rate rose two-tenths of a percentage point to 55.1 percent in September 2023.

Research, Information and Analysis, 1900 Kanawha Blvd. East Building 3
Suite 300, Charleston, WV 25305 Telephone (304) 558-2660 ~ Fax (304) 558-1343

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WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
September 2023

	Prelim. Sep 2023	Revised Aug 2023	Revised Sep 2022	Change from:	
				Aug 2023	Sep 2022
Civilian Labor Force	789.1	786.4	784.4	2.7	4.7
Total Employment	758.8	758.2	751.9	0.6	6.9
Total Unemployment	30.3	28.3	32.4	2.0	-2.1
Unemployment Rate	3.8	3.6	4.1	xx	xx
Labor Force Participation Rate	55.1	54.9	54.7	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	706.7	705.5	694.8	1.2	11.9
Total Private	555.4	555.3	546.0	0.1	9.4
Goods Producing	100.7	101.0	96.8	-0.3	3.9
Mining and Logging	22.2	22.2	20.4	0.0	1.8
Construction	33.0	33.3	30.2	-0.3	2.8
Manufacturing	45.5	45.5	46.2	0.0	-0.7
Durable Goods	28.0	27.9	27.9	0.1	0.1
Non-Durable Goods	17.5	17.6	18.3	-0.1	-0.8
Service-Providing	606.0	604.5	598.0	1.5	8.0
Private Service-Providing	454.7	454.3	449.2	0.4	5.5
Trade, Transportation, and Utilities	122.1	122.0	122.2	0.1	-0.1
Wholesale Trade	18.1	18.2	18.5	-0.1	-0.4
Retail Trade	78.7	78.4	77.8	0.3	0.9
Transportation, Warehousing, and Utilities	25.3	25.4	25.9	-0.1	-0.6
Information	7.7	8.0	7.7	-0.3	0.0
Financial Activities	25.7	26.1	25.5	-0.4	0.2
Finance and Insurance	19.0	19.4	18.9	-0.4	0.1
Real Estate and Rental and Leasing	6.7	6.7	6.6	0.0	0.1
Professional and Business Services	73.2	72.1	72.3	1.1	0.9
Professional, Scientific & Technical Services	28.3	28.0	28.2	0.3	0.1
Administrative and Support and Waste Mgmt	37.1	36.4	36.4	0.7	0.7
Private Education and Health Services	131.1	130.8	128.4	0.3	2.7
Educational Services	7.3	7.0	6.9	0.3	0.4
Health Care and Social Assistance	123.8	123.8	121.5	0.0	2.3
Leisure and Hospitality	68.9	69.5	69.4	-0.6	-0.5
Arts, Entertainment, and Recreation	8.9	9.0	8.5	-0.1	0.4
Accommodation and Food Service	60.0	60.5	60.9	-0.5	-0.9
Other Services	26.0	25.8	23.7	0.2	2.3
Government	151.3	150.2	148.8	1.1	2.5
Federal Government	25.9	25.8	25.3	0.1	0.6
State Government	45.0	45.0	45.4	0.0	-0.4
Local Government	80.4	79.4	78.1	1.0	2.3

**West Virginia Labor Force Statistics by Calendar Year
Not Seasonally Adjusted**

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	774,300	775,200	775,700	780,800	784,200	798,600	794,000	798,100	797,100				
Employment	741,700	746,600	747,900	754,000	757,900	767,300	764,100	763,200	766,600				
Unemployment	32,600	28,600	27,700	26,800	26,200	31,200	29,900	34,900	30,500				
Rate	4.2	3.7	3.6	3.4	3.3	3.9	3.8	4.4	3.8				
Participation Rate	54.0	54.1	54.1	54.5	54.7	55.7	55.4	55.7	55.6				
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	776,200	782,700	779,100	783,200	788,100	799,500	792,600	789,200	785,500	788,000	780,800	776,500	785,100
Employment	740,100	745,500	746,400	754,600	760,700	765,200	760,000	755,400	760,000	761,400	754,000	750,200	754,500
Unemployment	36,000	37,200	32,700	28,700	27,400	34,400	32,600	33,800	25,500	26,600	26,800	26,300	30,700
Rate	4.6	4.8	4.2	3.7	3.5	4.3	4.1	4.3	3.2	3.4	3.4	3.4	3.9
Participation Rate	53.9	54.4	54.2	54.5	54.9	55.7	55.2	55.0	54.7	54.9	54.4	54.1	54.7
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	765,200	773,400	770,600	778,700	779,000	792,800	789,700	783,600	781,100	780,800	776,400	773,600	788,800
Employment	713,000	720,100	721,600	733,600	737,700	747,700	749,700	745,200	750,900	752,600	749,100	746,800	749,100
Unemployment	52,300	53,400	49,000	45,000	41,300	45,200	40,000	38,400	30,200	28,200	27,300	26,800	39,700
Rate	6.8	6.9	6.4	5.8	5.3	5.7	5.1	4.9	3.9	3.6	3.5	3.5	5.0
Participation Rate	53.0	53.6	53.4	54.0	54.0	55.0	54.7	54.3	54.2	54.2	53.9	53.7	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	792,100	797,400	786,300	758,000	774,800	784,200	782,200	780,300	779,600	782,100	772,700	769,200	792,200
Employment	746,200	750,100	734,100	640,200	676,700	705,100	706,800	718,100	724,700	735,400	728,000	722,400	726,000
Unemployment	46,000	47,200	52,200	117,900	98,100	79,100	75,300	62,300	55,000	46,700	44,700	46,800	66,100
Rate	5.8	5.9	6.6	15.6	12.7	10.1	9.6	8.0	7.1	6.0	5.8	6.1	8.3
Participation Rate	54.6	55.0	54.3	52.4	53.6	54.2	54.1	54.0	53.9	54.1	53.5	53.2	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,500	791,400	783,600	787,200	791,000	807,300	805,100	800,300	799,900	803,100	794,900	792,400	798,300
Employment	739,700	743,700	740,800	751,900	755,700	766,600	765,500	761,000	766,400	767,300	758,400	754,000	759,000
Unemployment	47,800	47,700	42,900	35,300	35,300	40,600	39,700	39,300	33,400	35,800	36,500	38,300	39,300
Rate	6.1	6.0	5.5	4.5	4.5	5.0	4.9	4.9	4.2	4.5	4.6	4.8	4.9
Participation Rate	54.1	54.4	53.9	54.2	54.4	55.6	55.4	55.1	55.1	55.3	54.8	54.6	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	779,100	789,200	783,600	790,400	794,700	808,800	805,300	794,500	795,600	799,400	791,300	789,200	793,400
Employment	731,800	738,000	736,000	748,900	756,800	765,100	763,800	755,700	762,000	764,800	757,000	751,200	752,200
Unemployment	47,300	51,300	47,600	41,500	37,800	43,600	41,400	38,800	33,600	34,600	34,300	38,000	41,200
Rate	6.1	6.5	6.1	5.3	4.8	5.4	5.1	4.9	4.2	4.3	4.3	4.8	5.2
Participation Rate	53.3	54.0	53.6	54.1	54.5	55.4	55.2	54.5	54.6	54.9	54.3	54.2	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,600	779,900	775,100	781,500	780,000	795,200	792,500	790,400	792,900	789,400	784,100	780,400	783,800
Employment	726,200	730,700	731,100	743,000	744,500	753,600	751,500	747,700	757,600	754,300	745,400	739,900	742,700
Unemployment	49,300	49,200	44,000	38,500	35,500	41,600	41,100	42,700	35,300	35,100	38,700	40,400	41,000
Rate	6.4	6.3	5.7	4.9	4.6	5.2	5.2	5.4	4.5	4.4	4.9	5.2	5.2
Participation Rate	52.7	53.0	52.7	53.2	53.1	54.2	54.0	53.9	54.1	53.9	53.5	53.3	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782,200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
Participation Rate	53.0	53.3	53.0	53.3	53.4	54.0	53.5	53.3	53.3	53.4	52.9	52.6	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment	730,400	730,400	727,800	741,200	744,400	750,700	744,400	741,500	743,100	745,900	738,400	735,300	739,500
Unemployment	56,600	59,300	57,100	52,600	53,300	56,200	55,400	52,400	45,000	44,400	45,500	47,100	52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
Participation Rate	53.1	53.3	53.0	53.6	53.9	54.5	54.0	53.6	53.3	53.4	53.0	52.9	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	795,300	800,800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
Participation Rate	53.1	53.6	53.3	53.5	53.9	54.2	53.9	53.7	53.6	53.9	53.3	53.0	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment	734,500	734,900	733,800	747,400	752,100	758,400	754,200	749,400	752,500	749,100	744,500	739,200	745,800
Unemployment	64,300	63,100	57,100	51,800	50,300	55,800	53,500	52,700	48,100	49,000	48,400	49,600	53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
Participation Rate	53.7	53.6	53.2	53.7	54.0	54.8	54.3	53.9	53.8	53.7	53.3	53.1	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,500	802,500	799,100	806,600	815,200	822,700	815,800	809,500	811,600	813,000	802,600	800,200	808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500	60,200	56,100	58,000	62,300	61,500	60,200	54,100	53,600	53,200	56,100	58,400
Rate	7.7	8.0	7.5	7.0	7.1	7.6	7.5	7.4	6.7	6.6	6.6	7.0	7.2
Participation Rate	53.6	53.9	53.7	54.2	54.8	55.3	54.8	54.4	54.5	54.6	53.9	53.8	54.3

**West Virginia Labor Force Statistics by Calendar Year
Seasonally Adjusted**

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	784,000	782,700	782,400	782,200	782,400	783,100	784,100	786,400	789,100				
Employment	753,100	753,900	755,500	756,200	756,800	757,300	757,600	758,200	758,800				
Unemployment	30,900	28,800	26,900	26,000	25,500	25,800	26,500	28,300	30,300				
Rate	3.9	3.7	3.4	3.3	3.3	3.3	3.4	3.6	3.8				
Participation Rate	54.7	54.6	54.6	54.6	54.6	54.6	54.7	54.9	55.1				
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,900	784,600	785,900	786,700	786,800	786,400	785,700	784,900	784,400	784,100	784,200	784,300	785,100
Employment	753,000	755,700	757,400	757,800	757,200	755,800	754,100	752,600	751,900	751,900	752,200	752,500	754,500
Unemployment	29,900	28,900	28,600	28,800	29,600	30,600	31,600	32,300	32,400	32,300	32,000	31,900	30,700
Rate	3.8	3.7	3.6	3.7	3.8	3.9	4.0	4.1	4.1	4.1	4.1	4.1	3.9
Participation Rate	54.4	54.6	54.7	54.8	54.8	54.8	54.7	54.7	54.7	54.6	54.6	54.7	54.7
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,900	776,300	777,500	778,900	780,000	780,600	780,200	779,600	779,100	779,200	779,900	781,100	788,800
Employment	729,000	730,700	732,800	735,100	737,300	739,000	740,200	741,500	742,900	744,900	747,300	750,000	749,100
Unemployment	46,900	45,600	44,700	43,800	42,700	41,600	39,900	38,100	36,100	34,300	32,700	31,100	39,700
Rate	6.0	5.9	5.8	5.6	5.5	5.3	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	53.7	53.8	53.9	54.0	54.1	54.1	54.1	54.1	54.0	54.1	54.2	54.3	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,600	796,700	794,000	792,200	795,700	792,800	796,000	795,000	796,900	796,000	796,000	796,400	792,200
Employment	756,800	754,700	752,000	752,800	753,600	751,600	752,700	751,200	751,900	752,300	752,300	752,300	726,000
Unemployment	41,700	42,100	42,000	39,400	42,100	41,200	43,300	43,800	45,000	43,700	43,700	44,100	66,100
Rate	5.2	5.3	5.3	4.9	5.3	5.2	5.4	5.5	5.6	5.5	5.5	5.6	8.3
Participation Rate	55.1	55.0	54.8	52.7	53.6	53.5	53.7	53.6	53.8	53.7	53.7	53.7	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,900	793,000	792,200	792,100	792,700	794,000	795,400	796,800	797,900	798,800	799,300	799,300	798,300
Employment	754,000	753,800	753,800	754,300	755,200	756,100	756,900	757,300	757,800	758,300	758,500	758,100	759,000
Unemployment	39,800	39,100	38,400	37,800	37,500	37,800	38,600	39,500	40,100	40,500	40,800	41,300	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.8	5.0	5.0	5.1	5.1	5.2	4.9
Participation Rate	54.5	54.5	54.5	54.5	54.6	54.7	54.8	54.9	55.0	55.0	55.1	55.1	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	788,500	789,900	791,700	793,400	794,500	795,000	794,900	794,600	794,500	794,600	794,700	794,500	793,400
Employment	746,000	747,400	749,400	751,500	753,100	754,200	754,700	754,900	754,800	754,700	754,500	754,300	752,200
Unemployment	42,500	42,500	42,300	41,900	41,400	40,800	40,200	39,800	39,700	39,900	40,200	40,200	41,200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Participation Rate	53.9	54.0	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate	5.4	5.2	5.1	5.0	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
Participation Rate	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
Participation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
Participation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
Participation Rate	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
Participation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800	57,000	57,900	58,900	59,600	59,900	59,800	59,600	59,200	58,700	57,900	58,400
Rate	7.1	7.0	7.1	7.2	7.3	7.4	7.4	7.4	7.4	7.3	7.3	7.2	7.2
Participation Rate	54.3	54.3	54.3	54.3	54.3	54.4	54.4	54.3	54.3	54.3	54.3	54.2	54.3

PEIA
November 2023
Interim Packet

PEIA

November Interim Talking Points

- **PEIA and RHBT FY 2024 year to date interim financial statements for September 30, 2023 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$18 million. This is due to lower than forecast claims expense.**
- **RHBT statements indicate RHBT is currently behind plan by \$49 million. This is due to lower than forecast investment income.**
- **The 2024 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$91, \$21 and \$206 million respectively.**
- **These reserve levels represent 12%, 12% and 120% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.**

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Three Months Ending Saturday, September 30, 2023

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$149,743	\$147,689	\$109,234	Health Insurance - State Gov. - Employers	\$2,054	1%	\$40,509	37%
37,203	36,894	29,766	Health Insurance - State Gov. - Employees	309	1%	7,437	25%
40,764	41,640	35,299	Health Insurance - Local Gov. - All	(876)	(2%)	5,465	15%
1,142	1,194	1,149	Administrative Fees, Net of Refunds	(52)	(4%)	(7)	(1%)
577	691	518	Other Premium Revenue	(114)	(16%)	59	11%
229,429	228,108	175,966	Total Operating Revenue	1,321	1%	53,463	30%
NON-OPERATING REVENUE							
601	526	528	Life Insurance	75	14%	73	14%
0	0	13,000	Direct Transfer	0	0%	(13,000)	(100%)
(892)	2,104	(4,896)	Interest and Investment Income	(2,996)	(142%)	4,004	(82%)
0	0	14,808	WV RHBT Pay Go Premiums	0	0%	(14,808)	(100%)
(291)	2,630	23,440	Total Non-Operating Revenue	(2,921)	(111%)	(23,731)	(101%)
229,138	230,738	199,406	TOTAL REVENUE	(1,600)	(1%)	29,732	15%
EXPENSES							
139,806	133,602	125,618	Claims Expense - Medical	(6,204)	(5%)	(14,188)	(11%)
48,810	77,338	43,847	Claims Expense - Drugs	28,528	37%	(4,963)	(11%)
15,905	16,937	13,570	Payments to Managed Care Org.	1,032	6%	(2,335)	(17%)
9,008	5,818	4,630	Administrative Service Fees	(3,190)	(55%)	(4,378)	(95%)
136	23	2	Wellness and Disease Management	(113)	(491%)	(134)	(6,700%)
1,382	1,387	1,113	Other Operating Expenses	5	0%	(269)	(24%)
456	545	455	Life Insurance Expense	89	16%	(1)	(0%)
120	119	120	ACA Comparative Effectiveness Fee	(1)	(1%)	0	0%
0	0	14,808	WV RHBT Pay Go Premiums	0	0%	14,808	100%
215,623	235,769	204,163	TOTAL EXPENSES	20,146	9%	(11,460)	(6%)
13,438	(5,032)	(4,756)	YTD Surplus (Deficit)	18,470	(367%)	18,194	(383%)
124,830	124,830	93,425	Total Net Position, Beginning of Period	0	0%	31,405	34%
\$138,268	\$119,798	\$88,669	Total Net Position, End of Period	\$18,470	15%	\$49,599	56%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Three Months Ending September 30, 2023
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$504	\$494	\$511	Health premiums - Non Par	\$10	2%	(\$7)	(1%)
2,003	2,041	2,380	Health Premiums - RLC Health, Life	(38)	(2%)	(377)	(16%)
-	-	14,808	Pay Go Premiums	-	0%	(14,808)	(100%)
7,500	7,500	7,500	State appropriation - OPEB	-	0%	-	0%
10,007	10,035	25,199	Total Employer Premiums	(28)	(0%)	(15,192)	(60%)
			Other Additions:				
125	250	200	Retiree Drug Subsidy	(125)	(50%)	(75)	(38%)
(20,688)	31,019	(55,722)	Investment Income	(51,707)	(167%)	35,034	(63%)
(10,556)	41,304	(30,323)	TOTAL ADDITIONS	(51,860)	(126%)	19,767	(65%)
			DEDUCTIONS				
12,583	13,079	10,896	Payments to Managed Care Org.	496	4%	(1,687)	(15%)
6,567	6,907	6,560	Life Insurance Expense	340	5%	(7)	(0%)
12,819	14,732	12,590	Medical Claims Expense	1,913	13%	(229)	(2%)
6,204	6,421	5,454	Pharmacy Claims Expense	217	3%	(750)	(14%)
808	456	352	Administrative Service Fees (External)	(352)	(77%)	(456)	(130%)
(14,587)	(14,779)	(14,728)	Member Health premiums	(192)	1%	(141)	1%
(6,603)	(6,925)	(6,598)	Member Life Insurance Premiums	(322)	5%	5	(0%)
724	535	397	Other Operating Expenses	(189)	(35%)	(327)	(82%)
18,515	20,426	14,923	TOTAL DEDUCTIONS	1,911	9%	(3,592)	(24%)
(29,071)	20,878	(45,246)	NET POSITION INCREASE (DECREASE)	(49,949)	(239%)	16,175	(36%)
			Net Position Restricted for Post Employment Benefits				
1,795,666	1,795,666	1,624,972	Beginning of Period Total Net Position	-	0%	170,694	11%
1,484,488	1,534,437	1,297,619	End of Period Net Position - Restricted	(49,949)	(3%)	186,869	14%
282,107	282,107	282,107	End of Period Net Position - PSR	-	0%	-	0%
\$1,766,595	\$1,816,544	\$1,579,726	End of Period Total Net Position	(\$49,949)	(3%)	\$186,869	12%

BRIM
November 2023
Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Three Months Ending September 30, 2023

Talking Points for Joint Committee on Government and Finance Meeting
November 2023

1. **Premium Revenue** for September reflects the premiums earned for the first three months of the current fiscal year. BRIM premiums in FY'24 reflect an increase in premium revenue including an increase in premium to fund the higher actuarially estimated losses for the current year.
2. **Claims Expense** reflects net claims payments made through September plus estimated accruals for the months of July, August and September. Claim payments made in the first three months of the fiscal year are higher than through September of last year due to several large abuse claims. Please note that claims expense does not include an adjustment of our claims reserves to the actuarial report, as we have not yet received this report for the first quarter. This adjustment could have a significant positive or negative impact on our net income for the quarter.
3. **Investments** reflect a loss of \$3.1 million year to date. Investment losses through September of last year were higher due to interest rates rising and volatility in the equities markets at that time. Interest rates could continue to rise but at slower pace, and the volatility of the equities markets make for an uncertain outlook for investment income for FY'24.
4. BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Three Months Ended September 30th

	2023	2022
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,581	\$ 12,309
Advance deposits with insurance company and trustee	240,675	240,281
Receivables	1,874	826
Prepaid insurance	7,577	2,475
Restricted cash and cash equivalents	6,374	14,687
Premiums due from other entities	1,534	1,222
Total current assets	271,615	271,799
Noncurrent assets:		
Equity position in internal investments pools	136,934	105,494
Restricted investments	29,462	62,541
Total noncurrent assets	166,396	168,035
Total assets	438,011	439,834
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	399	434
	59	61
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	189,423	103,306
Unearned premiums	16,321	11,834
Agent commissions payable	1,570	963
Claims Payable	147	0
Accrued expenses and other liabilities	2,202	1,549
Total current liabilities	209,663	117,652
Estimated unpaid claims and claims adjustment expense net of current portion		
	178,757	186,605
Compensated absences	192	167
Net pension liability	148	(894)
Total noncurrent liabilities	179,097	185,878
Total liabilities	388,760	303,530
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	0	1,156
	137	280
Net position:		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	36,438	75,415
Net Assets (Deficiency)	(19,228)	(16,041)
Net position	\$ 49,573	\$ 135,362

Unaudited

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

For the Three Months Ended September 30th

	2023	2022
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 29,214	\$ 24,701
Less coverage/reinsurance programs	(3,561)	(2,515)
Net operating revenues	25,653	22,186
 Operating expenses		
Claims and claims adjustment expense	40,183	22,987
General and administrative	1,541	1,330
Total operating expenses	41,724	24,318
 Operating income (loss)	(16,071)	(2,132)
 Nonoperating revenues		
Investment income	(3,157)	(13,909)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	(3,157)	(13,909)
Changes in net position	(19,228)	(16,041)
 Total net position, beginning of year	68,801	151,403
 Total net position, end of period	\$ 49,573	\$ 135,362

Unaudited

Real Estate Division

November 2023

Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of October 1 - 31, 2023

There are 5 leasing changes for this period, and they are as follows:

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

Department of Administration Real Estate Division Leasing Report
For the period of October 1 - 31, 2023

STRAIGHT RENEWAL

NORTH CENTRAL WV COMMUNITY ACTION ASSOCIATION, INC.

NOC-001 Renewal for 1 year consisting of 115 square feet of office space at the current annual per square foot rate of \$28.70 annual cost \$ 3,300, full service, 40 Commerce Drive, in the City of Westover, Monongalia County, West Virginia.

RENEWAL WITH INCREASE IN RENT – DOA OWNED

DEPARTMENT OF VETERANS ASSISTANCE

VET-051 New Contract of Lease for 2 years consisting of 2, 042 square feet of office space with an increase in the annual per square foot rate from \$19.00 to \$20.90, annual cost \$42,678.00 for year 1, with an increase in the annual per square foot rate from \$20.90 to \$22.99, annual cost \$46,945.58 for year 2, full service, Building #53, 153 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF ENVIRONMENTAL PROTECTION, AIR QUALITY OFFICE

APC-020 Renewal for 3 years consisting of a 14 feet wide by 16 feet long plot of land for a tower monitoring space with an increase in the annual rate from \$600.00 to \$900.00, annual cost \$900.00, 134 Nick Way, in the City of New Cumberland, Hancock County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-175 Renewal for 3 years consisting of 1,000 square feet of storage space with an increase in the monthly rate from \$300.00 to \$350.00, annual cost \$4,200.00, 4710 Chimney Drive, in the City of Big Chimney, Kanawha County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET - DOA OWNED

DIVISION OF PERSONNEL

DOP-003 Renewal for 2 years with a decrease of square feet from 23,213 square feet to 13,425 square feet of office space at the current annual per square foot rate of \$17.15, annual cost \$230,238.70, full service, Building #3, located on the Capitol Complex at 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 October 1-31, 2023

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	North Central WV Community Action Association, Inc.	NOC-001	Monongalia	115	28.70	3,300	1.00	3,300
2	Department of Veterans Assistance	VET-051	Harrison	2,042	20.90	42,678	1.00	42,678
	Department of Veterans Assistance	VET-051	Harrison	2,042	22.99	46,946	1.00	46,946
3	DEP, Air Quality Office	APC-020	Hancock	224	4.02	900	3.00	2,700
4	Department of Health and Human Resources	HHR-175	Kanawha	1,000	4.20	4,200	3.00	12,600
5	Division of Personnel	DOP-003	Kanawha	13,425	17.15	230,239	2.00	460,478

97.95

Total Rentable : 18,848

Average Annual Rental Rate 16.33

Total Annual Rent 328,262

Department of Health and Human Resources
Bureau for Medical Services

Medicaid Report
SEPTEMBER 2023

Submitted to
Joint Committee on Government and Finance
and
Legislative Oversight Commission on Health and Human
Resources Accountability
NOVEMBER 2023

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2024

	MONTH OF SEPTEMBER 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 09/30/23	SFY2024	Current Month Ended 09/30/23	Current Month Ended 09/30/23	Year To-Date Thru 09/30/23	10/01/23 Thru 6/30/2024
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	81,103,148	92,979,426	7,024,455		7,438,354		17,761,456	75,217,970
Inpatient Hospital - DSH	57,339,873	53,500,000	-		4,280,000		13,081,580	40,418,420
Inpatient Hospital - Supplemental Payments	1,098,674	-	-		-		-	-
Inpatient Hospital - GME Payments	14,461,737	13,452,984	-		1,076,239		3,744,963	9,708,021
Mental Health Facilities	6,295,274	9,855,666	1,952,749		788,453		2,941,859	6,913,807
Mental Health Facilities - DSH Adjustment Payments	16,372,757	18,887,045	-		1,510,964		4,721,761	14,165,284
Nursing Facility Services - Regular Payments	909,736,563	910,851,905	83,354,379		72,868,152		251,253,041	659,598,864
Nursing Facility Services - Supplemental Payments	-	25,000,000	-		2,000,000		-	25,000,000
Intermediate Care Facilities - Public Providers	-	-	-		-		-	-
Intermediate Care Facilities - Private Providers	70,285,738	61,773,950	6,180,335		4,941,916		17,660,252	44,113,698
Intermediate Care Facilities - Supplemental Payments	-	-	-		-		-	-
Physicians Services - Regular Payments	27,303,815	27,571,075	2,322,955		2,205,686		7,814,614	19,756,461
Physicians Services - Supplemental Payments	-	-	-		-		-	-
Physician and Surgical Services - Evaluation and Management	-	-	-		-		-	-
Physician and Surgical Services - Vaccine Codes	-	-	-		-		-	-
Outpatient Hospital Services - Regular Payments	34,572,879	36,497,510	2,776,731		2,919,801		9,764,828	26,732,682
Outpatient Hospital Services - Supplemental Payments	-	-	-		-		-	-
Prescribed Drugs	889,666,463	961,587,502	56,812,453		76,927,000		241,356,861	720,230,641
Drug Rebate Offset - National Agreement	(591,930,088)	(466,000,000)	(47,311,502)		(37,280,000)		(99,055,031)	(366,944,969)
Drug Rebate Offset - State Sidebar Agreement	(97,081,651)	(48,000,000)	(208,900)		(3,840,000)		(27,183,117)	(20,816,883)
Drug Rebate Offset - MCO National	(8,746,526)	(12,600,000)	(1,529,948)		(1,008,000)		(2,418,813)	(10,181,187)
Drug Rebate Offset - MCO State Sidebar Agreement	17,601	-	-		-		-	-
ODD Medication Assisted Treatment-Drugs	86,680,518	-	6,154,269		-		23,767,192	(23,767,192)
Dental Services	4,326,025	4,399,087	413,406		351,927		1,307,478	3,091,609
Other Practitioners Services - Regular Payments	146,588,874	17,263,355	17,293,875		1,381,068		56,810,130	(39,546,775)
Other Practitioners Services - Supplemental Payments	-	-	-		-		-	-
Clinic Services	2,442,194	1,433,269	273,916		114,662		737,695	695,574
Lab & Radiological Services	5,444,721	6,061,343	398,972		484,907		1,572,742	4,488,601
Home Health Services	22,635,227	31,691,744	1,409,946		2,535,340		4,762,373	26,929,371
Hysterectomies/Sterilizations	7,015	2,928	250		234		1,454	1,474
Pregnancy Terminations ⁽²⁾	-	19,089	-		1,527		-	19,089
EPSDT Services	1,214,270	771,690	120,306		61,735		354,820	416,870
Rural Health Clinic Services	2,449,746	2,237,118	216,611		178,969		876,966	1,360,152
Medicare Health Insurance Payments - Part A Premiums	28,308,602	30,240,573	2,553,936		2,419,246		7,571,755	22,668,818
Medicare Health Insurance Payments - Part B Premiums	150,906,037	170,705,833	11,524,851		13,656,467		36,042,392	134,663,441
120% - 134% Of Poverty	15,979,491	16,226,884	1,595,078		1,298,151		4,306,364	11,920,520
135% - 175% Of Poverty	-	-	-		-		-	-
Coinsurance And Deductibles	13,687,829	12,394,747	849,973		991,580		3,297,266	9,097,481

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2024

	MONTH OF SEPTEMBER 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 09/30/23	SFY2024	Current Month Ended 09/30/23	Current Month Ended 09/30/23	Year To-Date Thru 09/30/23	10/01/23 Thru 6/30/2024
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,699,447,506	2,316,592,754	259,548,613		185,327,420	622,456,410	1,694,136,344	
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	2,311,560	2,219,207	249,281		177,537	813,799	1,405,408	
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-	-	
Home & Community-Based Services (IDD)	399,436,614	425,644,479	25,180,660		34,051,558	82,851,310	342,793,169	
Home & Community-Based Services (Aged/Disabled)	114,651,033	162,465,610	3,701,481		12,997,249	12,840,274	149,625,336	
Home & Community-Based Services (Traumatic Brain Injury)	3,938,462	2,368,144	78,714		189,451	281,307	2,086,837	
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	58,767,481	86,842,302	1,014,949		6,947,384	3,953,723	82,888,579	
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-	-	
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-	-	
Targeted Case Management Services - State Wide	1,953,673	2,125,804	71,043		170,064	220,995	1,904,809	
Primary Care Case Management Services	-	-	-	-	-	-	-	
Hospice Benefits	30,179,762	27,812,852	2,795,900		2,225,028	8,808,206	19,004,646	
Emergency Services Undocumented Aliens	1,591,557	599,899	14,140		47,992	189,397	410,502	
Federally Qualified Health Center	11,339,883	6,515,541	677,489		521,243	2,502,586	4,012,955	
Non-Emergency Medical Transportation	41,612,362	42,182,568	3,399,099		3,374,605	10,394,532	31,788,036	
Physical Therapy	1,001,192	985,693	80,475		78,855	271,223	714,470	
Occupational Therapy	417,926	408,056	29,546		32,644	104,695	303,361	
Services for Speech, Hearing & Language	286,823	236,711	20,294		18,937	74,142	162,569	
Prosthetic Devices, Dentures, Eyeglasses	799,272	564,182	85,557		45,135	260,035	304,147	
Diagnostic Screening & Preventive Services	74,116	63,414	8,186		5,073	24,884	38,530	
Nurse Mid-Wife	96,015	101,173	13,883		8,094	34,510	66,663	
Emergency Hospital Services	-	-	-	-	-	-	-	
Critical Access Hospitals	23,286,462	21,496,408	1,595,805		1,719,713	6,286,664	15,209,744	
Nurse Practitioner Services	4,696,653	3,859,208	478,700		308,737	1,405,207	2,454,001	
School Based Services	32,482,763	29,998,882	133,930		2,399,911	1,152,869	28,846,013	
Rehabilitative Services (Non-School Based)	36,592,651	26,807,946	2,659,487		2,233,995	8,713,750	18,094,196	
2a) Opioid Treatment Program (OTP) - Methadone services	146,007	-	101,153		-	41,572	(41,572)	
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,322,357	-	121		-	4,106	(4,106)	
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,008,425	-	752,575		-	2,796,575	(2,796,575)	
2a) OUD Medicaid Assisted Treatment Services	16,386,491	-	1,098,615		-	4,702,929	(4,702,929)	
2a) Opioid Treatment Program (OTP) - Other	629,873	-	41,329		-	179,918	(179,918)	
Private Duty Nursing	4,636,150	4,807,324	315,781		384,586	1,417,497	3,389,827	
Freestanding Birth Centers	-	-	-	-	-	-	-	
Health Home for Enrollees w Chronic Conditions	2,657,501	2,507,273	75,480		200,582	549,474	1,957,799	
Other Care Services	26,284,761	36,847,337	2,601,851		2,947,787	8,605,566	28,241,771	
Less: Recoupments	-	-	(172,322)		-	(7,645,261)	7,645,261	
NET MEDICAID EXPENDITURES:	5,416,202,136	5,182,857,492	460,830,911		414,717,959	1,357,145,775	3,825,711,717	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2024

MONTH OF SEPTEMBER 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 09/30/23	Current Month Ended 09/30/23	Year To-Date Thru 09/30/23	10/01/23 Thru 6/30/2024
Collections: Third Party Liability (line 9A on CMS-64)	(8,071,960)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(2,609,787)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(917,727)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(35,290,306)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	5,369,312,356	5,182,857,492	460,830,911	414,717,959	1,357,145,775	3,825,711,717
Plus: Medicaid Part D Expenditures	43,535,275	52,661,876	4,822,823	4,212,950	12,629,638	40,032,239
Plus: State Only Medicaid Expenditures	187,230	262,845	13,841	21,028	45,049	217,796
Plus: Money Follow the Person Expenditures	1,170,896	1,037,688	88,949	83,015	314,403	723,285
TOTAL MEDICAID EXPENDITURES	\$5,414,205,758	\$5,236,819,901	\$465,756,524	\$419,034,952	\$1,370,134,865	\$3,866,685,036
Plus: Reimbursables ⁽¹⁾	4,404,092	-	315,732	-	1,223,985	(1,223,985)
Plus: NATCEP/PASARR/Eligibility Exams	241,251	29,578	2,010	2,366	64,584	(35,006)
Plus: HIT Incentive Payments	-	-	-	-	-	-
TOTAL EXPENDITURES	\$5,418,851,102	\$5,236,849,480	\$466,074,266	\$419,037,318	\$1,371,423,434	\$3,865,426,046

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

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

(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$5,894,210.05 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2024

MONTH OF SEPTEMBER 2023	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2023	Current Month Ended 09/30/23	Year-To-Date Thru 09/30/23	10/01/23 Thru 06/30/24	SFY2024
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	81,507,579	32,770,567	127,247,384		127,247,384
MATCHING FUNDS					
General Revenue (0403/189)	292,112,801	9,130,376	36,074,270	231,128,504	267,202,774
IDD Waiver (0403/466)	108,541,736	7,236,115	21,708,347	86,833,389	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,242	2,718,724	10,874,896	13,593,620
Medical Services Surplus (0403/633)	8,800,000		-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-		-	-	-
Lottery Waiver (Less 550,000) (5405/539)	13,603,501		5,781,658	17,344,975	23,126,633
Lottery Waiver (0420/539)	19,612,957		2,709,956	8,129,869	10,839,825
Lottery Transfer (5405/871)	16,400,070		4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	26,697,960		-	60,716,750	60,716,750
Lottery Surplus (5405/68199)	14,750,000		-	14,750,000	14,750,000
Lottery Surplus (5365/68100)	16,200,000		17,000,000	-	17,000,000
Trust Fund Appropriation (5185/189)	14,208,033		-	71,085,999	71,085,999
Provider Tax (5090/189)	290,400,000	113,282,589	113,282,589	525,969,073	639,251,662
NSGO UPL (5084/6717)	-		-	-	-
Expirations (5084)	-		-	-	-
Certified Match	15,218,760	609,314	2,079,319	11,626,681	13,706,000
Reimbursables - Amount Reimbursed	7,427,510	1,698,442	1,698,442	(1,698,442)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	10,461	23,937	56,490	(56,490)	-
CHIP State Share	-		-	-	-
CMS - 64 Adjustments	196,666		-	-	-
TOTAL MATCHING FUNDS	\$ 949,033,654	\$ 166,456,915	\$ 336,855,197	\$ 1,056,359,257	\$ 1,393,214,454
FEDERAL FUNDS	4,596,740,061	338,747,998	1,074,034,978	3,028,985,346	4,103,020,324
TOTAL REVENUE SOURCES	\$ 5,545,773,715	\$ 505,204,913	\$ 1,410,890,174	\$ 4,085,344,603	\$ 5,496,234,777
TOTAL EXPENDITURES:					
Provider Payments	\$ 5,418,851,102	\$ 466,074,266	\$ 1,371,423,434	\$ 3,865,426,046	\$ 5,236,849,480
TOTAL	\$ 126,922,614	\$ 39,130,647	\$ 39,466,740	\$ 219,918,557	\$ 259,385,298

Note: FMAP (76.52% applicable Jul 2023 - Sep 2023)

Department of Health and Human Resources
Bureau for Medical Services

Medicaid Waiver Report
SEPTEMBER 2023

Submitted to
Joint Committee on Government and Finance
and
Legislative Oversight Commission on Health and Human
Resources Accountability
NOVEMBER 2023

**WV Department of Health and Human Resources
Bureau for Medical Services A&D Waiver Program Report**

Aged & Disabled Waiver Reported September 30, 2023		FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)		8,500	8,500	8,500	8,500										8,500
-Slots Available for Traditional (ADW-WV) enrollees		8,424	8,424	8,424	8,424										8,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		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		8,613	7,675	7,772	7,846										7,846
Applicants determined eligible this month and added to MEL (3) * 66 of 157 are awaiting Financial Eligibility not yet on MEL		2,416	137	157	125*										125
Applicants determined ineligible		123	11	10	7										7
ACTIVE MEMBERS															
Active Traditional Members at the end of the month		7,559	7,554	7,596	7,599										7,599
Active Take Me Home Members at the end of the month		48	41	44	42										42
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		7,607	7,595	7,640	7,641										7,641
Active members enrolled during the calendar month		1,835	187	195	113										495
-Total Active Traditional members enrolled during the calendar month		1,787	186	190	108										484
-Total Active TMH-WV members enrolled during the calendar month		48	1	5	5										11
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,516	199	150	112										461
ADW Members whose case was closed by reason	Member is deceased	874	71	31	33										135
	Other (4)	642	128	119	79										326
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,499	248	164	173										585
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,330	143	69	74										286
	Applicant became deceased	222	12	8	16										36
	Other (5)	947	93	87	83										263
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month		0	0	1	1										1
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month		1	0	4	4										4
Applicants on the MEL at the end of month		83	5	25	22										22
Days - Average time spent on the MEL to date Minus MFP Applicants		127	28	2	3										11

(1) Beginning March 1, 2023, 8,500 slots approved by CMS, 76 are reserved for Money Follows the Person and Rebalancing Demonstration Grant.

(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 reasons 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.

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

Intellectual/Developmental Disabilities Waiver Reported September 30, 2023		FY2023	July-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	YTD2024
Slots approved by CMS		6,115	6,115	6,115	6,115										6,115
Total number of members served YTD (unduplicated slots used) (1)		6,075	6,015	6,017	6,023										6,023
Total number of members served YTD in Traditional Slots		6,073	6,013	6,015	6,021										6,021
Total number of members served YTD in Adult Ben H. slots (Active)		2	0	1	1										1
Total number of members served YTD in Children Ben H. slots (Active)		2	1	1	1										1
Applicants determined eligible (2)		503	31	28	43										102
Applicants determined ineligible (3)		546	40	58	49										147
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		5,905	6,004	5,994	5,987										5,987
Discharged members at the end of the calendar month		183	19	14	14										47
Discharged members who were discharged by reason	Deceased	67	7	5	5										17
	Left program to enter a facility	56	4	2	4										10
	a. Hospital	0	0	0	0										0
	b. ICF/IID	30	1	0	3										4
	c. Nursing Facility	25	3	2	1										6
	d. Psychiatric Facility	0	0	0	0										0
	e. Rehabilitation Facility	0	0	0	0										0
	f. Other Facility	1	0	0	0										0
Other (6)	60	8	7	5										20	
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		548	459	483	516										516
Number of applicants added to the MEL (4)		503	31	28	43										102
Applicants enrolled (removed from the MEL)		208	118	4	7										129
Applicants removed from the MEL due to Death (5)		2	1	0	1										2
Applicants removed from the MEL due to Other (6)		17	1	0	2										3
Applicants on the MEL who are in a Nursing Facility		1	3	3	5										
Applicants on the MEL who are in an ICF/IID Group Home		20	20	24	22										
Applicants on the MEL receiving Personal Care Services each month		10	10	13	13										
Longest on the MEL to date (7)		1173	1,204	1,235	1,265										1,265

(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 September 30, 2023	FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)	96	96	96	96										96
-Slots Available for Traditional (non TMH-WV) enrollees	95	92	92	92										92
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4	4	4										4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	96	92	90	93										93
Applicants determined eligible this month and added to MEL (3)	12	1	3	2										6
Applicants determined ineligible	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	92	92	90	92										92
Active members enrolled during the calendar month	13	0	0	6										6
-Total Active Traditional members enrolled during the calendar month	12	0	0	5										5
-Total Active TMH-WV members enrolled during the calendar month	1	0	0	1										1
Members discharged during the calendar month	5	0	2	4										6
TBIW Members whose case was closed by reason	Member is deceased	1	0	1	1									2
	Other (4)	4	0	1	3									4
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2	0	2	4										6
TBIW Applicants removed from the MEL	Applicant offered a slot	0	0	2	4									6
	Applicant became deceased	0	0	0	0									0
	Other (5)	0	0	0	0									0
Applicants on the MEL who are in a nursing facility	0	0	0	0										0
Applicants on the MEL receiving Personal Care	0	1	0	0										1
Applicants on the MEL at the end of the month	2	3	4	2										9
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	15	46	31	23										33

(1) CMS Approved 96 slots. Of the 96 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2024. Four (4) slots are reserved for TM

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

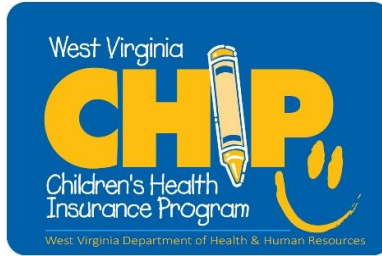
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

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

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

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

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



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

NOVEMBER 2023
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 Two Months Ending September 30, 2023 and September 30, 2022

	Annual Budget 2024	Budget Year-to-Date	Actual September 30, 2023	Actual September 30, 2022	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$5,382,999	\$6,999,256	(\$1,616,257)	-23%		
Revenues								
Federal Grants	\$57,889,868	\$14,472,467	\$14,739,606	\$8,692,939	\$6,046,667	70%	\$267,139	2%
State Appropriations	\$11,026,842	\$2,756,711	\$2,212,919	\$1,405,854	\$0	0%	(\$543,792)	-20%
Premium Revenues	\$52,500	\$13,125	\$6,595	\$8,377	(\$1,783)	-21%	(\$6,531)	-50%
Investment Earnings (Interest)	<u>\$100,000</u>	<u>\$25,000</u>	<u>\$33,889</u>	<u>(\$24,647)</u>	<u>\$58,536</u>	<u>-237%</u>	<u>\$8,889</u>	<u>36%</u>
Total Operating Fund Revenues	<u>\$69,069,210</u>	<u>\$17,267,303</u>	<u>\$16,993,009</u>	<u>\$10,082,523</u>	<u>\$6,910,486</u>	69%	<u>(\$274,294)</u>	-2%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$11,050,984	\$8,741,345.50	\$2,309,638	26%		
Prescribed Drugs			\$2,840,512	\$2,335,072	\$505,441	22%		
Physicians & Surgical			\$1,034,867	\$487,012	\$547,855	112%		
Inpatient Hospital Services			\$571,637	\$73,906	\$497,731	673%		
Medical Transportation			\$426,090	\$3,543	\$422,547	11926%		
Outpatient Services			\$277,953	\$86,871	\$191,082	220%		
Dental			\$166,525	\$19,029	\$147,496	775%		
Therapy			\$85,745	\$15,782	\$69,963	443%		
Other Services			\$49,162	\$12,079	\$37,083	307%		
Outpatient Mental Health			\$21,570	\$898	\$20,672	2302%		
Vision			\$11,030	\$1,776	\$9,254	521%		
Durable & Disposable Med. Equip.			\$8,365	\$1,230	\$7,135	580%		
Inpatient Mental Health			\$6,896	\$6,500	\$396	6%		
Less: Other Collections**			(\$3,718)	(\$9,486)	\$5,768	-61%		
Drug Rebates	<u>(\$2,517,954)</u>	<u>(\$629,489)</u>	<u>\$0</u>	<u>(\$295,973)</u>	<u>\$295,973</u>	<u>-100%</u>	<u>(\$625,771)</u>	<u>99%</u>
Total Claims Expenses	<u>\$64,732,739</u>	<u>\$16,183,185</u>	<u>\$16,547,618</u>	<u>\$11,479,584</u>	<u>\$5,068,035</u>	44%	<u>\$364,434</u>	2%
Administrative Expenses:								
Salaries and Benefits	\$557,031	\$139,258	\$81,170	\$88,498	(\$7,328)	-8%	(\$58,088)	-42%
Program Administration	\$4,864,472	\$1,216,118	\$1,255,198	\$1,181,951	\$73,247	6%	\$39,080	3%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$56,250	\$0	\$56,250	0%	\$0	0%
Current	<u>\$413,409</u>	<u>\$103,352</u>	<u>\$7,939</u>	<u>\$7,226</u>	<u>\$713</u>	<u>10%</u>	<u>(\$95,413)</u>	<u>-92%</u>
Total Administrative Expenses in Operating Fund	<u>\$6,059,912</u>	<u>\$1,514,978</u>	<u>\$1,400,558</u>	<u>\$1,277,675</u>	<u>\$122,883</u>	10%	<u>(\$114,420)</u>	-8%
Total Operating Fund Expenditures	<u>\$70,792,651</u>	<u>\$17,698,163</u>	<u>\$17,948,176</u>	<u>\$12,757,259</u>	<u>\$5,190,917</u>	41%	<u>\$250,013</u>	1%
Adjustments			<u>(\$617)</u>	<u>(\$10,386)</u>				
Ending Operating Fund Balance			<u>\$4,427,214.56</u>	<u>\$4,314,134</u>	<u>\$113,081</u>	3%		
Money Market			\$0	\$3,674,236				
Bond Pool			\$3,770,698	\$0				
Cash on Deposit			\$656,516	\$639,898				
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$853,520	(\$853,520)	-100%		
Total WVCHIP Revenues			<u>\$16,993,009</u>	<u>\$10,936,043</u>	<u>\$6,056,966</u>	55%		
Program Expenses outside of Operating Funds:								
Eligibility	<u>\$1,500,000</u>	<u>\$375,000</u>	<u>\$114,895</u>	<u>\$853,520</u>	<u>(\$738,625)</u>	<u>-87%</u>	<u>(\$260,105)</u>	<u>-69%</u>
Total Administrative Expenses	<u>\$7,559,912</u>	<u>\$1,889,978</u>	<u>\$1,515,453</u>	<u>\$2,131,195</u>	<u>(\$615,742)</u>	-29%	<u>(\$374,525)</u>	-20%
Total WVCHIP Expenditures	<u>\$72,292,651</u>	<u>\$18,073,163</u>	<u>\$18,063,071</u>	<u>\$13,610,779</u>	<u>\$4,452,293</u>	33%	<u>(\$10,091)</u>	0%

Footnotes:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2023 is \$558,624. The September 30, 2022 estimate was \$360,000.
- 3) Administrative Accounts Payable balance on September 30, 2023 was \$386,446. The September 30, 2022 balance was \$358,984.
- 4) 2024 and 2023 adjustments to fund balances represents timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY24 is 83.56%. SFY23 was 85.00%.
- 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 includes home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

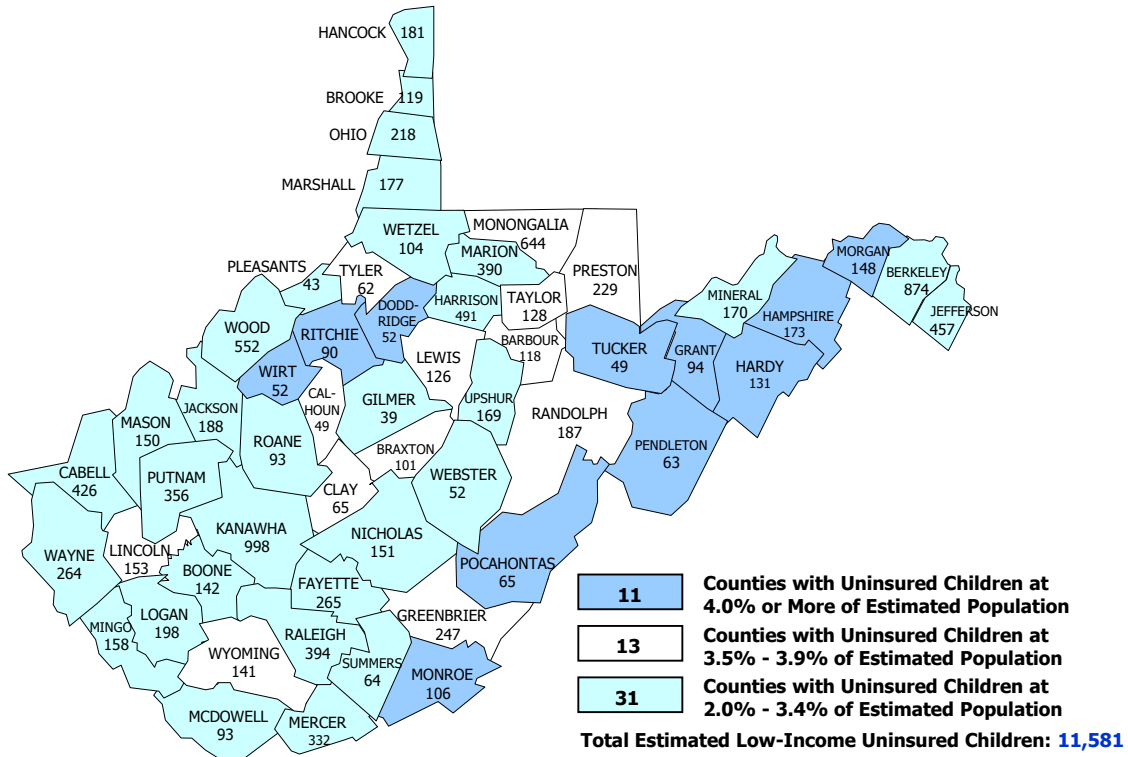
WVCHIP Enrollment Report

OCTOBER 2023

County	County Pop.	MATERNTY			Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2020	2020		
	2020 Est. (0-18 Yrs)	BLUE Oct-23	GOLD Oct-23	PREM Oct-23	BLUE Oct-23	PREM Oct-23	Enrollment Oct-23	Enrollment Oct-23	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,243	111	32	87	1	2	233	1,763	1,996	61.5%	118	3.6%
Berkeley	28,759	1,134	397	709	18	20	2,278	12,959	15,237	53.0%	874	3.0%
Boone	4,366	130	46	64	2	1	243	2,701	2,944	67.4%	142	3.3%
Braxton	2,579	69	25	37	0	2	133	1,381	1,514	58.7%	101	3.9%
Brooke	3,888	0	0	0			0	1	1	0.0%	119	3.1%
Cabell	18,302	463	164	300	9	8	944	8,973	9,917	54.2%	426	2.3%
Calhoun	1,265	55	15	22	1	2	95	774	869	68.7%	49	3.9%
Clay	1,818	47	19	32	2	1	101	1,194	1,295	71.2%	65	3.6%
Doddridge	1,181	46	9	17	0	2	74	690	764	64.7%	52	4.4%
Fayette	8,609	355	89	166	2	8	620	4,830	5,450	63.3%	265	3.1%
Gilmer	1,142	24	16	30	1	0	71	572	643	56.3%	39	3.4%
Grant	2,261	77	28	60	5	0	170	1,206	1,376	60.9%	94	4.2%
Greenbrier	6,618	267	107	207	6	4	591	3,671	4,262	64.4%	247	3.7%
Hampshire	4,103	166	52	74	2	0	294	2,316	2,610	63.6%	173	4.2%
Hancock	5,501	292	100	142	4	2	540	4,035	4,575	83.2%	181	3.3%
Hardy	2,742	107	37	71	2	0	217	1,421	1,638	59.7%	131	4.8%
Harrison	14,649	452	170	293	6	8	929	6,279	7,208	49.2%	491	3.4%
Jackson	6,156	153	56	97	0	2	308	2,871	3,179	51.6%	188	3.1%
Jefferson	13,252	401	131	225	6	0	763	3,768	4,531	34.2%	457	3.4%
Kanawha	35,737	1,046	350	641	17	24	2,078	32,932	35,010	98.0%	998	2.8%
Lewis	3,385	127	45	84	2	5	263	2,032	2,295	67.8%	126	3.7%
Lincoln	4,432	121	23	84	3	2	233	2,773	3,006	67.8%	153	3.5%
Logan	6,538	192	67	112	3	2	376	4,238	4,614	70.6%	198	3.0%
Marion	11,397	375	106	232	4	6	723	5,147	5,870	51.5%	390	3.4%
Marshall	5,847	145	52	77	3	4	281	2,641	2,922	50.0%	177	3.0%
Mason	5,492	153	50	72	0	5	280	2,952	3,232	58.8%	150	2.7%
Mercer	12,047	470	147	232	6	7	862	7,958	8,820	73.2%	332	2.8%
Mineral	5,365	221	59	93	2	0	375	2,459	2,834	52.8%	170	3.2%
Mingo	5,013	132	54	70	1	1	258	3,713	3,971	79.2%	158	3.2%
Monongalia	18,331	471	146	296	5	9	927	5,730	6,657	36.3%	644	3.5%
Monroe	2,635	88	32	96	2	2	220	1,196	1,416	53.7%	106	4.0%
Morgan	3,167	133	49	91	3	0	276	1,449	1,725	54.5%	148	4.7%
McDowell	3,372	67	39	65	0	1	172	2,684	2,856	84.7%	93	2.8%
Nicholas	4,952	206	50	110	3	6	375	2,648	3,023	61.0%	151	3.0%
Ohio	8,140	221	80	134	2	1	438	3,734	4,172	51.3%	218	2.7%
Pendleton	1,250	42	20	40	2	0	104	535	639	51.1%	63	5.0%
Pleasants	1,461	48	4	27	0	2	81	650	731	50.0%	43	2.9%
Pocahontas	1,406	41	20	33	0	1	95	742	837	59.5%	65	4.6%
Preston	6,396	254	68	149	2	4	477	2,970	3,447	53.9%	229	3.6%
Putnam	13,000	410	135	221	1	6	773	4,279	5,052	38.9%	356	2.7%
Raleigh	15,247	511	131	372	10	9	1,033	9,122	10,155	66.6%	394	2.6%
Randolph	5,224	212	61	135	3	3	414	2,651	3,065	58.7%	187	3.6%
Ritchie	1,896	61	14	31	1	0	165	1,006	1,171	61.8%	90	4.7%
Roane	2,757	151	56	89	0	2	258	1,426	1,684	61.1%	93	3.4%
Summers	1,981	93	15	49	0	2	174	1,424	1,598	80.7%	64	3.2%
Taylor	3,413	113	37	64	1	1	196	1,423	1,619	47.4%	128	3.8%
Tucker	946	44	25	44	0	2	92	500	592	62.6%	49	5.2%
Tyler	1,718	46	20	21	0	3	195	787	982	57.2%	62	3.6%
Upshur	4,938	155	72	126	1	2	357	2,688	3,045	61.7%	169	3.4%
Wayne	7,913	255	94	127	4	2	388	4,505	4,893	61.8%	264	3.3%
Webster	1,559	84	22	33	1	1	147	1,052	1,199	76.9%	52	3.3%
Wetzel	3,053	75	14	39	2	1	115	1,921	2,036	66.7%	104	3.4%
Wirt	1,209	34	7	23	1	0	318	632	950	78.6%	52	4.3%
Wood	17,613	506	138	276	5	6	773	8,642	9,415	53.5%	552	3.1%
Wyoming	4,086	133	48	118	3	4	306	2,394	2,700	66.1%	141	3.5%
Totals	363,350	11,785	3,843	7,139	160	188	23,115	195,040	218,155	60.0%	11,581	3.2%

WVCHIP Enrollment Report

OCTOBER 2023

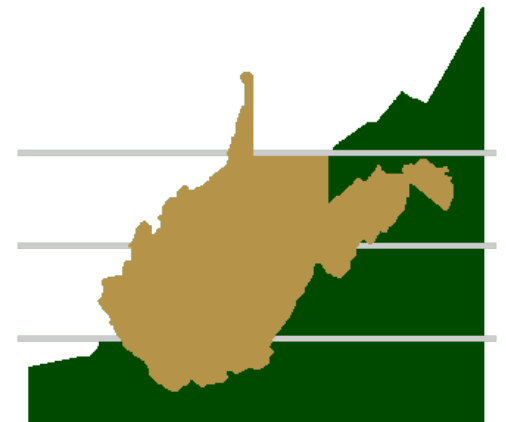


The above map shows the most recent 2020 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.2%, the SAHIE data reflects more accurately the variation from county 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

September 30, 2023



Participant Plans Allocation & Performance Net of Fees

Period Ending: September 30, 2023

	6/30/2023		9/30/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	24,219,305	100.0	23,970,525	100.0								
Pension Assets	19,790,811	81.7	19,402,967	80.9								
Public Employees' Retirement System	8,398,434	34.7	8,210,238	34.3	(2.0)	(1.2)	(1.2)	11.3	8.2	7.3	8.0	7.8
Teachers' Retirement System	9,319,703	38.5	9,123,800	38.1	(2.0)	(1.2)	(1.2)	11.3	8.2	7.3	7.9	7.7
EMS Retirement System	125,180	0.5	123,869	0.5	(2.0)	(1.2)	(1.3)	11.2	8.2	7.3	8.0	
Public Safety Retirement System	778,439	3.2	755,999	3.2	(2.0)	(1.2)	(1.2)	11.3	8.3	7.4	8.0	7.8
Judges' Retirement System	278,545	1.2	274,032	1.1	(2.0)	(1.2)	(1.2)	11.3	8.2	7.4	8.0	7.8
State Police Retirement System	320,094	1.3	316,641	1.3	(2.0)	(1.2)	(1.2)	11.2	8.2	7.3	8.0	7.8
Deputy Sheriffs' Retirement System	316,039	1.3	311,401	1.3	(2.0)	(1.2)	(1.2)	11.3	8.2	7.3	8.0	7.8
Municipal Police & Firefighter Retirement System	34,945	0.1	35,011	0.1	(2.0)	(1.3)	(1.3)	11.0	8.0	7.3	7.8	
Natural Resources Police Office Retirement System	27,643	0.1	27,356	0.1	(2.0)	(1.2)	(1.2)	11.2				
Municipal Model A	189,153	0.8	221,970	0.9	(1.7)	(1.0)	(1.0)	11.6	8.8	7.8	8.2	
Municipal Model B	2,636	0.0	2,650	0.0	(2.9)	(2.2)	(2.2)	13.3	3.3			
Insurance Assets	3,216,097	13.3	3,137,380	13.2								
Workers' Compensation Old Fund	851,245	3.4	819,552	3.4	(1.6)	(0.9)	(0.9)	8.4	2.1	3.6	4.2	
Workers' Comp. Self-Insured Guaranty Risk Pool	37,044	0.2	36,640	0.2	(1.6)	(0.9)	(0.9)	8.4	2.6	3.9	4.3	
Workers' Comp. Self-Insured Security Risk Pool	48,517	0.2	47,388	0.2	(1.6)	(0.9)	(0.9)	8.4	2.6	3.8		
Workers' Comp. Uninsured Employers' Fund	16,767	0.1	16,722	0.1	(1.6)	(0.9)	(0.9)	8.4	2.6	3.7	4.2	
Pneumoconiosis	200,150	0.8	194,730	0.8	(1.6)	(0.9)	(0.9)	8.5	2.6	3.8	4.3	4.9
Board of Risk & Insurance Management	183,857	0.8	166,396	0.7	(1.6)	(0.9)	(0.9)	8.4	2.6	3.9	4.3	
Public Employees' Insurance Agency	135,642	0.6	134,431	0.6	(1.5)	(0.9)	(0.9)	7.9	2.0	3.5	4.1	
WV Retiree Health Benefit Trust Fund	1,742,875	7.2	1,721,521	7.2	(2.0)	(1.2)	(1.2)	11.3	8.2	7.4	8.0	
Endowment Assets	1,212,397	5.0	1,430,178	5.9								
Berkeley County Development Authority	8,558	0.0	8,453	0.0	(2.0)	(1.2)	(1.2)	11.3	8.2	7.3		
Wildlife Fund	72,283	0.3	69,901	0.3	(2.0)	(1.2)	(1.2)	11.3	8.2	7.3	7.9	7.8
WV State Parks and Recreation Endowment Fund	35,050	0.1	36,447	0.2	(2.0)	(1.2)	(1.2)	11.1				
Revenue Shortfall Reserve Fund	334,187	1.4	563,227	2.3	(1.4)	(1.0)	(1.0)	4.8	(1.9)	1.2	1.6	
Revenue Shortfall Reserve Fund - Part B	514,884	2.2	507,385	2.1	(1.8)	(1.5)	(1.5)	6.9	(0.2)	2.8	3.6	
WV DEP Trust	11,478	0.0	11,335	0.0	(2.2)	(1.2)	(1.2)	15.8	6.5	5.7	6.6	
WV DEP Agency	235,957	1.0	233,430	1.0	(1.9)	(1.1)	(1.1)	10.8	3.5	4.3	4.8	

Composite Asset Allocation & Performance Net of Fees

Period Ending: September 30, 2023

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	23,980,901	100.00									
Portable Alpha Composite +/- S&P 500 Index	5,024,612	20.95	(4.58) 0.19	(3.42) (0.15)	(3.42) (0.15)	18.63 (2.99)	10.11 (0.04)				
Large Cap Domestic Equity Composite +/- S&P 500 Index	292,090	1.22	(4.77) 0.00	(3.31) (0.04)	(3.31) (0.04)	21.32 (0.30)	10.04 (0.11)	9.82 (0.10)	11.84 (0.07)	9.77 0.05	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	988,885	4.13	(4.56) 1.02	(3.63) 1.15	(3.63) 1.15	20.95 9.67	11.19 2.80	5.89 1.34	8.54 0.64	9.79 0.66	
International Equity Composite +/- MSCI AC World ex US IMI Index (a)	3,913,682	16.31	(2.01) 1.19	(0.53) 2.86	(0.53) 2.86	24.87 4.05	5.95 1.68	3.87 0.81	4.82 0.86	7.47 0.90	
Fixed Income Composite +/- Bloomberg Universal (b)	4,297,189	17.92	(2.06) 0.32	(2.12) 0.76	(2.12) 0.76	3.28 1.67	(3.03) 1.65	1.25 0.91	2.18 0.75	3.57 0.30	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,930,890	8.05	(2.34) 0.20	(2.98) 0.25	(2.98) 0.25	1.24 0.60	(4.13) 1.08	0.99 0.89	1.75 0.62		
Total Return Fixed Income Composite (c) +/- Bloomberg Universal	2,366,299	9.87	(1.84) 0.54	(1.44) 1.44	(1.44) 1.44	4.74 3.13	(2.38) 2.30	1.45 1.11	2.41 0.98	3.99 0.84	
TIPS Composite +/- Bloomberg US TIPS 1-10 Yr (d)	463,673	1.93	(0.98) 0.03	(1.01) (0.01)	(1.01) (0.01)	2.86 0.11	(1.45) 0.05	2.50 0.08	1.93 0.04		
Cash Composite +/- FTSE 3 Month US T-Bill (e)	212,936	0.89	0.45 0.00	1.31 (0.07)	1.31 (0.07)	4.52 (0.19)	1.71 (0.07)	1.64 (0.10)	1.09 (0.03)	1.46 (0.02)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,774,358	11.57	(0.09) 4.43	(0.06) 2.45	(0.06) 2.45	5.31 (18.15)	21.99 9.61	20.62 8.47	18.35 3.98		
Real Estate Composite +/- NCREIF + 1% (f)	2,442,735	10.19	(0.43) 0.15	(0.56) 1.17	(0.56) 1.17	(5.12) 0.48	6.70 (1.10)	5.58 (1.32)	7.68 (1.14)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,534,761	10.57	0.94 1.32	2.40 1.64	2.40 1.64	6.69 1.10	7.97 3.20	5.76 1.38	4.93 0.95		
Private Credit & Income Composite +/- SOFR + 4% (f, i)	1,035,980	4.32	0.02 (0.75)	0.07 (2.26)	0.07 (2.26)	6.19 (4.79)	7.73 0.93	6.42 0.76			

Participant Plans Allocation vs. Strategy

Period Ending: September 30, 2023

	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	45.5	45.0	15.3	15.0	12.7	12.0	11.2	12.0	4.8	6.0	10.5	10.0	0.0	0.0
Teachers' Retirement System	45.6	45.0	15.2	15.0	12.7	12.0	11.2	12.0	4.8	6.0	10.5	10.0	0.0	0.0
EMS Retirement System	45.7	45.0	15.3	15.0	12.6	12.0	11.1	12.0	4.7	6.0	10.4	10.0	0.2	0.0
Public Safety Retirement System	45.6	45.0	14.9	15.0	12.8	12.0	11.3	12.0	4.8	6.0	10.6	10.0	0.0	0.0
Judges' Retirement System	45.5	45.0	15.3	15.0	12.7	12.0	11.2	12.0	4.7	6.0	10.5	10.0	0.1	0.0
State Police Retirement System	45.5	45.0	15.6	15.0	12.6	12.0	11.1	12.0	4.7	6.0	10.4	10.0	0.1	0.0
Deputy Sheriffs' Retirement System	45.6	45.0	15.4	15.0	12.6	12.0	11.1	12.0	4.7	6.0	10.4	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	45.9	45.0	15.8	15.0	12.4	12.0	11.0	12.0	4.6	6.0	10.2	10.0	0.1	0.0
Natural Resources Police Office Retirement System	45.5	45.0	15.5	15.0	12.6	12.0	11.1	12.0	4.7	6.0	10.4	10.0	0.2	0.0
Municipal Model A	38.0	45.0	12.5	15.0	10.6	12.0	9.3	12.0	4.0	6.0	8.7	10.0	16.9	0.0
Municipal Model B	54.3	55.0	44.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0

Insurance Assets

Workers' Compensation Old Fund	24.8	25.0	45.4	45.0	4.3	4.0	3.8	4.0	1.6	2.0	15.8	15.0	4.3	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	24.9	25.0	45.0	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.6	15.0	5.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	24.9	25.0	45.2	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.7	15.0	4.7	5.0
Workers' Comp. Uninsured Employers' Fund	24.9	25.0	44.8	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.4	15.0	5.4	5.0
Pneumoconiosis	25.0	25.0	45.3	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.7	15.0	4.5	5.0
Board of Risk & Insurance Management	24.5	25.0	46.4	45.0	4.6	4.0	4.0	4.0	1.7	2.0	17.0	15.0	1.8	5.0
Public Employees' Insurance Agency	19.8	20.0	54.8	55.0	2.1	2.0	1.8	2.0	0.8	1.0	20.7	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	45.5	45.0	15.6	15.0	12.7	12.0	11.1	12.0	4.7	6.0	10.4	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	45.6	45.0	15.6	15.0	12.6	12.0	11.1	12.0	4.7	6.0	10.4	10.0	0.0	0.0
Wildlife Fund	45.1	45.0	15.7	15.0	12.7	12.0	11.2	12.0	4.7	6.0	10.4	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	45.3	45.0	15.5	15.0	12.2	12.0	10.7	12.0	4.6	6.0	10.1	10.0	1.6	0.0
Revenue Shortfall Reserve Fund	8.4	10.0	70.1	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.5	10.0
Revenue Shortfall Reserve Fund - Part B	17.3	17.5	72.7	72.5	2.1	2.0	1.9	2.0	0.8	1.0	5.2	5.0	0.0	0.0
WV DEP Trust	50.4	50.0	15.6	15.0	10.5	10.0	9.2	10.0	3.9	5.0	10.4	10.0	0.0	0.0
WV DEP Agency	34.6	35.0	40.0	40.0	2.1	2.0	1.8	2.0	0.8	1.0	20.7	20.0	0.0	0.0

- (a) Prior to January 2014, the index was the MSCIACW ex USA (Standard).
- (b) Prior to April 2008, the index was Bloomberg US Aggregate.
- (c) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (d) Prior to June 2023, the index was Bloomberg US TIPS.
- (e) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (f) 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.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) From April 2017 to May 2023, the index was CS Leveraged Loan plus 200 basis points. Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.

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

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WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

Allan L. McVey
Insurance Commissioner

Insurance Commissioner

November 2023 Report

to

Joint Committee on Government & Finance

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Introduction

The passage of S.B. 1004 in January 2005 brought historic changes to workers' compensation insurance in West Virginia. The State-administered monopolistic system was phased out and the West Virginia workers' compensation insurance market was privatized and opened to full competition beginning in July 2008.

Although workers' compensation insurance in WV was privatized, a large legacy liability existed from the 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.

As of October 2023, there were 6,800 active claims remaining in the Old Fund. This report provides updates on the status of the various workers' compensation funds and the activities associated with the regulation of workers' compensation insurance by the Insurance Commissioner.

Definitions:

Board of Review: The Board of Review (BOR) is charged with adjudicating objections to claims decisions made by private carriers, self-insured employers or the Insurance Commissioner, if applicable, regarding claims made pursuant to the provisions of W.Va. Code §23-5-1a. The BOR conducts hearings, receives and weighs evidence, and issues written decisions on objections filed in regard to initial claims management decisions. A final decision of the Board of Review may be appealed to the Intermediate Court of Appeals.

Intermediate Court of Appeals: The Intermediate Court of Appeals (ICA) is the appellate court created in W.Va. Code §51-11-1, et seq., the *West Virginia Appellate Reorganization Act*, with appellate jurisdiction over final orders or decisions of the BOR issued pursuant to W.Va. Code 23-5-1, et seq., after June 30, 2022. Any employer, employee, claimant, or dependent who is aggrieved by a decision of the BOR may appeal to the West Virginia Intermedial Court of Appeals. The ICA may reverse, vacate, modify, or remand a decision of the BOR. Any appeal taken from an ICA 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 December 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.

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.

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.

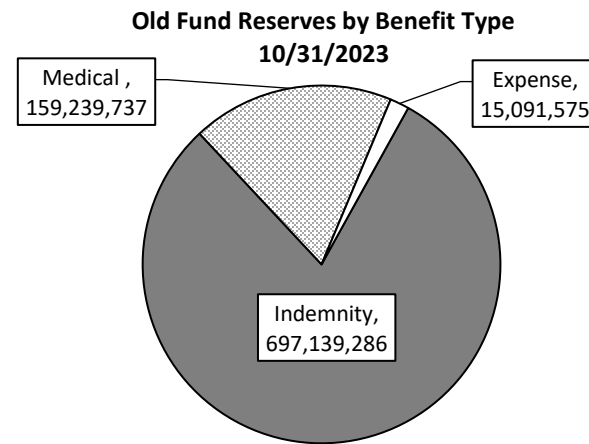
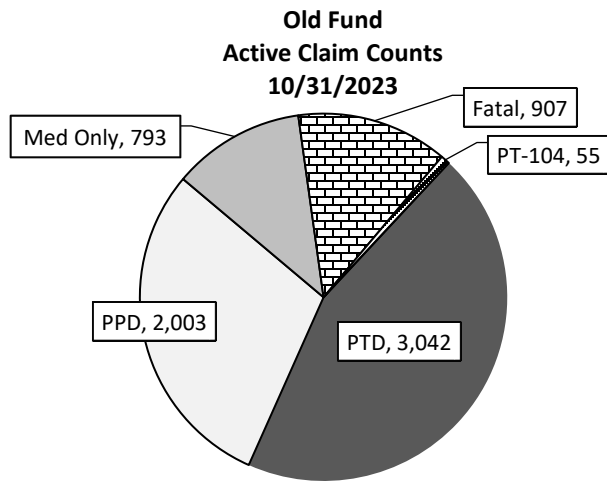
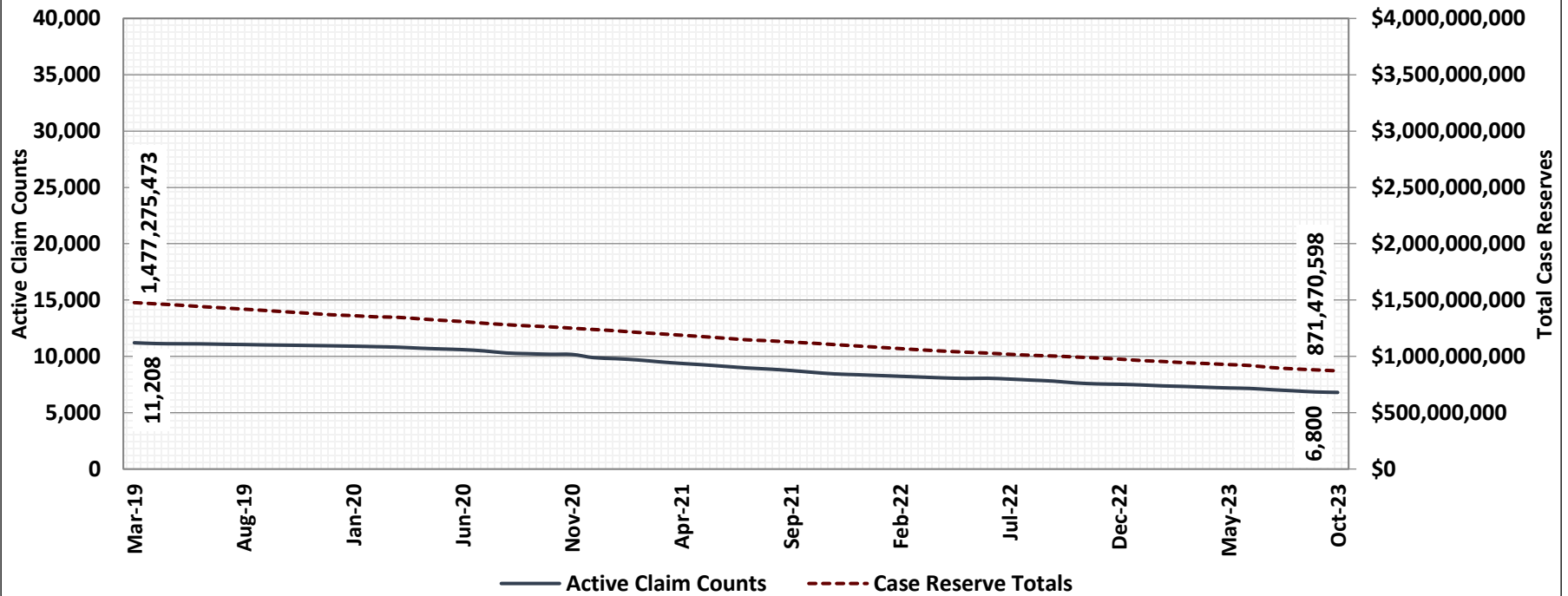
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' 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.

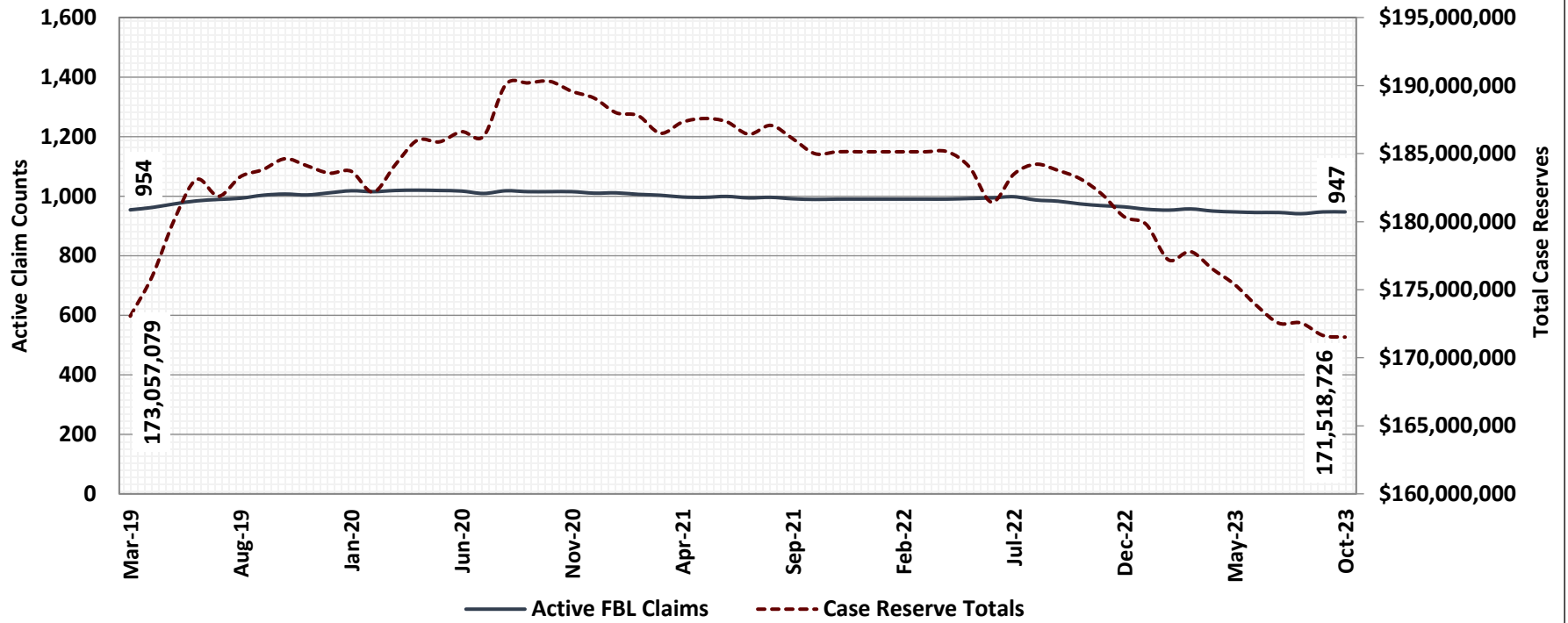
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

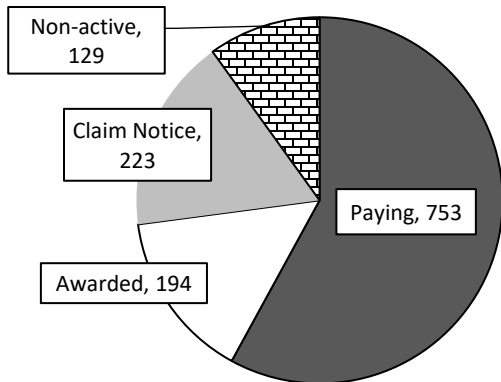
**Old Fund
Active Claim Counts and Case Reserves
10/31/2023**



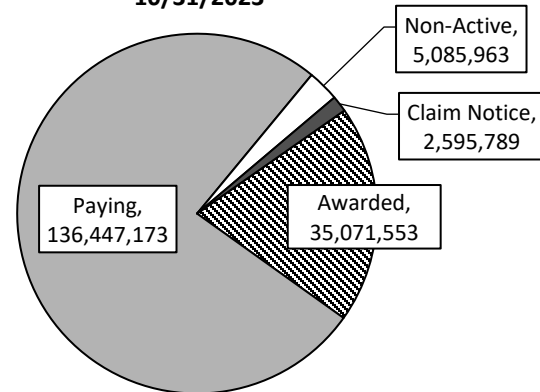
CWP Fund (FBL)
Active Claim Counts and Case Reserves
10/31/2023



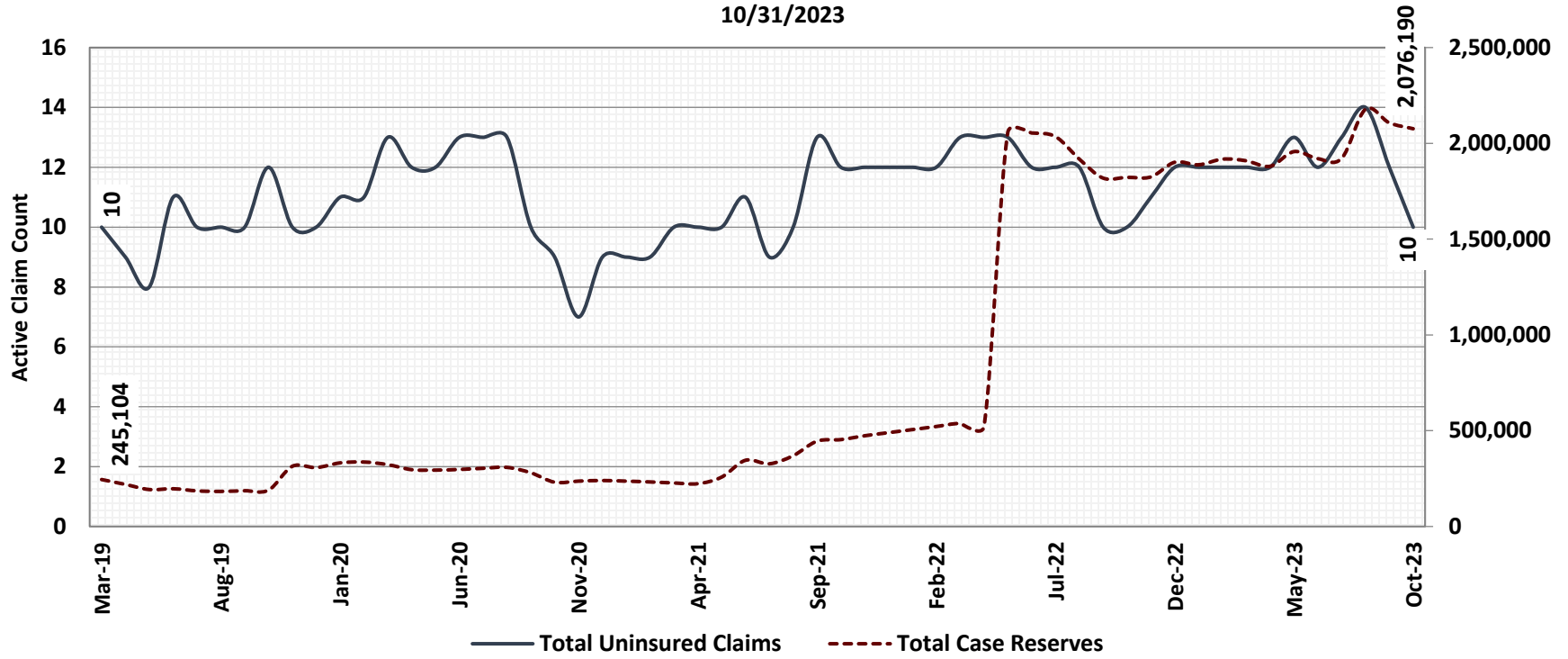
CWP Fund (FBL)
Active and Inactive Claims
10/31/2023



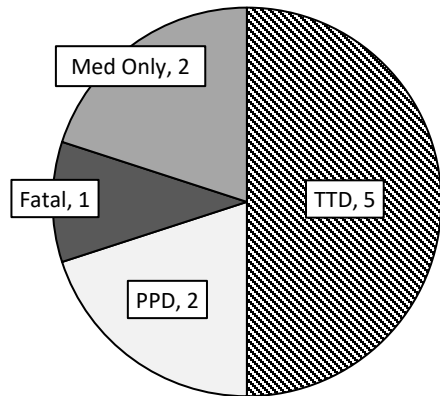
CWP Fund Reserves by Benefit Type
10/31/2023



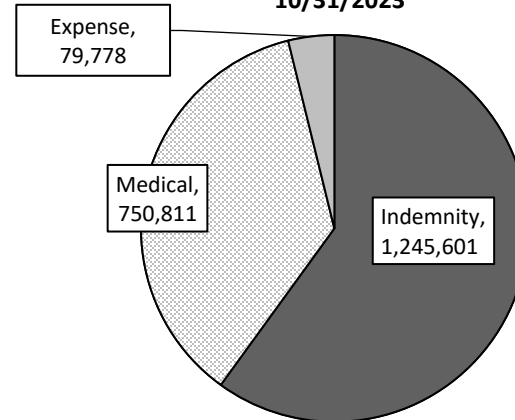
**Uninsured Fund
Active Claim Counts and Case Reserves
10/31/2023**



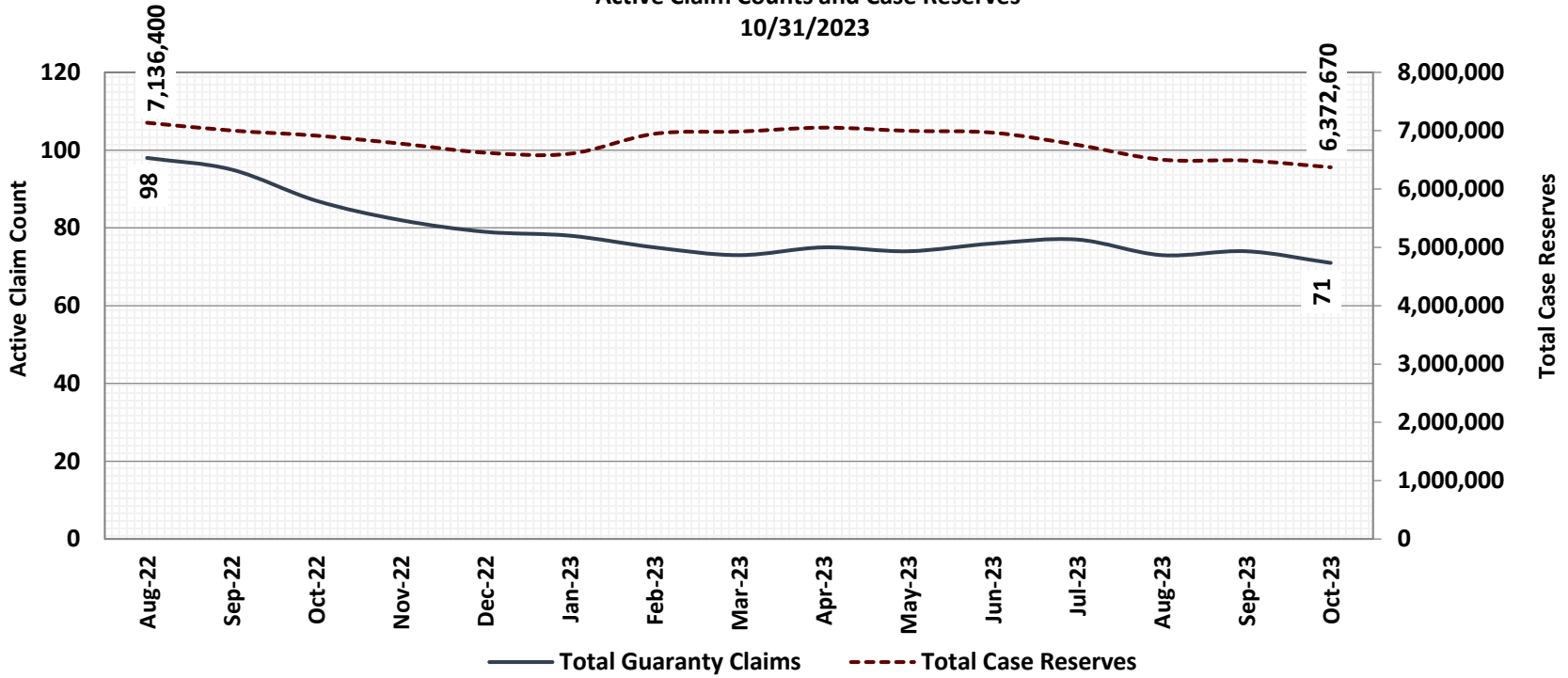
**Uninsured Fund
Active Claim Counts
10/31/2023**



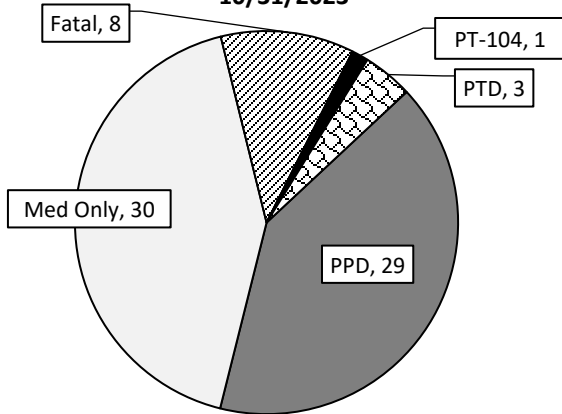
**Uninsured Fund Reserves by Benefit Type
10/31/2023**



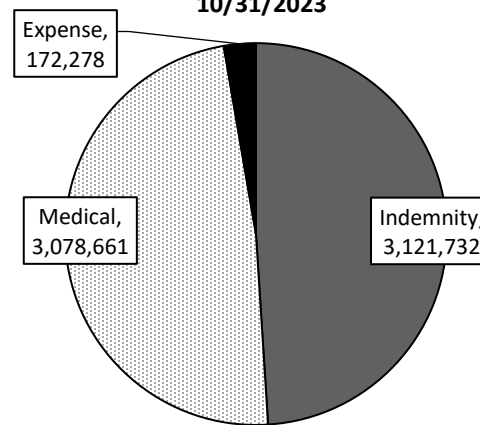
**Guaranty Fund
Active Claim Counts and Case Reserves
10/31/2023**



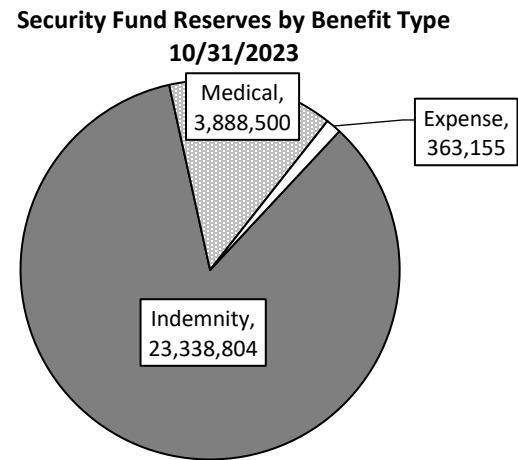
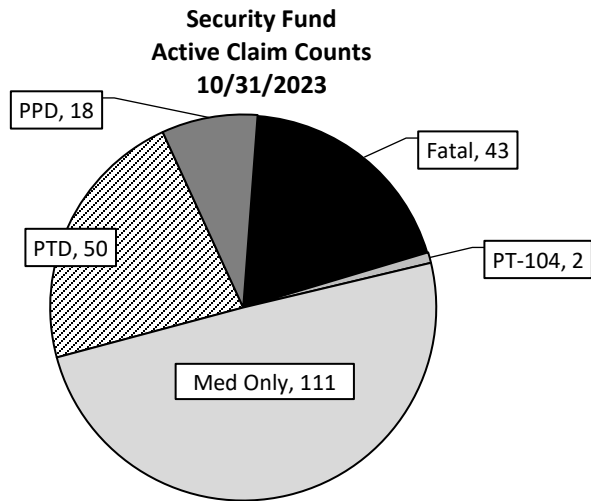
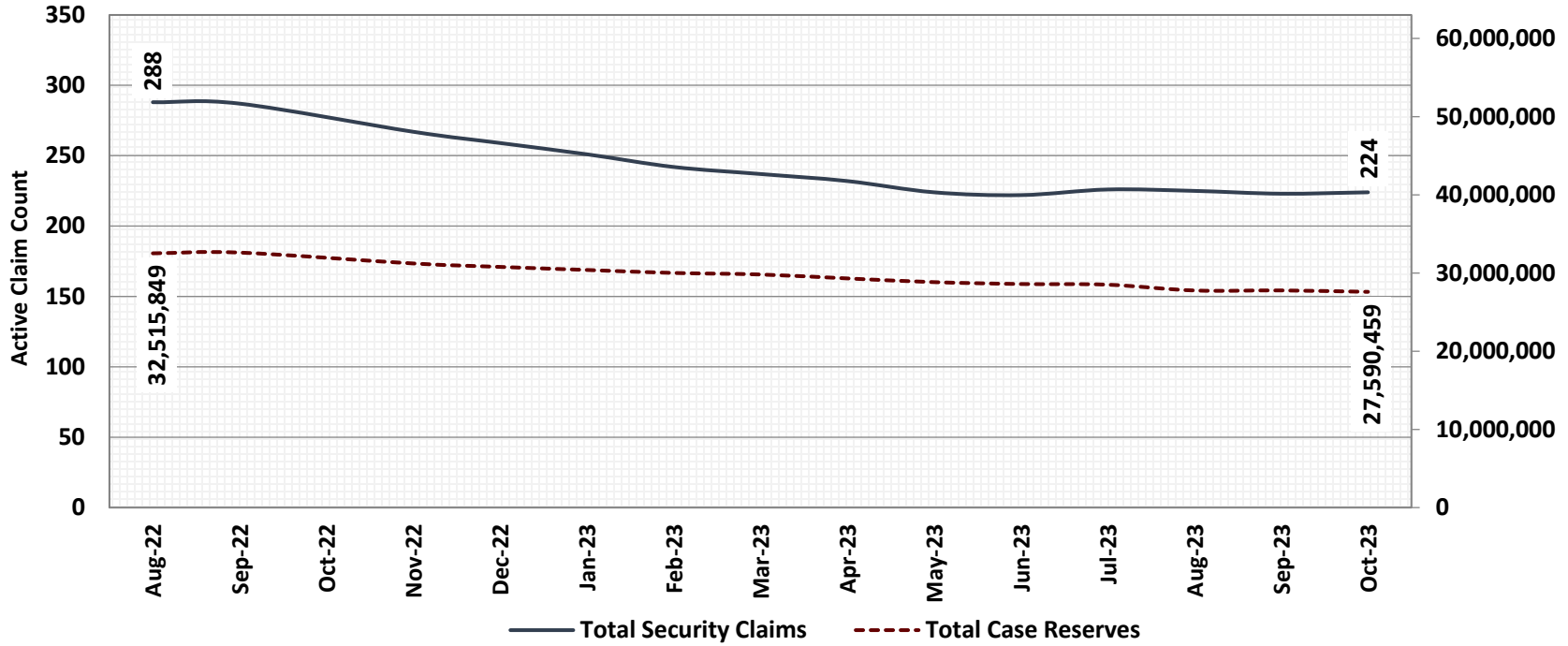
**Guaranty Fund
Active Claim Counts
10/31/2023**



**Guaranty Fund Reserves by Benefit Type
10/31/2023**



**Security Fund
Active Claim Counts and Case Reserves
10/31/2023**



OLD FUND CASH STATEMENT
OCTOBER 31, 2023

	YTD FY2024	YTD FY2023	Change	Three Year History for years ended:		
				FY2023	FY2022	FY2021
Cash Beginning Balances	834,791,874	919,242,416	(84,450,541)	919,242,416	1,080,592,100	993,229,138
Revenues						
Employer Premium	9,925	11,386	(1,460)	41,326	238,786	189,298
Other Income	-	-	-	-	-	-
Operating Revenues	9,925	11,386	(1,460)	41,326	238,786	189,298
Investment / Interest Earnings (Losses)	9,140,314	(70,029,787)	79,170,101	(11,188,287)	(52,668,067)	187,370,470
Total Revenues	9,150,240	(70,018,401)	79,168,640	(11,146,961)	(52,429,280)	187,559,768
Expenditures						
Claims Benefits Paid:						
Medical	5,268,601	5,204,371	64,230	14,732,152	14,588,442	16,509,277
Permanent Total Disability	18,029,360	19,566,350	(1,536,990)	57,045,856	63,031,618	69,561,392
Permanent Partial Disability	18,696	27,691	(8,995)	66,107	163,078	112,956
Temporary Disability	-	-	-	-	-	-
Fatals	5,227,865	5,396,863	(168,998)	16,153,932	17,124,757	18,386,146
104 weeks death benefit	1,995,327	1,644,770	350,557	4,611,340	6,011,709	6,353,928
Settlements	478,342	954,651	(476,308)	1,249,524	2,382,067	2,708,581
Loss Adjustment Expenses	194,832	463,164	(268,332)	899,017	1,284,295	1,095,241
Total	31,213,023	33,257,860	(2,044,837)	94,757,927	104,585,967	114,727,520
Less: Formulary Rebates	139,714	-	139,714	-	-	-
Less: Claims credits and overpayments	140,942	140,444	498	550,422	454,800	334,334
Total Benefits Paid	30,932,368	33,117,416	(2,185,049)	94,207,505	104,131,167	114,393,187
Administrative Expenses	1,027,191	871,388	155,803	4,096,075	4,789,237	5,803,619
Total Expenditures	31,959,558	33,988,805	(2,029,246)	98,303,580	108,920,405	120,196,805
Excess (Deficiency) of Revenues over Expenditures	(22,809,319)	(104,007,206)	81,197,887	(109,450,541)	(161,349,685)	67,362,963
Transfer from Operating Fund	-	-	-	25,000,000	-	20,000,000
Cash Ending Balances	811,982,556	815,235,210	(3,252,655)	834,791,874	919,242,416	1,080,592,100

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
OCTOBER 31, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	196,484,406	215,931,727	(19,447,321)	215,931,727	246,613,162	220,914,521
Revenues						
Investment Earnings (Losses)	2,122,611	(15,649,840)	17,772,451	(1,550,178)	(11,131,323)	43,567,242
Other Income	-	-	-	-	-	-
Total Revenues	2,122,611	(15,649,840)	17,772,451	(1,550,178)	(11,131,323)	43,567,242
Expenditures						
Claims Benefits Paid:						
Medical	563,101	989,409	(426,307)	2,799,907	6,033,252	5,107,159
PTD and Fatal Indemnity	3,746,074	3,009,593	736,481	10,613,261	9,518,418	8,726,207
Settlements	-	-	-	-	1,837	-
Loss Adjustment Expenses	1,307,527	1,568,929	(261,402)	4,660,713	3,513,844	3,343,071
Total	5,616,702	5,567,931	48,772	18,073,881	19,067,350	17,176,438
Less: Formulary Rebates	27,349	-	27,349	-	-	-
Less: Claims Credits and Overpayments	559,911	40,724	519,187	738,146	387,376	94,896
Total Benefits Paid	5,029,443	5,527,207	(497,764)	17,335,735	18,679,974	17,081,541
Administrative Expenses	216,430	103,268	113,162	561,407	870,138	787,060
Total Expenditures	5,245,873	5,630,475	(384,602)	17,897,142	19,550,112	17,868,601
Excess (Deficiency) of Revenues over Expenditures	(3,123,262)	(21,280,315)	18,157,053	(19,447,321)	(30,681,436)	25,698,641
Cash Ending Balances	193,361,144	194,651,412	(1,290,267)	196,484,406	215,931,727	246,613,162

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
OCTOBER 31, 2023

	Three Year History for years ended:					
	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	36,425,695	37,187,942	(762,247)	37,187,942	39,659,496	33,724,356
Revenues						
Guaranty Risk Pool Assessments	113,674	5,000	108,674	15,000	10,000	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	381,175	(2,702,974)	3,084,149	(209,276)	(1,884,585)	6,763,880
Total Revenues	494,849	(2,697,974)	3,192,823	(194,276)	(1,874,585)	6,763,880
Expenditures						
Claims Benefits Paid:						
Medical	91,356	67,051	24,305	167,151	178,127	280,185
Permanent Total Disability	9,479	18,299	(8,820)	37,257	63,717	89,242
Permanent Partial Disability	22,836	21,090	1,746	33,839	83,562	91,922
Temporary Disability	-	-	-	-	-	-
Fatals	61,983	68,999	(7,015)	201,734	206,996	206,996
104 Weeks Death Benefit	11,760	2,940	8,820	26,460	-	-
Settlement Agreements	-	18,000	(18,000)	43,500	62,000	39,699
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	15,888	44,762	(28,874)	63,319	31,743	52,455
Total	213,303	241,141	(27,838)	573,261	626,144	760,498
Less: Formulary Rebates	1,054	-	1,054	-	-	-
Less: Claims Credits and Overpayments	-	9	(9)	409	53,649	150
Total Benefits Paid	212,249	241,132	(28,883)	572,851	572,495	760,348
Administrative Expenses	-	(2,112)	2,112	(4,880)	24,473	68,392
Total Expenditures	212,249	239,020	(26,771)	567,971	596,968	828,740
Excess (Deficiency) of Revenues over Expenditures	282,600	(2,936,994)	3,219,594	(762,247)	(2,471,554)	5,935,140
Cash Ending Balances	36,708,295	34,250,949	2,457,347	36,425,695	37,187,942	39,659,496

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.

OCTOBER 31, 2023

				Three Year History for years ended:		
	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	47,666,403	50,605,643	(2,939,240)	50,605,643	55,995,948	49,568,499
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	512,155	(3,668,139)	4,180,294	(325,785)	(2,592,281)	9,805,453
Total Revenues	512,155	(3,668,139)	4,180,294	(325,785)	(2,592,281)	9,805,453
Expenditures						
Claims Benefits Paid:						
Medical	261,898	288,450	(26,552)	717,600	585,099	531,814
Permanent Total Disability	357,394	370,547	(13,152)	1,086,424	1,177,138	1,250,688
Permanent Partial Disability	6,841	8,906	(2,065)	8,906	11,540	4,243
Temporary Disability	-	-	-	-	-	-
Fatals	260,574	302,012	(41,438)	849,667	838,483	918,152
104 Weeks Death Benefit	20,542	8,738	11,804	35,632	50,458	171,468
Settlement Agreements	-	-	-	16,000	61,325	315,463
Loss Adjustment Expenses	10,523	21,340	(10,817)	39,671	36,980	73,223
Total	917,772	999,993	(82,221)	2,753,900	2,761,024	3,265,052
Less: Formulary Rebates	4,354	-	4,354	-	-	-
Less: Claims Credits and Overpayments	22,031	38,580	(16,549)	117,966	31,348	84,004
Total Benefits Paid	891,387	961,412	(70,025)	2,635,934	2,729,676	3,181,048
Administrative Expenses	15	(9,730)	9,745	(22,479)	68,348	196,956
Total Expenditures	891,402	951,682	(60,280)	2,613,455	2,798,024	3,378,004
Excess (Deficiency) of Revenues over Expenditures	(379,247)	(4,619,821)	4,240,574	(2,939,240)	(5,390,305)	6,427,449
Cash Ending Balances	47,287,156	45,985,822	1,301,334	47,666,403	50,605,643	55,995,948

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
OCTOBER 31, 2023

	Three Year History for years ended:					
	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	16,468,190	16,195,294	272,895	16,195,294	16,844,759	13,817,714
Revenues						
Fines and Penalties	122,244	163,986	(41,743)	477,594	341,220	322,680
Investment Earnings (Losses)	170,232	(1,181,258)	1,351,490	(74,574)	(828,855)	2,767,995
Total Revenues	292,476	(1,017,272)	1,309,748	403,021	(487,635)	3,090,675
Expenditures						
Claims Benefits Paid:						
Medical	11,889	17,871	(5,982)	46,236	118,279	2,096
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	-	4,845	(4,845)	5,809	6,929	-
Temporary Disability	19,016	-	19,016	26,145	64,151	3,048
Fatals	4,795	-	4,795	-	19,201	25,601
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	6,000	17,000	(11,000)	54,000	22,000	44,276
Loss Adjustment Expenses	14,740	14,292	448	34,594	39,974	26,492
Total	56,440	54,007	2,433	166,784	270,534	101,513
Less: Employer Reimbursement	60,372	33,997	26,374	40,241	-	-
Less: Formulary Rebates	294	-	294	-	-	-
Less: Claims Credits and Overpayments	-	-	-	332	116,115	42,742
Total Benefits Paid	(4,225)	20,010	(24,235)	126,210	154,419	58,770
Administrative Expenses	1,050	477	573	3,915	7,410	4,860
Total Expenditures	(3,175)	20,487	(23,662)	130,125	161,829	63,630
Excess (Deficiency) of Revenues over Expenditures	295,651	(1,037,758)	1,333,410	272,895	(649,465)	3,027,045
Cash Ending Balances	16,763,841	15,157,536	1,606,305	16,468,190	16,195,294	16,844,759

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

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2023

OPERATING REPORT

SEPTEMBER 2023

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

Patrick M. Smith,
CPA
Appointed by the
Governor

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

Executive Staff

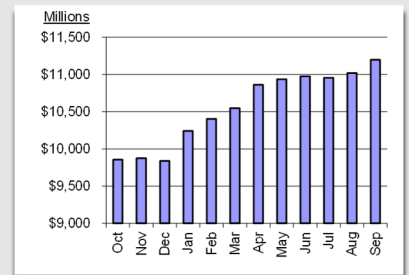
Executive
Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$11,199,548,000

Last Month
\$11,020,150,000

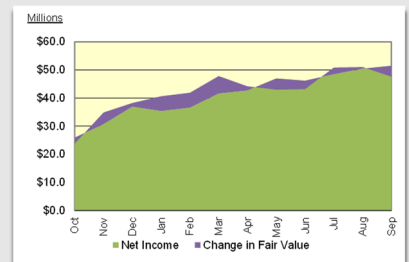
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$149,470,000



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

Money Market Pools

As of September 30, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5439%	31 Days	\$10.1 Billion
WV Gov't Money Market	5.3295%	22 Days	\$418.1 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

SEPTEMBER 2023

Beware the Month of September

Overview:

The potential Government shutdown, a higher than desired core inflation rate driven by increasing energy prices, and higher bond yields were just some of the data points that contributed to the negative backdrop in the month of September. Energy fueled the increase in the inflation data in August with gas prices increasing 10.7%. Unfortunately, or fortunately, the jobs data continues to support stronger growth (and thus consumer spending) and is giving pause to the notion that inflation is under control.

Equity Returns

Forget “beware the Ides of March,” maybe we should consider “beware the month of September.” As can be seen in the chart below, historically the month of September has had a negative return more often than any other month. September 2023 was no exception. The exception we did see was a turnaround in the leaders within the markets, with energy leading and tech related declining. But regardless, it was a negative month throughout sectors, styles, capitalization, and regions during the month. Following onto the negative month in August and now September, the quarter also ended up in the red. The dollar’s strength had been weighing on returns for non-U.S. markets, although Emerging markets outperformed in the month down -2.6% versus -4.8% for the S&P 500, but still significantly lag year to date.

Fixed Income

Interest rates rose throughout the month, with long rates reaching the highest level since 2007 and the highest rates we have seen this year. On the back of the Federal Reserve statements about one more possible rate increase and holding rates higher for longer, it appears the markets finally believe what the Fed has been saying all year, that it will not be easing in the near term. The 30-year Treasury rate rose 44 basis points to 4.73% and the 10-year Treasury rose to 4.59%. The inversion of the yield curve did diminish during the month as short rates did not move much. Will the increase to the pre-GFC yield levels set us up for positive returns for core bonds over the balance of the year? It sure feels like it is on the horizon, but time will tell. Corporates, high yield, and non-US fixed income were also all negative during the month, resulting in a “no place to hide” month for bonds, although leveraged loans (0.9%) and short notes were positive.

Private Markets

Since it is quarter end, a note on the status of private assets seems warranted. The lag in private markets valuations are always a contributor when markets are down, as we saw in this quarter. In addition, the outlook for most private assets have been good or improving (private credit/private equity), with the exception to being real estate. Valuations continued to decline throughout the last quarter with office leading, although all sectors were negative reflecting the increasing discount rates, tough lending environment and lack of transactions weighing on visibility. In the private equity world, the IPO market opened during the quarter with notable names like ARM and Instacart going public. Although the volatility in yields and the negative equity markets may weigh on the near-term outlook for more offerings. Private credit continues to provide attractive yields and offers financing alternatives to the lack of bank lending.

In Sum

We have one quarter left in 2023. Equity markets are strongly positive on a year-to-date basis (S&P 500 up 13.1%). Given the attractive yield levels in fixed income, with any mitigation in bond volatility we could eke out a positive return for the year (Bloomberg Aggregate is -1.2% year to date) on fixed income assets. Global growth has surprised to the upside throughout 2023. With inflation cooling (though not dead), and jobs continuing at elevated levels, the proverbial soft landing remains a distinct possibility.

West Virginia Board of Treasury Investments

Financial Highlights as of September 30, 2023

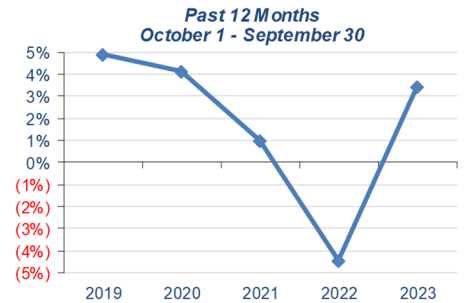
WV Short Term Bond Pool

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

<u>October 1 - September 30</u>	<u>Return</u>	<u>Net Assets At Sept 30 (In Millions)</u>
2023	3.4%	\$ 681.8
2022	(4.4%)	\$ 686.4
2021	1.0%	\$ 821.2
2020	4.1%	\$ 812.3
2019	4.9%	\$ 818.5

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

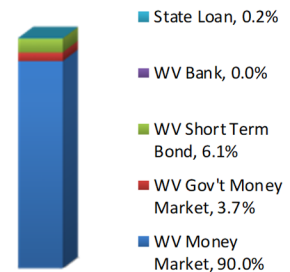
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings (In Thousands)

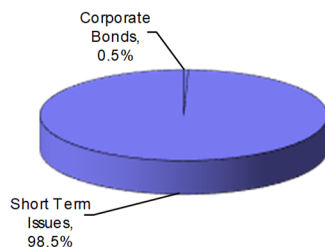
<u>Pool</u>	<u>Net Asset Value</u>	<u>Sep Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 10,079,219	\$ 47,188	\$ 138,797
WV Gov't Money Market	418,051	1,838	5,261
WV Short Term Bond	681,766	(1,459)	5,280
WV Bank	0	0	1
Loans	19,475	35	107
Participant Accounts	1,037	5	24
	<u>\$ 11,199,548</u>	<u>\$ 47,607</u>	<u>\$ 149,470</u>

Percent of Total Net Asset Value

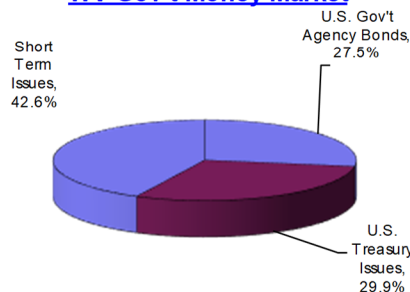


Securities by Type for Operating Pools (Percentage of Asset Value)

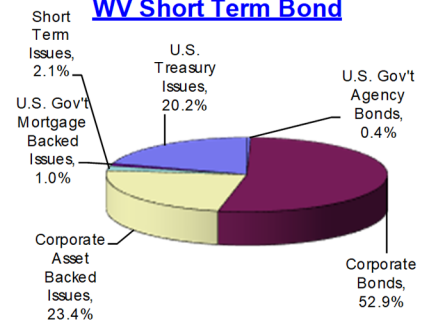
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
SEPTEMBER 30, 2023
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 10,054,255	\$ 421,540	\$ -	\$ -	\$ 19,370	\$ -	\$ 10,495,165
At fair value	-	-	681,483	-	-	1,032	682,515
Other assets	26,549	518	7,047	-	107	5	34,226
Total assets	<u>10,080,804</u>	<u>422,058</u>	<u>688,530</u>	<u>-</u>	<u>19,477</u>	<u>1,037</u>	<u>11,211,906</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	1,585	4,007	6,764	-	2	-	12,358
Total liabilities	<u>1,585</u>	<u>4,007</u>	<u>6,764</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>12,358</u>
Net Position							
Held in trust for investment pool participants	10,079,219	418,051	681,766	-	-	-	11,179,036
Held in trust for individual investment account holders	-	-	-	-	19,475	1,037	20,512
Total net position	<u>\$ 10,079,219</u>	<u>\$ 418,051</u>	<u>\$ 681,766</u>	<u>\$ -</u>	<u>\$ 19,475</u>	<u>\$ 1,037</u>	<u>\$ 11,199,548</u>
Additions							
Investment income:							
Interest and dividends	\$ 24,436	\$ 1,120	\$ 2,136	\$ -	\$ 35	\$ 5	\$ 27,732
Net (amortization) accretion	23,143	736	334	-	-	-	24,213
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>47,579</u>	<u>1,856</u>	<u>2,470</u>	<u>-</u>	<u>35</u>	<u>5</u>	<u>51,945</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	391	18	44	-	-	-	453
Total investment expenses	<u>391</u>	<u>18</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453</u>
Net investment income	47,188	1,838	2,426	-	35	5	51,492
Net realized gain (loss) from investments	-	-	(1,030)	-	-	-	(1,030)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(2,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,855)</u>
Net increase (decrease) in net position from operations	47,188	1,838	(1,459)	-	35	5	47,607
Participant transaction additions:							
Purchase of pool units by participants	1,127,530	66,519	-	-	-	-	1,194,049
Reinvestment of pool distributions	47,188	1,838	376	-	-	-	49,402
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>1,174,718</u>	<u>68,357</u>	<u>376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,243,451</u>
Total additions	1,221,906	70,195	(1,083)	-	35	5	1,291,058
Deductions							
Distributions to pool participants:							
Net investment income	47,188	1,838	2,426	-	-	-	51,452
Net realized gain (loss) from investments	-	-	(1,030)	-	-	-	(1,030)
Total distributions to pool participants	<u>47,188</u>	<u>1,838</u>	<u>1,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,422</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,012,282	24,132	24,717	-	-	-	1,061,131
Withdrawals from individual investment accounts	-	-	-	66	37	4	107
Total participant transaction deductions	<u>1,012,282</u>	<u>24,132</u>	<u>24,717</u>	<u>66</u>	<u>37</u>	<u>4</u>	<u>1,061,238</u>
Total deductions	1,059,470	25,970	26,113	66	37	4	1,111,660
Net increase (decrease) in net position from operations	162,436	44,225	(27,196)	(66)	(2)	1	179,398
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	162,436	44,225	(27,196)	(66)	(2)	1	179,398
Net position at beginning of period	9,916,783	373,826	708,962	66	19,477	1,036	11,020,150
Net position at end of period	<u>\$ 10,079,219</u>	<u>\$ 418,051</u>	<u>\$ 681,766</u>	<u>\$ -</u>	<u>\$ 19,475</u>	<u>\$ 1,037</u>	<u>\$ 11,199,548</u>