

WEST VIRGINIA

Department of Revenue

Budget Overview – FY 23

DAVE HARDY

SECRETARY OF REVENUE



Extraordinary Times

- State revenue streams are very unpredictable.
- COVID and its associated effects have placed unprecedented external pressures on the budget.
- Federal relief dollars (CARES and ARPA) are helpful, but have many complicated strings attached.
- Public health officials are struggling to predict where COVID may go.
- Inflation has escalated.
- All of this makes budgeting very challenging.

Revenue Side

- Revenue sources have shown surprising inexplicable patterns.
- Severance tax has grown remarkably.
- Corporate net income tax has grown as well.
- Federal dollars have temporarily changed our models.
- The Governor has opted for a conservative, cautious revenue projection.
- This is necessitated by the pandemic and its ongoing unpredictability.
- It leaves room for other expenditures as the fiscal year progresses.
- It allows us to avoid the risk of going into a deficit if revenues do not meet expectations.

Expense Side

- Governor instructed us to build an essentially flat budget.
- Our starting point was FY 22 - \$4.580 billion.
- This budget for FY 23 is \$4.645 billion.
- The increase to the proposed budget is \$65.5 million above last year, as revised 1/12/22
- Two exceptions to this notion:
 - Average 5% pay raises for state employees = \$109 million.
 - Additional \$41 million for inmate medical care, including court mandates and health care inflation.
- Today's budget meets these goals.
- The increase is 1.4%, far below the 7% inflation rate.