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March 23, 2015

**VIA HAND DELIVERY**

The Honorable Natalie E. Tennant  
Secretary of State  
State of West Virginia  
Building 1, Suite 157-K  
State Capitol  
Charleston, West Virginia 25305

RE: Enrolled Committee Substitute for House Bill No. 2016

Dear Secretary Tennant:

Due to a decline in projected revenues and a long-projected increase in the state match required for Medicaid expenses, this year's budget was one of the most challenging to deal with in years. I believe my recommended budget was solid and fundamentally sound.

I proposed a revised budget for FY 2016 relying on \$15,528,000 of revenue from the Rainy Day Fund. My proposal tapped the Rainy Day Fund to fill short-term budget gaps. With over \$862 million in cash, we have a sufficient amount in our Rainy Day Fund to deal with this shortfall. As one of the creators of the State's reserve fund, I understand it was established for limited-term shortfalls, like this one.

My budget proposal to use \$15.5 million for Medicaid expenses would have assured that the Rainy Day Fund would have remained above the 15 percent threshold recommended by Wall Street rating agencies and by bond experts to continue the State's favorable bond ratings.

House Bill 2016 built additional expenses into the budget that increase future fiscal year budgets. These increase the amount of revenue needed to balance the budget and make future budget gaps deeper.

As stewards of taxpayer money, we must be committed to fiscal responsibility and not commit one-time surplus funds to increase on-going spending. Therefore, I have vetoed more

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than \$11 million from House Bill 2016. In doing so:

- 1) Utilization of the Rainy Day Fund is limited to \$14.8 million in FY 2016.
- 2) Our bond ratings will continue to be excellent.
- 3) The State will continue to receive the best interest rate on debt transactions.

Some of these reductions curb grants and services and, while they are difficult, they are necessary to responsibly manage future year budgets, without raising taxes.

Pursuant to the provisions of Section fifty-one, Article VI of the Constitution of West Virginia, I hereby return Enrolled Committee Substitute for House Bill No. 2016, passed March 18, 2015, approved with the following objections:

My first objection to the Bill is contained in Item 35, page 38, line 22, which states:

**“WV High Tech Consortium ..... 39100            300,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$101,094 to \$198,906.

My second objection to the Bill is contained in Item 35, page 38, lines 23 and 24, which state:

**“Regional Contracting Assistance Center ..... 41800            225,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$16,785 to \$208,215.

My third objection to the Bill is contained in Item 46, page 45, line 3, which states:

**“Unclassified ..... 09900            500,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$500,000 to \$0, which maintains the FY 2015 funding level for this fund.

My fourth objection to the Bill is contained in Item 47, page 47, line 27, which states:

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**“Hospitality Training ..... 60000 319,005”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$54,032 to \$264,973.

My fifth objection to the Bill is contained in Item 47, page 48, line 58, which states:

**“Educational Program Allowance ..... 99600 535,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$18,750 to \$516,250.

My sixth objection to the Bill is contained in Item 47, page 49, line 95 through line 103 which states:

**“From the above appropriation for Educational Program Allowance (fund 0313, appropriation 99600), \$100,000 shall be expended for Webster County Board of Education for Hacker Valley; \$150,000 shall be for the Randolph County Board of Education for Pickens School; \$100,000 shall be for the Preston County Board of Education for the Aurora School; and \$100,000 shall be for the Fayette County Board of Education for Meadow Bridge; and \$85,000 is for Project Based Learning in STEM fields.”**

Having reduced the appropriation for Education Program Allowance in objection five above, I am reducing the amount in the language on page 49, line 102, from \$85,000 to \$66,250.

My seventh objection to the Bill is contained in Item 49, page 51, line 15, which states:

**“Adjustments ..... 718,168”**

My budget recommendations and provisions I recommended in House Bill 2478 clarified that the adjustments to Local Share for Payment in Lieu of Taxes and for assessment errors were to be included in the School Aid Formula. Since those provisions did not pass, I believe we should maintain the established practice of not including the Adjustments line in the School Aid Formula. Therefore, I am reducing the appropriation by the amount of \$718,168 to \$0.

My eighth objection to the Bill is contained in Item 53, page 54, line 15, which states:

**“Educational Enhancements ..... 69500 575,000”**

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This is a significant increase over the FY 2015 appropriation and my FY 2016 recommendation. At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$375,000 to \$200,000.

My ninth objection to the Bill is contained in Item 53, page 55, line 29 through line 33, which states:

**“Included in the above appropriation for Educational Enhancements (fund 0294, appropriation 69500) is \$125,000 for Reconnecting McDowell - Save the Children, \$375,000 for Save the Children programs in Cabell, Roane, Calhoun and Mason counties, and \$75,000 for the Clay Center.”**

Having reduced the appropriation to Educational Enhancements in objection one above, I am deleting the language on page 55, line 31 through line 33, “, \$375,000 for Save the Children programs in Cabell, Roane, Calhoun and Mason counties,”.

My tenth objection to the Bill is contained in Item 53, page 55, line 34 through line 36, which states:

**“From the above appropriation for S.T.E.M. Education and Grant Program (fund 0294, appropriation 71900) \$125,000 is for The Challenger Learning Center at Wheeling Jesuit University.”**

This language redirects funds from the S.T.E.M Education and Grant Program that I recommended in my Budget Bill. Therefore, I am deleting the language in its entirety, page 55, line 34 through line 36

My eleventh objection to the Bill is contained in Item 62, page 63, line 29, which states:

**“Primary Care Support ..... 62800      6,000,000”**

With the expansion of the Medicaid Program, more West Virginians are eligible for health coverage than previously. This, in turn, should reduce the reliance on free clinics and will reduce uncompensated care. At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid growth in the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$729,572 to \$5,270,428.

My twelfth objection to the Bill is contained in Item 62, page 63, line 32, which states:

**“Health Right Free Clinics ..... 72700      3,000,000”**

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With the expansion of the Medicaid Program, more West Virginians are eligible for health coverage than previously. This, in turn, should reduce the reliance on free clinics and will reduce uncompensated care. Cuts are never easy, but are necessary in our State's financial situation. Therefore, I am reducing the appropriation by the amount of \$250,00 to \$2,750,000.

My thirteenth objection to the Bill is contained in Item 66, page 71, lines 56 and 57, which state:

**"Children's Trust Fund - Transfer ..... 95100        300,000"**

My recommended FY 2016 budget included an appropriation of \$220,000 for this line item. There is an existing balance available in the Children's Trust Fund that can be utilized to offset the effects of this reduction. At a time when we are facing ongoing budget challenges, it is imperative that a proactive approach be used to reduce base budget spending to better position the State to address anticipated budget gaps. Therefore, I am reducing the appropriation by the amount of \$80,000 to \$220,000.

My fourteenth objection to the Bill is contained in Item 66, pages 71 and 72, line 75 through line 80, which states:

**"Included in the above appropriation for Medical Services (fund 0403, appropriation 18900) is an additional \$1,000,000 to be matched with federal dollars, the sums of which shall be applied toward the enhancement of reimbursement rates for nursing homes for services provided in accordance with the Medicaid State Plan."**

Having reduced the appropriation for Medical Services in objection 45 below, I am deleting the language in its entirety, pages 71 and 72, line 75 through line 80.

My fifteenth objection to the Bill is contained in Item 74, page 81, lines 1 and 2, which state:

**"Personal Services and Employee Benefits ..... 00100    \$ 59,511,081"**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State's base budget. The State Police have historically been able to transfer extra funds from Personal Services to other lines within their budget. At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be used to reduce growth of the base budget. Therefore, I am reducing the appropriation by the amount of \$511,081 to \$59,000,000.

My sixteenth objection to the Bill is contained in Item 74, page 81, line 6, which states:

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**“Vehicle Purchase ..... 45100            2,377,614”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$377,614 to \$2,000,000.

My seventeenth objection to the Bill is contained in Item 74, page 81, lines 13 and 14, which state:

**“Capital Outlay and Maintenance (R) ..... 75500            2,250,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to evaluate facility needs and not over commit our resources. Therefore, I am reducing the appropriation by the amount of \$2,000,000 to \$250,000.

My eighteenth objection to the Bill is contained in Item 88, page 92, lines 1 and 2, which state:

**“Personal Services and Employee Benefits ..... 00100    \$ 1,876,828”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$75,000 to \$1,801,828.

My nineteenth objection to the Bill is contained in Item 88, page 92, line 3, which states:

**“Unclassified ..... 09900            200,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$180,000 to \$20,000.

My twentieth objection to the Bill is contained in Item 88, page 92, line 6, which states:

**“Veterans’ Field Offices ..... 22800            288,345”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$20,000 to \$268,345.

My twenty-first objection to the Bill is contained in Item 88, page 92, line 7, which states:

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**“Veterans’ Nursing Home (R) ..... 28600        6,004,913”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$63,875 to \$5,941,038.

My twenty-second objection to the Bill is contained in Item 88, page 92, lines 10 and 11, which state:

**“Veterans’ Reeducation Assistance (R) ..... 32900        39,502”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$10,000 to \$29,502.

My twenty-third objection to the Bill is contained in Item 88, page 92, line 12, which states:

**“Veterans’ Grant Program (R) ..... 34200        150,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$50,000 to \$100,000.

My twenty-fourth objection to the Bill is contained in Item 88, page 92, line 18, which states:

**“Veterans Cemetery ..... 80800        583,263”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$210,000 to \$373,263.

My twenty-fifth objection to the Bill is contained in Item 93, page 95, lines 1 and 2, which state:

**“New River Community and Technical College ..... 35800    \$ 5,676,500”**

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As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$34,797 to \$5,641,703.

My twenty-sixth objection to the Bill is contained in Item 94, page 96, lines 1 and 2, which state:

**“Pierpont Community and Technical College . . . . . 93000 \$ 7,664,596”**

As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$133,835 to \$7,530,761.

My twenty-seventh objection to the Bill is contained in Item 95, page 96, lines 1 and 2, which state:

**“Blue Ridge Community and Technical College . . . . . 88500 \$ 4,949,710”**

As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$342,166 to \$4,607,544.

My twenty-eighth objection to the Bill is contained in Item 96, page 96, lines 1 and 2, which state:

**“West Virginia University - Parkersburg . . . . . 47100 \$ 10,094,237”**

As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$305,243 to \$9,788,994.

My twenty-ninth objection to the Bill is contained in Item 98, page 97, line 1 through line 3, which states:

**“West Virginia Northern Community and Technical  
College . . . . . 47100 \$ 7,099,616”**

As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$24,583 to \$7,075,033.



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My thirtieth objection to the Bill is contained in Item 99, page 97, line 1 through line 3, which states:

**“Eastern West Virginia Community and Technical College ..... 41200 \$ 1,887,174”**

As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$5,340 to \$1,881,834.

My thirty-first objection to the Bill is contained in Item 100, page 97, lines 1 and 2, which state:

**“BridgeValley Community and Technical College ..... 41700 \$ 7,739,898”**

As good stewards of the taxpayer’s dollars, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$19,987 to \$7,719,911.

My thirty-second objection to the Bill is contained in Item 103, page 99, lines 3 and 4, which state:

**“WVU - School of Health Sciences ..... 17400 16,711,414”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$547,975 to \$16,163,439.

My thirty-third objection to the Bill is contained in Item 103, page 100, line 20 through line 35, which states:

**“Included in the appropriation for WVU - School of Health Sciences (fund 0343, appropriation 17400) is \$2,000,000 for the School of Public Health; Graduate Medical Education; programming or research for multiple sclerosis, alzheimers, and neurosciences (including the Blanchette Rockefeller Project); and \$82,000 for the West Virginia University National Center of Excellence in Women’s Health. Appropriations for WVU - School of Health Sciences (fund 0343, appropriation 17400) used for Graduate Medical Education may be transferred to the Department of Health and Human Resources Medical Service fund (fund 5084) for the purpose of matching federal or other funds used to support graduate medical education, subject to the approval of the vice-chancellor for health sciences and the Secretary**

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**of the Department of Health and Human Resources. If approval is denied, funds bay be utilized by the respective institutions for expenditure on graduate medical education.”**

Having reduced the appropriation for WVU - School fo Health Sciences in objection thirty-two above, I am deleting the language in its entirety, page 100, line 20 through line 35.

My thirty-fourth objection to the Bill is contained in Item 104, page 101, line 2, which states:

**“Jackson’s Mill (R) ..... 46100                    307,713”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$60,164 to \$247,549.

My thirty-fifth objection to the Bill is contained in Item 104, page 102, line 17 through line 29, which states:

**“Included in the appropriation for West Virginia University (fund 0344, appropriation 45900) is \$360,000 for the WVU Law School - Skills Program; \$836,400 for the College of Engineering and Mineral Resources for the WVU Coal and Energy Research Bureau, the Mining Engineering Program, and the Petroleum Engineering Program; \$416,600 for farms in the Davis College of Forestry, Agriculture and Consumer Sciences; \$100,000 for the WVU Soil Testing Program; and \$25,000 for the West Virginia University Extension Service cyber-bullying prevention program.**

**Included in the above appropriation for Jackson’s Mill (fund 0344, appropriation 46100) is \$121,500 for the Jackson’s Mill Fire Academy.”**

My recommendations included eliminating the directive language in many of the higher education accounts to provide flexibility to the institutions. Therefore, I am deleting the language in its entirety, page 102, line 17 through line 29.

My thirty-sixth objection to the Bill is contained in Item 105, page 102, line 4, which states:

**“Forensic Lab ..... 37701                    415,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$164,589 to \$250,411.

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My thirty-seventh objection to the Bill is contained in Item 105, page 102, line 5, which states:

**“Center for Rural Health ..... 37702            275,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$109,963 to \$165,037.

My thirty-eighth objection to the Bill is contained in Item 106, page 103, line 8 through line 10, which states:

**“Luke Lee Listening Language and Learning Lab ..... 175,000            175,000”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$70,000 to \$105,000.

My thirty-ninth objection to the Bill is contained in Item 107, page 104, lines 1 and 2 , which state:

**“West Virginia School of Osteopathic Medicine ..... 17200    \$ 7,458,334”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$450,058 to \$7,008,276.

My fortieth objection to the Bill is contained in Item 108, page 105, line 1, which states:

**“Bluefield State College ..... 40800    \$ 5,823,680”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$8,561 to \$5,815,119.

My forty-first objection to the Bill is contained in Item 112, page 106, line 1, which states:

**“Shepherd University ..... 43200    \$ 9,921,556”**

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At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$90,226 to \$9,831,330.

My forty-second objection to the Bill is contained in Item 113, page 106, line 1, which states:

**“West Liberty University ..... 43900 \$ 8,198,329”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$1,589 to \$8,196,740.

My forty-third objection to the Bill is contained in Item 114, page 106, line 1, which states:

**“West Virginia State University ..... 44100 \$ 10,733,691”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$426,550 to \$10,307,141.

My forty-fourth objection to the Bill is contained in Item 235, page 165, lines 1 and 2, which state:

**“Medical Services Trust Fund - Transfer ..... 51200 \$ 22,928,928”**

While we are forced to utilize a portion of our Revenue Shortfall Reserve Fund to fund rising state Medicaid appropriations, it is critical that appropriate actions be taken to minimize the usage of the fund, which, among others, is a factor in the state’s bond rating. Early projections for next year’s FY 2017 budget show a manageable budget gap that must be addressed next year and maintaining a healthy balance in the Revenue Shortfall Reserve Fund will serve West Virginians well.

Through the actions in this veto message, there will be additional funds available to appropriate to Medicaid at a later time. These vetoes allow the appropriation to Medicaid from the Revenue Shortfall Reserve Fund to be decreased. Therefore, I am reducing the appropriation by the amount of \$8,136,597 to \$14,792,331.

My forty-fifth objection to the Bill is contained in Item 315, page 218, line 1, which states:

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**“Medical Services ..... 18900 \$ 16,422,140”**

At a time when we are facing ongoing budget challenges, it is imperative that a cautious and prudent approach be taken to avoid building the State’s base budget. Therefore, I am reducing the appropriation by the amount of \$2,000,000 to \$14,422,140.

My forty-sixth objection to the Bill is contained in Section 20, page 255, line 1 through line 10, which states:

**“Sec. 20. Special permissive, one-time appropriation from Revenue Shortfall Reserve Fund. — There is hereby appropriated an amount not to exceed \$20,000,000 from the Revenue Shortfall Reserve Fund (fund 7005) for the renovation of State Capitol Complex Building 3 to provide for its use as state office space. In lieu of incurring additional state debt, bond issuance and interest expense, the Governor may at his discretion, direct the transfer of funds to the Capitol Dome and Capitol Improvements Fund (fund 2257) created under §5A-4-2,0 for expenditure.”**

This is a use of the Revenue Shortfall Reserve Fund that is not in line with the intention of the fund and potentially sets a precedent for use of the fund contrary to purpose for which the fund was created. Therefore, I am deleting the language on page 255, line 2 through line 10, which states, “ — There is hereby appropriated an amount not to exceed \$20,000,000 from the Revenue Shortfall Reserve Fund (fund 7005) for the renovation of State Capitol Complex Building 3 to provide for its use as state office space. In lieu of incurring additional state debt, bond issuance and interest expense, the Governor may at his discretion, direct the transfer of funds to the Capitol Dome and Capitol Improvements Fund (fund 2257) created under §5A-4-2,0 for expenditure.”

For the reasons stated herein, I have approved, subject to the above objections, Enrolled Committee Substitute for House Bill No. 2016.

Sincerely,



Earl Ray Tomblin  
Governor

cc: The Hon. William P. Cole, III  
President of the Senate

The Hon. Tim Armstead  
Speaker, West Virginia House of Delegates