



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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DECEMBER 17, 2019

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
December 17, 2019

4:00 pm – 5:00 pm

Senate Finance Room

1. **Approval of September 24, 2019 minutes:**

Speaker Hanshaw: “The Committee will come to order. The first item on the agenda is the approval of the September 24, 2019 minutes. President Carmichael is recognized.”

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

Speaker Hanshaw: “President Carmichael moves that the minutes be approved. Discussion? All in favor say aye, opposed no. The ayes appear to have it, the ayes do have it. The minutes are approved.”

Approval of November 19, 2019 minutes:

Speaker Hanshaw: “The second item on the agenda is the approval of the November 19, 2019 minutes. President Carmichael is recognized.”

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

Speaker Hanshaw: “President Carmichael moves that the minutes be approved. Discussion? All in favor say aye, opposed no. The ayes appear to have it, the ayes do have it. The minutes are approved.”

2. **Monthly/Quarterly Reports Received:**

Speaker Hanshaw: The next order of business before the Committee are the Monthly/Quarterly Reports. Members will find in their packets the reports from each Agency.

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

Status Reports on Lottery

(John Myers, Director, West Virginia Lottery Commission)

General Revenue Fund & State Road Fund

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

WorkForce WV Unemployment Compensation Trust Fund Distribution

(Connie Kirk, UI Director, WorkForce West Virginia)

(Andy Osborne, Employment Program Manager)

PEIA, BRIM & Real Estate Report

(Allan McVey, Secretary, Department of Administration)

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

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

Investment Management Board Distribution

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

Workers Compensation

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

Board of Treasury Report Distribution

3. Other Business:

Department of Highways

(Byrd White, Secretary – DOH district spending, specifically Wood County)

WV Department of Education

(Steven Paine, Superintendent – Discussing student attendance issues.)

WV Governor's Office

(Mike Hall, Chief of Staff – Discussing funding intentions for IDD Waiver Program)

Bureau for Public Health

(Dr. Catherine C. Slemp, Commissioner – Progress report on the implementation of the Medical Cannabis Program.)

West Virginia Veterans Housing – *(Report in booklet)*

Report on Land Reuse Agency Use of the Right of First Refusal at Tax Sales

Approval of January interim dates prior to the start of the Regular session.

4. Adjournment:

Speaker Hanshaw: "Any further business to come before the Committee? If not, I recognize President Carmichael for a motion to adjourn."

President Carmichael: "Mr. Speaker, I move that we adjourn."

Speaker Hanshaw: "All those in favor say aye, opposed no. The ayes appear to have it, the ayes do have it; the meeting is adjourned."

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

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

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4. Adjournment

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Carmichael)

November 19, 2019

4:00 p.m. – 5:00 p.m.

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

President Carmichael: "... the Committee on Government and Finance to order. The first item on the agenda are the monthly reports. You'll have them in your packet. First, I'll call Mr. Spencer forward. Since we do not have a quorum, we'll take action on the minutes next meeting, but we'll go through our regular agenda. So, Mr. Spencer ..."

William Spencer: "Thank you, Mr. President, Mr. Speaker, members of the subcommittee. My name is William Spencer, I'm here to answer any questions regarding your monthly status reports."

President Carmichael: "Thank you, are there questions of Mr. Spencer? Is Mark out there? Revenue."

Mark Muchow: "I'm Mark Muchow, Department of Revenue. I have a little summary of the General Revenue and the State Road Fund Revenue through the first four months of the year. We're now 1/3 of the way through the fiscal year, and 1/3 of the way through the fiscal year we've collected \$1.452 billion in General Revenue. The estimate was \$1.485 billion. So, that's \$33 million below the estimate, and 1.7% below last year. So, we're running about 25 and a half million dollars below last year's collection levels, and that decline rate of 1.7 is an improvement. We started out in July down about 9.2; then at the end of August, we're down about 6.8; the end of September, down 1.8;

October, down 1.7 and I highlight that because the ... for the estimate for the whole year, we need to be down somewhere around 1.2. Which estimates are lower this year than what we collected last year, and if you take away the special revenues, a -1.5, so the ... we're migrating closer to the area that we want to be. So, we've seen improvement, and if you take away July's collections, the last three months were almost spot on in terms of overall estimates, despite the big downturn on the severance tax side. In October we were down about \$3.3 million. We collected 354.3, the estimate was 357.6. The decline rate in October it was 1.4, which is a better decline rate than year-to-date. So, moving in that ... sort of moving in the right direction. We'll see if that will continue. November is probably not going to be that great of a month. Compared to last year, not necessarily compared to estimate, but compared to last year, because last year we were able to do collections all the way through the 30th of November. This year with the way the calendar falls, the last business day in the month will be the 27th, which is a few days short, because of the Thanksgiving holiday and that always has an impact. Especially since we have some tax collections due on the last calendar day of every month. On the individual components, the consumer sales tax, we collected \$101.2 in October. The estimate was \$101.6. That was about \$400,000 below estimate. Compared to last year, we were up 1.2%. Year to date, we've collected \$431.5 million. The estimate was \$433.9. We're down below estimate by \$2.4 million year-to-date, and above last year's collections by 1%. We're pretty close to the estimate on sales tax.

Personal income tax, we collected \$157.6 million. The estimate was \$165 for October. That's down \$7.4 million below estimate. Compared to last year, it's still up 1.2%, year-to-date, \$661.1 million. The estimate was \$690.1, that's down pretty close to \$29 million below estimate, still up a half a percent compared to last year, and most components of the personal income tax are doing just fine except for the big component, which is withholding tax. Withholding tax is down 0.4% year-to-date, 0.4% in October. Last year we had a number of people out in the fields putting in pipelines. Those folks are not out there this year. So, I suspect that that has a big reason to do with the decline of withholding tax compared to last year.

B&O tax for October was down slightly, about \$200,000 below estimate, a little bit

below last year, but year-to-date is still doing very well at \$47.8 million, \$9 million above estimate, about 24% above last year due to some special factors. Severance tax, that's the highlight. Collections is about \$8.2 million and actually total collections in October were actually \$34.8 million, but only \$8.2 million ended up in the general revenue fund. The rest of the money went back to local governments in terms of local tax distributions. So, compared to last year, we were down 67.1% in general revenue, however overall, we were only down 29.8% in October because ... now last year was a good year. It had a lot of good severance activity and we had to pay local distributions based upon past history and the local oil and gas distributions totaled \$17.6 million. That was 13.1% above the prior year. Most of that money went to about five or six counties.

In the coal severance tax, there's two separate distributions. We distributed about \$8.3 million. That's a quarterly distribution. That was 2.4% ahead of last year. So, those distributions were up, that detracted from the state. But it was higher revenues for local governments. Year to date on severance, \$67.4 million for the general revenue fund. That's \$33 million below estimate, 44.5% below last year.

Local tax distributions year to date, \$38 million, 11.6% ahead of last year, Again, we're distributing from the past. Now, eventually the second half of the fiscal year, that's going to turn around a bit. But because of the timing of when the severance tax hit in a downward motion, that put the state on the hook at the very beginning of the fiscal year. By the way that also happened with the sales tax. Our sales tax distribution, the local governments in July, was 5.6% above last year, and that hit at the same time that the sales tax overall went down. The last sales tax distribution in October, for local governments, was only up 1%, much more in line. So, that little latent effect there. So, that by itself caused the revenues in July to be much worse than otherwise.

A couple of other taxes, the insurance tax, October is a big ... corporate tax. Corporate tax continues to do well. We collected \$13.6 in October. The estimate was only \$3 million. Last year in October, we only collected \$2.27 million. So, we we're about 500% above last year. Now, major corporations, they're due date for corporate income tax is April. Most of them get a six-month extension. The six-month extended due date returns fall into October. 2018 is a good year for all states because of Federal Tax Reform. The

Federal Tax Reform law cut federal tax rates, broadened the base a bit and it caused the corporate behavior to change a little bit, brought in extra income in '18. We'll see if that ... how much of that continues when we get beyond '18 and then '19, and we start getting into the next few quarters, we'll see how that corporate tax continues. But, all states did well on corporate tax because of that. Year to date our corporate tax is up almost 30% over last year, and it's \$22.8 million above estimate. Estimate is \$41.1, actual is \$63.9 million. Keep in mind that the estimates were set back in ... developed back in November of '18, before federal tax reform passed. In addition, I'm a little skeptical as to how much of that initial wave will be continuous. So, that's why the corporate estimates are a little on the conservative side. Corporate tax is notoriously volatile. It's not unusual for it to move up or down 20%-30% in a single year. Last year it went up 80%. So, those are big movements. I'm not sure how sustainable that such a movement is long term.

The insurance tax was due on October 25th, that's the quarterly tax. We collected \$29.7 million, and the estimate was \$31.5. We were \$1.8 million below estimate and 3.7% below last year. Which year to date, we're now \$1.4 million below estimate and slightly below last year. I believe, and I'll have to check into the numbers, but I believe what happened there is some of the money that was due around the 25th of October didn't quite get deposited by the 31st. So, we should see an uptake in November that balances out the equation. So, I'm not worried too much on insurance premium tax.

Tobacco tax is another one of those timing things. In October we collected \$15.4 million, that was 9.8% above last year. Purely the timing of cigarette stamp sales, year to date, the more accurate picture, \$58.3 in collections. We're down 3.3% from last year and I can tell you that the decline rate on tobacco has been growing in recent times and we will have to readjust estimates in the future for that. We used to decline one to maybe two percent a year, and not that decline rate is rapidly approaching the four to five percent level. E-Cigarettes and maybe people just quitting the habit, or some combination thereof involved there. So, that's a trend that's in change.

Beyond that, I'll move to the Road Fund, and in the road fund recently there was some sort of ... I'll call it an editorial type piece in, I believe, the Parkersburg newspaper. It suggested that the Road Fund was in trouble because we weren't meeting revenue

estimates, and revenue estimates and they might need to do budget cuts in the Road Fund. Nothing could be further from the truth. The Road Fund, it all has to do with the federal reimbursement estimate. The federal reimbursement, if you go back 25 years, about 25 years ago it was the same amount of money as it is today, and we average right around \$400 million or a little less a year in federal reimbursements. The highway folks decided to put a higher estimate the last couple of years under the belief that maybe Congress would rain down some more money. I don't see that on the radar screen from Congress. In fact, it may go the other way if we're not careful. So, we have an estimate like about \$467 million for the entire year. There's no way we're going to get there. So, where the federal estimate's at, what's really important is revenue growth and change from last year, and I will skip over October because the motor fuel tax is notoriously bad because of the way it ends ... collections end on the month. But year to date, just look at the state portion. The state portion estimate is \$325.7 million, the actual is \$323.7 million. So, we missed the estimate by about \$2 million and that was thank you to some motor fuel tax that got pushed into November, and I can tell you the motor fuel tax in November is about the estimate in November. It'll make up that difference. So, we're in good shape on the Road Fund. A better indicator, Road Fund revenues are up 2.8% from the state side and even if you add in the federal reimbursements, we're up 1.4% compared to last year. So, it's still showing on the positive side. Things are in good shape. Legislature, a couple of years ago, enacted some fee increases and tax adjustments to support the road bonds. That would be an issue these days, and originally it was supposed to be somewhere in that \$130 - \$135 million neighborhood in terms of revenue to support the debt service, and we're consistently going to be above \$150 million. So, that has been very successful in all counts. It met it's needs, there's plenty of funds there to fund the debt service for the road bonds as intended when the folks passed that referendum a couple of years ago. Any questions?"

President Carmichael: "Are there questions from committee members? I recognize Senator Plymale. Oh, I'm sorry. I recognize Chairman Householder."

Delegate Householder: "Thank you, Mr. President. Mark, it appeared that October was a squeaker. On October the 30th, we were down by \$55 million, and then on

October 31st, the last day, we made up about \$52 million of it. So, I was curious what made up the bulk of that tax collect?"

Mark Muchow: "A lot of monies are due on the last day of the month. Severance tax is due on the last day of the month. B & O tax is due on the last day of the month. Then insurance premium tax, which is due on the 25th, is actually processed by the State Treasurer's Office, and they always send it in on the last day of the month. So, you had all these last day of the month revenues. That's normal for October, and it would be normal for November except this November ends a little earlier than normal."

Delegate Householder: "Okay, thank you Mark."

President Carmichael: "The chair recognizes Senator Plymale."

Senator Plymale: "Mark, and I'm not sure that ... thank you, Mr. President. I'm not sure that you can answer this, but I would like to have the answer on this. When we've been looking at transportation and deferred maintenance, each district has a certain amount of money to spend on their deferred maintenance. It's come to my understanding that one district has spent, overspent \$10 million in funds, and we're going to have to take it out of the other districts. How do we find that information out? Can you delve into that or ...?"

Mark Muchow: "Well first, that's the first I know about it, and that's not my area where I ... It's more of a budgetary question than a question for me. West Virginia does have a unique transportation funding system in that we do not allow our counties to participate, and you get some odd results as a result of that."

Senator Plymale: "But my concern is, is the district that's keeping within the confines that they've asked them to, and doesn't overspend the money that they've been allocated, and now a district has spent \$10 million more, it means that the other districts are going to have to eat that at some point in time, and we have the same ... we get the same complaints from our own ... from every constituent related to this."

Mark Muchow: "That would be a question for the transportation folks. Everybody wants a bigger slice of the same pie, but the pie is only so big. Why one district spends more than they should, they're ... I don't have answers for those questions."

Senator Plymale: "Okay, well Mr. President, I would like for us to at least find this

out and maybe they can give us a compilation of a couple years of what they've been spending in each district and, you know ... I stay in contact with the district just to know what's going on. Now that district includes more than just the area that I represent, so I know sort of what is being done. But, they stay within the confines of what they've been given and if somebody's gone out beyond that, I'd like to ... how did that happen, and how can we make sure that it doesn't, so that we treat everybody pretty equal?"

President Carmichael: With leave of committee, "I'll ask the staff to have Highways here next interim meetings and be prepared to talk about the individual districts."

Senator Plymale: "Thank you."

President Carmichael: "Thank you. Further questions? I recognize Chairman Shott."

Delegate Shott: "Thank you, Mr. President. With regard to the severance tax, I'm somewhat familiar with the sharing of the coal severance tax among the local governments. Is the same ... I think you mentioned that the natural gas and oil portion of the severance tax also has a sharing component. Is that correct?"

Mark Muchow: "Yes, basically the state shares 10% of the proceeds of the natural gas and severance ... natural gas and oil severance tax. The formula is basically identical to the 0.35% coal severance tax distribution in that 75% of the proceeds go to the producing county, and the other 25% are distributed among all municipalities and counties based upon their population share. It so happens that about six counties or so are dominant producers of natural gas, so most of the money goes to those six counties."

Delegate Shott: "Sort of like it used to be with regard to the coal severance tax."

Mark Muchow: "Yea, coal is more spread out than gas. Gas is more concentrated. Coal has many more counties with coal."

Delegate Shott: "Is there any data that would, over a period of time, compare the amounts of each, that each county got?"

Mark Muchow: "Yes, in fact you can get that information readily on the State Treasurer's website. They have various local tax distributions and they go back in the archives for several periods, several years."

Delegate Shott: “Okay, thank you.”

President Carmichael: “Chair recognizes Delegate Miley.”

Delegate Miley: “Yes thank you, Mr. President. Mark, I know it appears we overestimated the severance tax collections, but how much of that is attributable to an overestimation for coal severance tax vs. natural gas severance tax?”

Mark Muchow: “Most of my problem is natural gas severance tax, and it all has to do with the price of natural gas. The price of natural gas locally, was moving closer and closer to Henry Hub price, and then we had the pipeline interruptions. In recent months we’ve had a bigger and bigger separation and I ... let me see if I have that here. I’ll give you some examples of the deviation: October, \$1.44 Dominion, South; Henry Hub, \$2.27. Now, Henry Hub is down from a year ago. Henry Hub a year ago was \$3.25. So, it went down about a third in one year on Henry Hub. In West Virginia we went from \$2.70 last year to \$1.44. So, we got cut in ... almost cut in half, and that deviation we got ... we were getting pretty darned close to Henry Hub but now we’re beginning to separate again. So, that’s telling me that there’s some market capacity issues here in the local region again, that they’re building up. These folks, I’m sure, were planning on these pipelines being in place. In fact, several years ago Corky DeMarco assured me that they would all be in place by 2017, and last year when the green light came on, there was a mad rush to put a lot of investment in service. That investment by the way is paying a lot of dividends at the local level. A number of counties are going to get big boosts in revenues because of the pipeline infrastructure that is part of the public utility assessments, a big deal. And not only in gas producing kinds, but it’s a non-gas producing kind. This is where the pipelines pass through. But we still have two big pipelines that are not yet completed, and that makes a difference.”

Delegate Miley: “Do you have a forecast as to what you think the natural gas industry will do in terms of revenue generation for the state? I’m asking because of a couple of things I’ve seen and heard. One is, there are some layoffs going on up at the northern part of the state from companies that employ workers in the natural gas industry. So, that’s going to have an impact on the state’s revenues in other ways. But I’m also reading where UT,(29:08) which has a big footprint in the northern part of the

state, is contracting it's drilling program and the vast majority of the wells that does decide to drill is going to be in South West Pennsylvania, not West Virginia. Have you factored or considered those things in your ...?"

Mark Muchow: "That is all coming into factorization when we get into the next revenue cycle. We've been predicting that production would level off or decline. The EIA has been predicted for several ... a couple of years now, and it keeps going up, and at some point in time we're going to have that curve and it's going to curve down because companies are ... a lot of these companies are losing money on the gas. One of the other factors ... you know the gas oversupply is not just here regionally. Some federal rule changes, the industry and the Permian basin used to flair off their natural gas because it was considered a waste product. They were mainly only interested in the oil. Now, under federal rules, they have to pipe flat that gas. So, that's adding more gas into the pipelines, which is driving down prices across the country, and one of the consequences of the lower natural gas prices is that there's less coal fired electric power generation. So, it's a ... healthy gas price is also good for the coal industry. An unhealthy gas price is bad for the coal industry. The coal industry is being squeezed domestically on steam coal sales because of the natural gas prices."

Delegate Miley: "Well let me ask you, when you see the gas production leveling off and declining, do you have any estimation as to what the price will do as well? I mean, if it stays low like it is, that won't be a good thing, will it?"

Mark Muchow: "I think prices are going to ultimately stabilize above two dollars. I don't know how long it takes to get there, but we're probably talking an extended period of time where you're going to see a lower yield on natural gas compared to what we saw a year ago."

Delegate Miley: "Thank you."

President Carmichael: "Further questions of Mark? If not, thank you very much. Next report is lottery. Is Mr. Myers in the audience? Yes."

John Myers: "Mr. President, Mr. Speaker, we've provided our reports. It should be in your packet as you mentioned. I'll go ahead and give you a little update on sports wagering and then if you have any questions, I'll try to take them at that time. In our ...

through the 9th day of November, we've had under the retail operations, \$718,196 in tax revenue to the state. We've had under the mobile app, \$288,753, for a total of \$1,006,949 in total sports wagering revenue to the state."

President Carmichael: "Are there questions of Mr. Myers? Questions?"

John Myers: "I think also, I provided a summary. Okay, we're good?"

Senator Blair: "I didn't have a question but thank you."

John Myers: "You're welcome."

President Carmichael: "Thank you. Next item on our agenda, I skipped around a little bit, but unemployment compensation trust fund, Andy Osborne. When you approach the podium, if you don't mind stating your name for the record and ..."

Andy Osborne: "Thank you, Mr. President. My name is Andy Osborne. I'm the manager with WorkForce WV. I believe Director Kirk forwarded the committee our report on the Trust Fund. The summary of the report is basically ... the projected trust fund balance for November of this year is \$222,497,640. The West Virginia unemployment rate as of the end of October was 4.8% with a national average of 3.6% and the trust fund balance as of this morning was \$217,394,470."

President Carmichael: "Very good, are there questions? Yes, I recognize Delegate Bates."

Delegate Bates: "Thank you, Mr. President. My questions actually relate to process a little bit within unemployment. So, if they're appropriate for you to answer, please go ahead. If they're not, then we can defer those at a later time. But let me just jump right to it. I'm hearing from some employers in my community about issues with the modernization, or the lack of modernization of the employment compensation reporting system. These are employers that do business in more than one state, and what they're telling me is that where they operate in other states, they are able to electronically submit documents, download Excel sheets from QuickBooks and report those findings to the unemployment commission, all those sorts of things. That those services aren't available, you're still data through fax machines and handwritten reports and those kinds of things. Could you speak to that, if that's actually the truth and what efforts are afoot to address that issue?"

Andy Osborne: “Unfortunately, I really would not be capable to speak to what the employer ... the technology that they have at their ... access to provide those reports. But I can get you the information.”

Delegate Bates: “If we could have that added to the agenda at some point, Mr. President.”

President Carmichael: “Yes, thank you for the question. With leave of the committee we will have ... be prepared to speak about the technology aspects of Delegate Bates’ question at the next interim meeting.”

Delegate Bates: “Thank you. Thank you, Mr. President.”

President Carmichael: “Are there further questions of our presenter? I recognize Chairman Blair.”

Senator Blair: “Thank you, Mr. President. Where are we at on the trigger to drop down from the \$12,000 down to \$9,000? Do you know?”

Andy Osborne: “No sir, I do not.”

Senator Blair: “I wasn’t sure. I’ve asked that question before. We’re close. Do me a favor, when you come back next month, give us a report on that. I was in another committee meeting earlier today and I was looking at our surrounding states and we’re still one of the higher ones on for the \$12,000, and if we trigger down then we get lower, and I know we’re getting close. But give us a trajectory on what you think it’s going to be next meeting. Thank you.”

President Carmichael: “Thank you, further questions? If not, you’ve got your assignments Andy. See you next month.”

Andy Osborne: “Yes, Mr. President. Thank you.”

President Carmichael: “The next item on the agenda is Mary Jane Pickens with PEIA, BRIM, and Real Estate Report.”

Mary Jane Pickens: “Good afternoon. Mr. President, Mr. Speaker, members of the committee, Mary Jane Pickens. I’m filling in for Secretary McVey this afternoon. We filed the reports regarding the three agencies; BRIM, PEIA, and the Real Estate Division, and I’ve got folks here from those agencies that are happy to answer questions if there are any.”

President Carmichael: “Thank you, Mary Jane. Are there questions of the committee members? Yes, I recognize Delegate Cowles.”

Delegate Cowles: “Thank you, Mr. President. Mary Jane, I was looking in the PEIA opening page, and it has a note in there, a list of bullet points. One of them says the reserve levels are 24% and 34% for the respective funds of PEIA, and it’s required that those reserves be at least 14%. So, we certainly meet the reserve requirement, and it looks like perhaps double the reserve requirements, and what I’m wondering is whether there will be anticipated direct tax payer subsidy in the state budget for PEIA or will we instead use up these reserves that have already been allocated?”

Mary Jane Pickens: “To respond to your question, if you don’t mind, Mr. Cheatham is here, and I think he could probably give you a more reliable answer than me.”

Delegate Cowles: “Thank you.”

Ted Cheatham: “Ted Chatham with PEIA. The answer is we do have every intention of spending down both the nonstate and the state reserve. Our budget plan that we’re taking up to public hearings this week, we will need in 20 ... I have to get my years right. We’re at 2021, FY 21, we are going to ... we are requesting we believe, \$34 million from the PEIA Rainy Day Fund. So, no new state revenue requests. We’re hoping we’re going to be better than that, but we are spending down the reserve and we are taking a loss this year and next year.”

Delegate Cowles: “So last year the budget said PEIA Subsidy and it had a value in the budget for a new appropriation to PEIA as a direct taxpayer subsidy. That won’t be necessary in the upcoming budget year?”

Ted Cheatham: “That’s correct. The \$21 million that we brought over, actually \$28. The \$21 million that we brought over; it’s still coming. It’s in a baseline building budget. It’s still coming to PEIA. But no additional general allocation except out of the Rainy Day Fund. That’s the plan.”

Delegate Cowles: “Thank you very much. Thank you, Mr. President.”

President Carmichael: “Are there further questions of Ted, before you walk off? I recognize Senator Blair.”

Senator Blair: “Ted, I haven’t been over to a meeting for a little while, and listening to that, I think it’s time to send me an email or a text and let me know when the next meeting is so that I can come over for that and have a discussion.”

Ted Cheatham: “We absolutely will. I’ve added you to the ... both of you, at your request, to the distribution list for the board meeting, and the next board meeting is in early December, and you will get an email when it’s about a week out.”

Senator Blair: “Okay, unless my schedule conflicts, I’ll be over there. Because I’ve got a bunch of questions I want to ask.”

Ted Cheatham: “Okay, is there something I can do offline with you after this meeting, or another time?”

Senator Blair: “Yea, we can do that too. But ... especially if I can’t make it down.”

Ted Cheatham: “Okay, I’ll stay after.”

Senator Blair: “But I want to be able to meet with the board over there and hear ideas, because session is coming up, and there’s times that you guys have ideas and that’s what we talked about last time, that we could bring to the Legislature, to be able to make it so you could do your job or whatever. I want to go over that in December with you and if I ... I’ll bring whoever with me, anybody that’s interested, anybody that’s sitting at this table, you’re welcome to join. Because they are interested in having to ... being able to talk back and forth with the Legislature about different ideas that they have, and so it’s one of those things we can’t ... I’m not down there. I’m 300 miles away but I want to show up from time to time to be able to have that outreach and December is the perfect time to do that. Especially when we’re getting ready to go into session. So, thank you.”

Ted Cheatham: “Thank you, appreciate it.”

President Carmichael: “Further questions of committee members? Alright, thank you Ted. Thank you, Mary Jane. The next item on the agenda is the DHHR, Medicaid Report, Medicaid Waiver Report, Cindy Beane.”

Cynthia Bean: “Hi, Commissioner Beane, Bureau for Medical Services. Mr. President, Mr. Speaker, Members of the committee, good afternoon. You have your reports before you, are there any questions?”

President Carmichael: “Questions? I recognize Delegate Bates.”

Delegate Bates: “Thank you, Mr. President. Ms. Beane, how are you? I’d like if we can to talk about the waiver programs if we can, specifically the IDD Waiver.”

Cynthia Bean: “Sure.”

Delegate Bates: “So, I have the charts that you provided in the three programs; the AD Waiver, the Aged and Disabled, the Intellect and developmentally disabled, and the TBI Waiver program, and I’m looking at the ... what’s referred to as the managed enrollment list, the MEL. Is that what’s commonly referred to as the wait list, or the waiting list?”

Cynthia Bean: “It is, and I have ... you know, there’s always a lag in the numbers you have in your charts. So, I have a number on the MEL as of 11/18.”

Delegate Bates: “Yea, that was my first ... this is an August report. So, we’re now in December.”

Cynthia Bean: “Right, so there’s a lag in those reports. So, I have an updated number for 11/18 for IDD.”

Delegate Bates: “For IDD, yes?”

Cynthia Bean: “It is 1,065.”

Delegate Bates: “Okay, and I want to focus mainly on the IDD Waiver Program, but I do have some additional questions about the TBI and the Aged and Disabled too. Which we can wait until another day. That number stayed pretty stable or pretty much the same in that range for some time I understand, 1000?”

Cynthia Bean: “We’ve been able to, as members of the committee and everybody probably remembers, there were significant changes made to the IDD Waiver Program, and we successfully ... as a result of these changes there was a lawsuit and since then, and since we did come out and we were able to prevail in that suit, we’ve been able to add 272 people onto the IDD Waiver Program, since those changes. But other than the 272, that ... those lists continue to grow on the IDD.”

Delegate Bates: “Okay, so these aren’t people that ... these are people that have been found to be eligible?”

Cynthia Bean: “Absolutely. They’re medically eligible for the program. The majority of them will also be financially eligible because of the nature of their disability on

this program. So, yes. So, the 1,065 individuals that are waiting, they also receive a Medicaid card. So, they receive state planned services while they're waiting. They just don't receive the Waiver services."

Delegate Bates: "Okay, so these are individuals that are being cared for in the home. Is that correct?"

Cynthia Bean: "Yes."

Delegate Bates: "If they were on the program, yea. So, the goal is to ..."

Cynthia Bean: "Yea, I mean they're not on the program. So, I would imagine the bulk of these individuals would be in their home. We do have approximately ... and I would have to double check this number, but I think 100 of the individuals that are on the wait list are in our ISFMR group homes, ISFIDD group home."

Delegate Bates: "So, what prohibits us from taking care of this 1000 people for services. What stops us from being able to provide those services?"

Cynthia Bean: "The waiver programs are optional programs with Medicaid. So, all of our 1915C waiver programs are optional programs, and we tell the federal government how many people financially we can afford, and these particular programs are a lined item in our budget. And so, we are ... we basically, if there is appropriation, and we have the money in that line item, then we add additional slots. Much like we've had on the Aged and Disabled Waiver, where we virtually ... we are checking that every other month and we have, I think, 80 people waiting now and that's been cleared several times in the last couple of years."

Delegate Bates: "So, do you have any idea how much money it would take to eliminate that waiting list from those programs?"

Delegate Bates: "For the IDD waiver program, it would be approximately \$19 million."

Delegate Bates: "And those are state dollars, and there would be a federal match that would come along with that?"

Cynthia Bean: "Yes."

Delegate Bates: "So, we get about three dollars for every dollar we put in."

Cynthia Bean: "Approximately."

Delegate Bates: “Yea, so we put in one, they put in three. So, we put about in \$19 million, and it’s about \$80 million worth of medical services that would be able to be provided? Well, big numbers, but yea. Okay, and does the department have a plan to do that? I mean does the department have sufficient funds. Do you have a surplus right now that is available to you that you could allocate those funds?”

Cynthia Bean: “We do have a surplus right now. Those funds, of course, would be ongoing individuals. The IDD waiver program is a program where you don’t see much fluidity. Once a person becomes a member of the IDD waiver program, they are consistently on that program, usually for the rest of their lives, and unlike some of our other waiver programs, our age and disabled wavier program, by the nature of that program, we see a lot of fluidity(45:24). About 1000 people roll off that program every year. IDD waiver is more stagnant. Even though we have 4,700 people approximately on the program, we only see around 50 or 60 roll off every year. So, it’s a consistent number of people and they usually kind of keep and maintain their waiver services. So, I’m probably ... I forgot your question, or I didn’t answer it. But basically, with that program it is ongoing cost. So, while there might be some surplus dollars right now, that would be a cost that we would have year after year after year.”

Delegate Bates: “So, it would build a base?”

Cynthia Bean: “Yes, so we would have to build the base.”

Delegate Bates: “Yea, but a \$20 million allocation would take care of that wait list. Now, I understand ... would take care of that wait list. Is that correct?”

Cynthia Bean: “You are correct.”

Delegate Bates: “Yea, so ... and there was litigation around this program at some point, is that right?”

Cynthia Bean: “Absolutely.”

Delegate Bates: “Yea, and part of the department’s commitment, as part of that process, was to address some of the concerns that were raised. There was some sort of settlement or agreement that was reached around that program. Is that your understanding?”

Cynthia Bean: “It wasn’t a settlement agreement. We prevailed in the lawsuit. The

lawsuit said that the changes that we would make to the program would unduly institutionalize individuals and that did not occur. That there had been several cases around the IDD waiver. There is also a settlement called Benjamin H., which might be what you're referring to which is a weightless settlement which was a number of years ago, before I came to Medicaid."

Delegate Bates: "So has the department made a request to include additional dollars for this program to the administration? Are you aware that ...?"

Cynthia Bean: "We have several different improvement requests that we would like to do and certainly all the waivers are always on our lists of things, not only that and rate increases and dental, and there's lots of different requests that we've always made."

Delegate Bates: "Okay, but that request, do you believe that that request has been made?"

Cynthia Bean: "I believe that we've put in all of our different options of what we could do with, and how much things would cost if we would eliminate wait lists, add additional waivers. We have assisted living requests; we have rate increase requests. (47:45) Several requests."

Delegate Bates: "And at this point, you don't have any direction from the administration as to what to do with that program."

Cynthia Bean: "I do not."

Delegate Bates: "Okay, thank you. I'll ask that the committee consider seeking some guidance or some direction. My understanding is that the department did make a request of the budget office to include \$20 million in services in their upcoming budget. So, what I would like is to get some sense of ... from the administration by the committee as to their intention to fund this program before we go into session. So, I'm asking ... and put this any way you wish, that the committee ... the President and the Speaker make a request to the administration to determine whether or not they intend to fund this program and address this wait list problem."

President Carmichael: "I think we could ask the administration to declare their intentions as to whether or not to fund this."

Delegate Bates: "Thank you, Ms. Bean. Thank you, Mr. President."

President Carmichael: “Further questions? Hey Cindy, before you run off, along those questions and lines and so forth, and I’m not as well informed on this as I should be. But is it ... it’s been my understanding, you correct me if ... or what your impression is, is that the IDD waiver program in West Virginia is ... includes a benefit structure that maybe a more lucrative benefit structure than it is in other states? Is that ... I don’t know.”

Cynthia Bean: “I would say, President Carmichael, if you were to ask me that seven or eight years ago, absolutely. When we rightsized the program here, a few years back, we definitely looked at other states ... surrounding states to basically, you know, our respite benefit was out of line with other states, and to bring the program in align, and that was ... that concurrently is what caused the lawsuit that we were under for the last couple of years, until we finally prevailed. So, the program has since been rightsized. It is still definitely a rich benefit with regards to the services that the children and adults with disabilities get on this program. However, I will say that West Virginia has probably one of the most strenuous (49:57) criteria’s for IDD waiver program, and so these really are our most vulnerable members, and they really do need a lot of services.”

President Carmichael: “Okay, thank you. Further questions? If not, the next item on our agenda is the Children’s Health Insurance Program, Jean Kranz.”

Jean Kranz: “Good afternoon, Mr. President, Mr. Speaker, members of the committee. I’m Jean Kranz, the director of WV CHIP. I believe in your package you have our November report. Are there questions that I may answer for you?”

President Carmichael: “Questions of committee members? If not, thank you very much. The next item on the agenda is Craig Slaughter with the Investment Management Board.”

Craig Slaughter: “Gentlemen, Craig Slaughter, Executive Director, WV Investment Management Board. You should have the September report for September 30, 2019 in your packet. September was a pretty good month. We’re up 1.5%. That lifts us to .1% for the fiscal year through September, which tell you something about July and August. October was another good ... reasonably good month. So, I think we probably doubled September’s return, and when those numbers come in, in November looks okay. It looks like we’re ... you know, what’s happening is the U. S. economy has had a ... from

a business standpoint, it's pretty weak. You know, geopolitical concerns and low oil prices, foreign weakness, they're all kind of weighing heavy on business spending. The consumer, however, has been able ... has been supporting things to date. So, you know, as long as the seizing cycle plays out, there's likely to be more upside in the U. S. but I don't know that that'll last very long. When that turns, eventually it'll end, and there's a good chance international markets may perform better than the U.S. at that point. Actually, in the last couple of months we've seen a little bit of that already. So, I think the long story is ... in the long run, I think expectations should be muted though, however, for all returns."

President Carmichael: "Alright, questions of committee members. I recognize Chairman Shott."

Delegate Shott: "Thank you, Mr. President. Reports were dated July 31. I think the testimony was regarding September 30, I thought, and I'm just wondering if there's another report to refer to in this package."

President Carmichael: "The report is dated July 31, and so ..."

Craig Slaughter: "I apologize. Maybe there's a miscommunication on our end. Somebody got the wrong one."

President Carmichael: "We will update the reports and send it via email to everyone's inbox."

Craig Slaughter: "Thank you."

President Carmichael: "Are there questions of Director Slaughter? If not, thank you very much. The next item on the agenda is Jim Dodrill with the Insurance Commission."

James Dodrill: "Good afternoon, Mr. President, Mr. Speaker, members of the committee. I am Jim Dodrill the Insurance Commissioner. You do have our latest report, and I'll be happy to answer any questions, and I have a couple of folks on my staff with me if I can't do it."

President Carmichael: "Are there questions of Mr. Dodrill? I recognize Delegate Bates."

Delegate Bates: "Thank you, Mr. President. Just real quick, we've had some

bankruptcy news in the ... recently, a major coal producer. Could you just ... it always concerns me that individuals that haven't had an injury or in treatment that they're ... continue to be able to get benefits that they're eligible ... Could you just very briefly just tell us what's done at your office in most cases where it ... a company has perhaps gotten in financial trouble and ...?"

James Dodrill: "Well, we closely monitor those, and we're closely monitoring that situation, and all information we have at this point, all indications are that the funding is in place, they're meeting their obligations. But, if it gets to the point that they don't meet their obligations, then we have certain measures we are able to take. If there's bonding in place, we can do that, or it falls into the ... to the uninsured fund, and then the guarantee fund."

Delegate Bates: "So, the obligation is to continue to pay premium to the carrier that they ... the carrier to provide for benefit services to the individuals that have (54:52) interest. Is that correct?"

James Dodrill: "Correct. There are adequate mechanisms in place to make sure that the benefits that are owed to claimants get paid."

Delegate Bates: "Okay, and do you ... is that, this particular company we're talking about, is it self-insuring or are they ... is that. I mean there are public records I'm sure."

James Dodrill: "Yes, they're self-insured."

Delegate Bates: "So, that's subject to additional review and underwriting and ... thank you, Mr. President. Thank you."

President Carmichael: "Are there further questions? I recognize Chairman Shott."

Delegate Shott: "Thank you, Mr. President. I'm following the charts that you've included in here, and I noticed on the Uninsured Fund, Active Claim Counts, there seems to be back in ... about a year ago or so, we had a line for uninsured claims and case reserves, kind of reversed there. First of all, can you explain the mechanism as to how you all adjust reserves? Because I noticed on the active claims we ... the spread between active claims and reserves has increased a little bit, which indicates more reserves are being allocated, and then on the other side, this Uninsured Fund, it looks like we've had some unusual maneuvers in there. How does all that ... how is that calculated and what

is the explanation for the ...?”

James Dodrill: “Chairman Shott, I think probably to get the best answer to your question, I’m going to ask my assistant, the Commissioner of Finance to come up, Melinda Kiss.”

Melinda Kiss: “Thank you, Commissioner. Members of the committee, I think probably the best explanation, looking at this particular graph is, this is data that’s coming directly from the TPAs, the third-party administrators for this fund, and they set the case reserves. We have them use their best practices for their reserving methodologies. One thing we have asked them to do is to treat us like any other client that they would have and use their best practices for the reserves. What I see, looking the UEF, the uninsured fund, is it starts ... your graph starts with 21 open and active claims, and right now we only have 12 open and active uninsured claims. So, that’s a matter of claims closure. An uninsured claim is a new claim. So, hopefully if it’s not too severe, we’re able to take care of that injured worker. The TPA is able to get them their medical treatment, their benefits, and the claim closes, just in the natural progression of the claim. We also settle claims. We’re very active and have a program where we try to settle uninsured claims promptly and the reserves are just going to be the best estimate that the TPA has for the specific claims that are open.”

Delegate Shott: “And so, basically your uninsured claims run between, it looks like 10 and 20, basically at any one time. So, that’s very insignificant.”

Melinda Kiss: “It is.”

Delegate Shott: “It almost doesn’t deserve its own chart, does it?”

Melinda Kiss: “Well, it’s a separate fund, it’s a statutory separate fund that you all created. So, we give it its own chart. But we are ... I think we’re doing a very good job in managing this. We are serious about employer compliance. That’s how you prevent uninsured claims. You try to make certain everybody has their insurance in place or they’re properly self-insured. If you have that, you don’t get a claim in this fund.”

President Carmichael: “Good answer.”

Delegate Shott: “And so over time, you all have basically been able to manage that to the extent it ... looks like it almost consistently decreases the number of uninsured

claims.”

Melinda Kiss: “Yes.”

Delegate Shott: “Okay, I guess I assumed that that represented 2,100 or 21,000 and not just 21.”

Melinda Kiss: “Twenty-one. It’s 12 open and active claims.”

Delegate Shott: “Alright, thank you.”

James Dodrill: “Just to add to that, we have a very active group of folks and investigators that’s been ... you know, a lot of their working hours out on the field, visiting uninsured employers with ... giving them required notice and we work with them to try to get them back into a situation where they are insured.”

Delegate Shott: “Great. Thank you.”

President Carmichael: “Further questions of Mr. Dodrill? If not, thank you very much. Your Board of Treasury report distribution is in your packet. There’s other business to come before the committee. We have scheduled Dr. Paine, Superintendent of Schools to be here. It’s my understanding he could not be here today. We will request that he’s here next month for sure. Is there someone in the audience ... due to the lack of time and so forth, I don’t believe we’ll take that up today. But you know what, I will call Clayton Burch up here just for a minute. Not an option.”

Clayton Burch: “Mr. President, Mr. Speaker, members of the committee, my name is Clayton Burch, Associate State Superintendent of Schools, and I do apologize for Dr. Paine not being here. He unfortunately had to be out of town with family.”

President Carmichael: “I understand, yes. So, we’ll have ... make sure he knows that we want him here next month, and really, I open it up for questions. If there are questions of Mr. Burch. I recognize Delegate Cowles.”

Delegate Cowles: “Thank you, Mr. President. Thanks for coming, and I ... Dr. Paine, the School Superintendent, about a week ago, or sometime last week made comments that many homeschooling families and homeschooling students in West Virginia felt insulted by his comments. He talked about from the pressures to come to school, and from the pressures to behave, that homeschool families were choosing to shield themselves from those pressures by homeschooling, and he said it happened a lot

and his evidence was that people say or superintendents say this to him. Is there any better data that would suggest that homeschool parents and homeschool children are trying to shield themselves from the rigors of behavior and if not, does ... do you know whether the superintendent wants to retract those allegations?"

Clayton Burch: "No, during ... and I do know the comment you're discussing. So, during the period of 2014-2019, about a five-year period, we do have to recognize about 18,500 students left the public-school system to go to homeschooling. We know that's a fact. We anecdotally do hear different reasons though. I mean, I grew up in a community where there was plenty of homeschoolers. We know that families have a lot of different reasons for homeschooling their kids. I think one thing that would be really important to look at is the data sets that would show any particular reasons for leaving. For example, how many of the folks that went to and chose to go to homeschooling had five or more absences that would have been truant? That would be a really nice data set to have, and I think those are some things we should be putting together to look at beyond just anecdotally."

Delegate Cowles: "Well, I would suggest ... well, a couple of things. Five absences isn't a truant. It's actually five unexcused absences."

Clayton Burch: "Unexcused absences, I clarify. Thank you."

Delegate Cowles: "But it's probably important to note that the enrollment dropped, and I think he was commenting on, was 4,100 in this past year, about 9,000 over the last three years. But, just to be fair our test scores are low, some of the lowest in the nation. Common Core was a total failure. For two years running our teachers have walked out of the schoolhouses. It is now a time for us to step back, try to come together, try to heal, regroup, reorganize and those comments are not helpful in the public. I mean, I'm hearing from homeschool parents and families who felt insulted by those comments. But he also suggested that there was going to be action that the state board, or State Department of Education would consider by policy alone, to tighten up on those regulations. What might those policy changes that you could consider be?"

Clayton Burch: "I don't know of any policy considerations to tighten up on any of the regulations, and I don't know any that he's referring to. I do know that we typically

look at how homeschoolers do identify themselves with their districts. I know that we look at what supports are in place, and I know that he's been an advocate since I've been there with him, for homeschooling. So, I don't know of any restraints that he's looking at in particular or specific."

Delegate Cowles: "Well again, I hope he includes the ... if there's some policy change, I hope it's driven by data and not just people say, and I hope it includes the Legislature, the people's representative and whatever that policy consideration might be. But I would just suggest it's time for us to move forward and come together and not have divisive comments. Thank you."

Clayton Burch: "I understand."

President Carmichael: "Yea, and in the interest of time, there is another meeting scheduled for 5:00 in this room. So, we will request that you pass along our thoughts."

Clayton Burch: "We will, absolutely."

President Carmichael: "And we will not have time to get to the Bureau of Public Health or the other items on the agenda. So, I'll recognize Speaker Hanshaw for a motion."

Speaker Hanshaw: "I move that we adjourn the meeting, Mr. President."

President Carmichael: "All those in favor say aye, those opposed, no. I declare the meeting adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

December 10, 2019

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

- West Virginia Lottery as of October 31, 2019:
Gross profit year to date was \$167 million. Gross profit for fiscal year 2019 was \$170.5 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2019:
Total disbursements were \$21.5 million higher than in fiscal year 2019. Overall ending trust fund balance was \$32 million higher on November 30, 2019 than on November 30, 2018.
- General Revenue Fund as of November 30, 2019:
The general revenue collections ended the fifth month of fiscal year 2020 at 98% of the estimate for the year.
- State Road Fund as of November 30, 2019:
The state road fund collections ended the fifth month of fiscal year 2020 at 100% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
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Charleston, WV 25305-0590*

MEMORANDUM

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

From: William Spencer, CPA
Director Budget Division
Legislative Auditor's Office

Date: November 18, 2019

Re: Review of West Virginia Lottery Financial Information
As of October 31, 2019

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for October 31, 2019, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$373 million for July - October 2019. Table games accounted for \$11.8 million of this total. Historic Resort Hotel video lottery and table games accounted for \$2.3 million of total gross receipts. Gross lottery revenue has decreased by 2.3% when compared with July - October of fiscal year 2018-2019. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - October was \$167 million; for July - October of last fiscal year it was \$170.5 million. Expressed as a percentage, gross profit is 2.1% lower for fiscal year 2020 than for fiscal year 2019.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$159,763,000.00 has been accrued to the state of West Virginia for fiscal year 2019-2020. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$32,813,000.00
Community and Technical College	\$1,999,000.00
Department of Education	\$14,475,000.00
Library Commission	\$8,890,000.00
Higher Education-Policy Commission	\$5,551,000.00
Tourism	\$5,072,000.00
Department of Natural Resources	\$2,566,000.00
Division of Culture and History	\$3,022,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$3,997,000.00
School Building Authority	\$7,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$85,585,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$8,409,000.00
Higher Education Improvement Fund	\$6,000,000.00
General Purpose Fund	\$15,741,000.00
Higher Education Improvement Fund	\$7,023,000.00
State Park Improvement Fund	\$364,000.00
School Building Authority	\$7,597,000.00
Refundable Credit	\$734,000.00
WV Racing Commission	\$484,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$0.00
WV Lottery Statutory Transfers	\$14,777,000.00
Economic Development Authority	\$1,758,000.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$12,086,000.00
Total State Excess Lottery Revenue Fund	\$74,973,000.00

Total Budgetary Distributions:	\$160,558,000.00
Veterans Instant Ticket Fund	\$277,000.00
TOTAL TRANSFERS	*\$160,835,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2019:	\$162,718,000.00
Total Cash Distributions FY 2020:	\$160,835,000.00
Applied to FY 2019:	\$160,835,000.00
Applied to FY 2020:	\$0.00
Accrued for FY 2019 as of October 31:	\$162,718,000.00
Accrued for FY 2020 as of October 31:	\$161,646,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

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

A handwritten signature in blue ink, reading "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending October 31, 2019

DATE: November 15, 2019

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

Financial statements of the Lottery for the month ending October 31, 2019 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$91,754,119 for the month of October.

Transfers of lottery revenue totaling \$37,231,674 made for the month of October to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 11 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of October 31, 2019 was 1,493 and 1,227 respectively.

A listing of the names and amounts of prize winners has been provided to the Clerk of the Senate, the Clerk of the House and Legislative Services.

If any member of the Committee has questions concerning the Lottery, please call me. Also if any members of the Legislature wish to visit the Lottery offices, I would be pleased to show them our facilities and discuss the Lottery with them.

JAM
Attachment

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

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

October 31, 2019

WEST VIRGINIA LOTTERY

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

ASSETS	October 31, 2019	June 30, 2019
Current Assets:		
Cash and cash equivalents	\$ 192,932	\$ 190,837
Accounts receivable	27,383	33,581
Inventory	562	641
Other assets	1,821	1,790
Total Current Assets	<u>222,698</u>	<u>226,849</u>
 Capital assets	 61,552	 61,552
Less accumulated depreciation and amortization	<u>(15,737)</u>	<u>(15,179)</u>
Net Capital Assets	<u>45,815</u>	<u>46,373</u>
 Total Noncurrent Assets	 <u>45,815</u>	 <u>46,373</u>
 Total Assets	 <u>\$ 268,513</u>	 <u>\$ 273,222</u>
 Deferred outflows of resources	 \$ 1,306	 \$ 1,306
 Total assets and deferred outflows	 <u>\$ 269,819</u>	 <u>\$ 274,528</u>
 Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 161,646	\$ 162,718
Estimated prize claims	15,477	14,918
Accounts payable	1,507	2,260
Other accrued liabilities	33,902	37,345
Total Current Liabilities	<u>212,532</u>	<u>217,241</u>
 Deferred inflows	 <u>\$ 1,666</u>	 <u>1,666</u>
 Net Position:		
Net Investment in capital assets	45,815	46,373
Unrestricted	9,806	9,248
Total Net Position	<u>55,621</u>	<u>55,621</u>
 Total net position, liabilities, and deferred inflows	 <u>\$ 269,819</u>	 <u>\$ 274,528</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2019
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2020	FY 2019	FY 2020	FY 2019
Lottery revenues				
On-line games	\$ 4,421	\$ 16,762	\$ 19,723	\$ 34,726
Instant games	10,633	9,485	41,134	34,964
Racetrack video lottery	39,524	39,958	165,753	170,966
Limited video lottery	33,295	32,225	131,229	126,323
Table games	2,964	2,750	11,773	11,759
Historic resort	610	403	2,347	2,589
Sports wagering	307	59	921	267
	<u>91,754</u>	<u>101,642</u>	<u>372,880</u>	<u>381,594</u>
Less commissions				
On-line games	340	1,169	1,380	2,430
Instant games	745	662	2,880	2,442
Racetrack video lottery	21,684	21,923	90,939	93,799
Limited video lottery	16,314	15,790	64,302	61,898
Table games	1,257	1,166	4,995	4,988
Historic resort	319	212	1,233	1,359
	<u>40,659</u>	<u>40,922</u>	<u>165,729</u>	<u>166,916</u>
Less on-line prizes	2,468	8,374	9,690	17,504
Less instant prizes	7,123	6,314	27,546	23,406
Less ticket costs	132	101	420	380
Less vendor fees and costs	582	1,228	2,571	2,849
	<u>10,305</u>	<u>16,017</u>	<u>40,227</u>	<u>44,139</u>
Gross profit	<u>40,790</u>	<u>44,703</u>	<u>166,924</u>	<u>170,539</u>
Administrative expenses				
Advertising and promotions	390	482	1,931	2,314
Wages and related benefits	859	833	3,512	3,506
Telecommunications	2	26	135	233
Contractual and professional	506	190	1,872	1,847
Rental	26	15	64	79
Depreciation and amortization	140	139	558	558
Other administrative expenses	242	(32)	814	529
	<u>2,165</u>	<u>1,653</u>	<u>8,886</u>	<u>9,066</u>
Other Operating Income	<u>163</u>	<u>261</u>	<u>2,889</u>	<u>2,153</u>
Operating Income	<u>38,788</u>	<u>43,311</u>	<u>160,927</u>	<u>163,626</u>
Nonoperating income (expense)				
Investment income	354	204	1,487	921
Distributions to municipalities and counties	(653)	(632)	(2,572)	(2,476)
Distributions -capital reinvestment	(20)	(14)	(79)	(87)
Distributions to the State of West Virginia	<u>(38,469)</u>	<u>(42,869)</u>	<u>(159,763)</u>	<u>(161,984)</u>
	<u>(38,788)</u>	<u>(43,311)</u>	<u>(160,927)</u>	<u>(163,626)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,621</u>	<u>55,199</u>	<u>55,621</u>	<u>55,199</u>
Net position, end of period	<u>\$ 55,621</u>	<u>\$ 55,199</u>	<u>\$ 55,621</u>	<u>\$ 55,199</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2019
(In Thousands)
-Unaudited-

	2020	2019
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 381,967	\$ 390,263
Cash payments for:		
Personnel costs	(3,512)	(3,506)
Suppliers	(5,562)	(3,027)
Other operating costs	(203,098)	(208,492)
Cash provided by operating activities	<u>169,795</u>	<u>175,238</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(160,835)	(173,742)
Distributions to municipalities and counties	(2,548)	(2,457)
Distributions to racetrack from racetrack cap. reinv. fund	(5,782)	(5,913)
Cash used in noncapital financing activities	<u>(169,165)</u>	<u>(182,112)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>1,465</u>	<u>930</u>
Increase (decrease) in cash and cash equivalents	2,095	(5,944)
Cash and cash equivalents - beginning of period	190,837	146,661
Cash and cash equivalents - end of period	<u>\$ 192,932</u>	<u>\$ 140,717</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 160,927	\$ 163,626
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	558	558
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,198	6,516
(Increase) decrease in inventory	79	(109)
(Increase) decrease in other assets	(9)	(8)
Increase (decrease) in estimated prize claims	559	694
Increase (decrease) in accounts payable	(753)	708
Increase (decrease) in other accrued liabilities	2,236	3,253
Cash provided by operating activities	<u>\$ 169,795</u>	<u>\$ 175,238</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games and to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Lottery is presented below.

BASIS OF PRESENTATION – The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*," the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

USE OF ESTIMATES – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LOTTERY GAME OPERATIONS – The West Virginia Lottery derives its revenues from four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues or gross profits for the processing and manufacture of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; Mega Millions®, a multi-state “jackpot” game; Cash25 “lotto” game; Daily 3 and 4 “numbers” games; and Travel, a daily “keno” game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent’s on-line terminal may be rendered inactive if payment is not received each week. No one retailer or agent accounts for a significant amount of the Lottery’s sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Video lottery is a self-activated video version of lottery games which is operated by an authorized licensee. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The video lottery games’ prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. WV Lottery statutes have established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), limited licensed retailer areas restricted for adult amusement, and licensed historic resort hotels as defined by WV Code.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The legislation further stipulates the distribution of revenues from video lottery games, and requires any video lottery licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), and licensed historic resort hotels as defined by WV Code. Each licensee as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents primarily consist of interest-earning deposits in an external investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7 like pool carried at amortized cost which approximates fair value of the underlying securities.

INVENTORY – Inventory consists of instant game tickets available for sale to approved Lottery retailers and is carried at cost as determined by the specific identification method.

OTHER ASSETS – Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

CAPITAL ASSETS – The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements and purchased equipment, comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

ADVERTISING AND PROMOTIONS – The Lottery expenses the costs of advertising and promotions as they are incurred.

COMPENSATED ABSENCES – The Lottery has accrued \$654,712 and \$631,080 at June 30, 2019 and 2018, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION – Net position is presented as restricted, unrestricted and net investment in capital assets which represent the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

OPERATING REVENUES AND EXPENSES – Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games. Operating expenses include commissions, prize costs, other direct costs of providing lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 3 - CASH AND CASH EQUIVALENTS

At October 31, 2019 the carrying amounts of deposits (overdraft) with financial institutions were \$453 thousand with a bank balance (overdraft) of \$497 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):

	October 31, 2019	June 30, 2019
Deposits with financial institutions	\$ 453	\$ 448
Cash on hand at the Treasurer's Office	15,265	12,689
Investments with BTI reported as cash equivalents	177,214	177,700
	<u>\$ 192,932</u>	<u>\$ 190,837</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended October 31, 2019 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2019	Additions	Deletions	Historical Cost At October 31, 2019
Construction in Progress	\$ 629	\$ -	\$ -	\$ 629
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 61,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,552</u>

**Accumulated
Depreciation:**

	Historical Cost At June 30, 2019	Additions	Deletions	Historical Cost At October 31, 2019
Buildings	\$ 7,699	\$ 411	\$ -	\$ 8,110
Equipment	7,480	147	-	7,627
	<u>\$ 15,179</u>	<u>\$ 558</u>	<u>\$ -</u>	<u>\$ 15,737</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 October 31, 2019 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,653,268	\$ 7,135,555
Lotta America	333,060	1,508,730
Mega Millions	761,908	3,996,144
Total	\$ 2,748,236	\$ 12,640,429

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 918,836	\$ 3,582,352
Lotta America	190,769	754,791
Mega Millions	447,525	1,998,490
Total	\$ 1,557,130	\$ 6,335,633

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	<u>PowerBall</u>	<u>Lotto America</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$125,000,000	\$9,000,000	\$45,000,000

At October 31, 2019, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 121,889,347	\$ 1,551,961
Lotto America	3,481,755	254,672
Mega Millions	95,893,555	1,034,093
Total	\$ 221,264,657	\$ 2,840,726

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$14,225,998 at October 31, 2019, of which the Lottery's share was \$1,340,810.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 11 titled "Nonoperating Distributions to the State of West Virginia."

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack.

After deduction of the surcharge, 49% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

A summary of racetrack video lottery revenues for the month ended October 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 446,157	\$ 444,727	\$ 1,856,019	\$ 1,900,566
Credits (prizes) won	(399,829)	(399,009)	(1,663,079)	(1,703,753)
Promotional credits played	(6,804)	(5,760)	(27,187)	(25,847)
MWAP Contributions	-	-	-	-
Gross terminal income	39,524	39,958	165,753	170,966
Administrative costs	(1,581)	(1,598)	(6,630)	(6,839)
Net Terminal Income	37,943	38,360	159,123	164,127
Less distribution to agents	(21,684)	(21,923)	(90,939)	(93,799)
Racetrack video lottery revenues	\$ 16,259	\$ 16,437	\$ 68,184	\$ 70,328

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

	October 31, 2019	Year-to-Date
State Lottery Fund	\$ 11,383	\$ 47,737
State Excess Lottery Revenue Fund	4,876	20,447
Capital Reinvestment Fund	-	-
Total nonoperating distributions	\$ 16,259	\$ 68,184

NOTE 7 - LIMITED VIDEO LOTTERY

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses.

A summary of limited video lottery revenues for the month ended October 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 424,563	\$ 408,384	\$ 1,677,557	\$ 1,597,440
Credits (prizes) won	(391,268)	(376,159)	(1,546,328)	(1,471,117)
Gross terminal income	\$ 33,295	\$ 32,225	\$ 131,229	\$ 126,323
Administrative costs	(666)	(644)	(2,625)	(2,527)
Gross Profit	32,629	31,581	128,604	123,796
Commissions	(16,314)	(15,790)	(64,302)	(61,898)
Municipalities and Counties	(653)	(632)	(2,572)	(2,476)
Limited video lottery revenues	\$ 15,662	\$ 15,159	\$ 61,730	\$ 59,422

NOTE 8 – TABLE GAMES

Table Games legislation passed in 2007 per House Bill 2718. Table games include blackjack, roulette, craps, and various types of poker. Each racetrack licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts which will be deposited weekly into the Racetrack Table Games Fund.

From the gross amounts deposited into the Racetrack Table Games Fund, the Commission, on a monthly basis shall:

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located. Transfer three percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State Excess Lottery Revenue Fund.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended October 31, 2019 were \$8,467,697 and \$33,637,681, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Table Games Privilege Tax	\$ 2,964	\$ 2,750	\$ 11,773	\$ 11,759
Interest on Table Games Fund	6	5	25	23
Administrative costs	(254)	(236)	(1,009)	(1,008)
Total Available for Distribution	2,716	2,519	10,789	10,774
Less Distributions:				
Racetrack Purse Funds	191	177	757	756
Thoroughbred & Greyhound Development Funds	152	141	605	605
Racing Association Pension Plan	75	69	297	296
Municipalities/ Counties	839	779	3,336	3,331
Total Distributions	1,257	1,166	4,995	4,988
Excess Lottery Fund	\$ 1,459	\$ 1,353	\$ 5,794	\$ 5,786

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as “a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility.”

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel.

A summary of historic resort hotel video lottery revenues for the month ended October 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 7,044	\$ 6,043	\$ 29,201	\$ 29,371
Credits (prizes) won	(6,493)	(5,709)	(26,942)	(27,252)
Promotional credits played	(116)	(47)	(574)	(259)
Gross terminal income	435	287	1,685	1,860
Capital reinvestment	(20)	(13)	(79)	(87)
Excess Lottery Fund	(4)	(2)	(15)	(17)
Administrative costs	(24)	(15)	(91)	(100)
Hotel commissions	(184)	(122)	(713)	(787)
Net terminal income	203	135	787	869
Historic Resort Hotel Fund	129	86	500	553
Human Resource Benefit Fund	74	49	287	316

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended October 31, 2019 were \$500,051 and \$1,890,674, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Table games privilege tax	\$ 175	\$ 116	\$ 662	\$ 729
Administrative Costs	<u>(22)</u>	<u>(15)</u>	<u>(85)</u>	<u>(94)</u>
Total Available for Distribution	153	101	577	635
Historic Resort Hotel Fund	128	85	482	531
Human Resource Benefit Fund	25	16	95	104

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	\$ 129	\$ 500
Historic Resort Table Games	128	482
Interest on Historic Resort Hotel Fund	<u>1</u>	<u>4</u>
Historic Resort Hotel Fund Net Income	258	986
Municipalities/ Counties	36	138
Excess Lottery Fund	<u>222</u>	<u>848</u>
Total Distributions	<u>\$ 258</u>	<u>\$ 986</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10- SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended October 31, 2019 were \$3,067,570 and \$9,206,224, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Sports Wagering Privilege Tax	\$ 307	\$ 59	\$ 921	\$ 267
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(46)	(9)	(138)	(40)
Total Available for Distribution	261	50	783	227

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2020 the State Legislature budgeted \$127,808,000 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$6,101,112 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended October 31, 2019 the Lottery has accrued additional distributions of \$161,646,040. 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>October 31, 2019</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,999
Bureau of Senior Services	5,667	32,813
Department of Education	2,251	14,475
Library Commission	1,373	8,890
Higher Education-Policy Commission	866	5,551
Tourism	770	5,072
Natural Resources	411	2,566
Division of Culture & History	417	3,022
Economic Development Authority	999	3,997
School Building Authority	1,800	7,200
Total State Lottery Fund	\$ 15,054	\$ 85,585

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 8,409
Higher Education Improvement Fund	1,500	6,000
General Purpose Account	4,989	15,741
Higher Education Improvement Fund	2,226	7,023
State Park Improvement Fund	115	364
School Building Authority	1,899	7,597
Refundable Credit	341	734
WV Racing Commission	153	484
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		
WV Lottery Statutory Transfers	4,684	14,777
Economic Development Authority	440	1,758
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	3,670	12,086
Total State Excess Lottery Revenue Fund	\$ 22,119	\$ 74,973
Total Budgetary distributions:	\$ 37,173	\$ 160,558
Veterans Instant Ticket Fund	\$ 58	\$ 277
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 37,231	\$ 160,835
Accrued nonoperating distributions, beginning	(160,408)	(162,718)
Accrued nonoperating distributions, end	161,646	161,646
	\$ 38,469	\$ 159,763

NOTE 12 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended October 31, 2019 and October 31, 2018 approximated \$64,195 and \$78,979 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 October 31, 2019 and October 31, 2018 approximated \$355,043 and \$358,369 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – COMMITMENTS

For the years ended June 30, 2019 and 2018 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2019 and 2018, \$8,535,120 and \$9,414,970, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements covering all retirement systems it administers, which can be obtained from Consolidated Public Retirement Board, 4101 MacCorkle Ave. S.E., Charleston, West Virginia 25304-1636.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending October 31, 2019 and fiscal year-to-date are as follows (in thousands):

	<u>October 31, 2019</u>	<u>Year-to-Date</u>
Employee contributions	\$ 30	\$ 139
Lottery contributions	<u>62</u>	<u>292</u>
Total contributions	\$ 92	\$ 431

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools has issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WORKERS' COMPENSATION INSURANCE

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
LOTTERY FUND AND EXCESS LOTTERY FUND
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2019
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	10,633	7,500	41,134	30,000
On-line games	4,421	5,034	19,723	20,133
Racetrack video lottery	39,524	36,490	165,753	154,163
Limited video lottery	33,295	28,438	131,229	113,644
Racetrack table games	2,964	2,347	11,773	9,851
Historic resort	610	432	2,347	1,633
Sports wagering	307	440	921	1,763
Total gross revenues	<u>91,754</u>	<u>80,681</u>	<u>372,880</u>	<u>331,187</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,303	870	5,643	3,482
On-line games	1,022	1,445	5,239	5,778
Racetrack Video Lottery	11,470	10,509	48,033	44,399
Sports wagering	362	375	728	-
Total Lottery Fund net revenues	<u>14,157</u>	<u>13,199</u>	<u>59,643</u>	<u>53,659</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,909	4,500	20,598	19,015
Limited Video Lottery	15,848	13,377	62,473	53,458
Limited Video Lottery Fees	19	-	1,064	-
Racetrack table games	1,459	1,152	5,796	4,832
Historic resort	226	173	864	635
Total Excess Lottery Fund Net Revenues	<u>22,461</u>	<u>19,202</u>	<u>90,795</u>	<u>77,940</u>
Total Net Revenues	<u>36,618</u>	<u>32,401</u>	<u>150,438</u>	<u>131,599</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: December 9, 2019

Re: Status of General Revenue Fund and State Road Fund as of
November 30, 2019 (FY 19)

We have reviewed the cash flow of the West Virginia general revenue fund as of November 30, 2019 which is the fifth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 98% of the estimate for the fiscal year. Total collections were \$40 million below the estimate for the fiscal year.

Personal Income Tax collections were \$30 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$1.7 million below the estimate for the year.

Severance Tax was \$38 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$25.8 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 100% of the estimate for the fiscal year. Total collections were \$1.6 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve *

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$363,061,994.45 as of November 30, 2019.

Balance July 1, 2019	289,244,341.13
Loan-General Revenue Fund 7-1-19	70,000,000.00
Loan Payment 8-31-19	(70,000,000.00)
Fiscal year 19 surplus	18,429,034.70
Earnings	55,388,618.62
Balance November 30, 2019	363,061,994.45

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$ 476,353,427.56 as of November 30, 2019.

Balance July 1, 2019	454,257,811.92
Earnings	22,095,615.64
Balance November 30, 2019	476,353,427.56

The **Personal Income Tax Reserve** Fund had a \$11 million cash balance as of November 30, 2019.

Balance July 1, 2019	11,000,000.00
Balance November 30, 2019	11,000,000.00

GENERAL REVENUE FUND

Increase/Decrease over Prior Period	\$	(10,047,554)	\$	(24,418,613)
% Increase/Decrease over Prior Period		-3%		-1%

11/7/2019

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

STATE ROAD FUND

	Actual Collections November 2018	Actual Collections November 2019	Actual Collections 8 Months July 2018-November 2019	Actual Collections 8 Months July 2019-November 2019	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	36,255,461	\$ 20,931,300	205,745,345	\$ 188,710,269	\$ (17,035,076)	-8%
Privilege Tax	17,854,596	19,059,338	102,025,301	122,516,096	20,490,795	20%
Licenses & Registration	13,593,442	4,241,868	68,235,537	50,313,240	-17,922,297	-26%
Miscellaneous	1,786,002	8,606,018	7,920,042	14,348,068	6,428,026	81%
Highway Litter Control	66,488	88,761	560,704	710,420	149,716	27%
Federal Reimbursement	12,461,748	36,281,704	149,586,351	170,787,756	21,201,406	14%
SUBTOTALS	<u>\$ 82,017,736</u>	<u>\$ 89,208,989</u>	<u>\$ 534,073,279</u>	<u>\$ 547,385,849</u>	<u>\$ 13,312,570</u>	
Less: Federal Reimbursement	12,461,748	36,281,704	149,586,351	170,787,756	21,201,406	
TOTALS	<u>\$ 69,555,988</u>	<u>\$ 52,927,285</u>	<u>\$ 384,486,929</u>	<u>\$ 376,598,093</u>	<u>\$ (7,888,836)</u>	
 Increase/Decrease over Prior Period		\$ (16,628,703)		\$ (7,888,836)		
 % Increase/Decrease over Prior Period		-23.9%		-2.1%		

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

9/5/2019

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2020
as of November 30, 2019**

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	\$ 14,500,000	\$ 20,931,300	\$ 6,431,300	\$ 194,500,000	\$ 188,710,269	\$ (5,789,731)	97%
Sales/Privilege Tax	17,565,000	19,059,338	\$ 1,494,338	100,369,000	122,516,096	\$ 22,147,096	122%
Licenses & Registration	11,650,000	4,241,868	\$ (7,408,132)	58,479,000	50,313,240	\$ (8,165,760)	86%
Miscellaneous	5,525,000	8,606,018	\$ 3,081,018	21,075,000	14,348,068	\$ (6,726,932)	68%
Highway Litter Control	69,000	88,761	\$ 19,761	582,000	710,420	\$ 128,420	122%
Federal Reimbursement	56,249,000	36,281,704	\$ (19,967,296)	257,550,000	170,787,756	\$ (86,762,244)	66%
SUBTOTALS	\$105,558,000	\$ 89,208,989	\$ (16,349,011)	\$ 632,555,000	\$ 547,385,849	\$ (85,169,151)	
Less: Federal Reimbursement	56,249,000	36,281,704	(19,967,296)	257,550,000	170,787,756	(86,762,244)	
TOTALS	\$ 49,309,000	\$ 52,927,285	\$ 3,618,285	\$ 375,005,000	\$ 376,598,093	\$ 1,593,093	

Percent of Estimates

107%

100%

Collections on this day

\$ 4,548,861.57

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of November 30, 2019 : \$ 363,061,994.45

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of November 30, 2019: \$476,353,427.56

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

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 2, 2019

Randolph County Commission



Commissioners

David L. Kesling

Chris See

Mark D. Scott

December 12, 2019

Coal Severance Reallocation Fund

Beginning Balance 2019	\$26,909.95
Deposit February 8, 2019	\$15,283.44
Adrian Public Service Dist	\$25,000.00
February 27, 2019	
Deposit May 9, 2019	\$15,283.91
Deposit July 2019	\$17,432.44
Deposit October 2019	\$13,653.97
Total account balance as of 12/01/19	\$63,563.71

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590
304-347-4870*

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

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

Date: December 10, 2019

Re: West Virginia Unemployment Compensation Trust Fund

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

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

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

ITEMS OF NOTE:

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

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

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

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

Seasonally adjusted unemployment rates for October 2019 were 4.8 percent for West Virginia and 3.6 percent nationally.

Since October 2018, employment has increased by 3,200. Employment gains included 1,700 in educational and health services, 500 in construction, 1,300 in trade, transportation, and utilities, 1,400 in leisure and hospitality, 1,000 in government, 100 in financial activities, and 300 in manufacturing. Employment declines included 1,000 in other services, 1,000 in professional and business services, 500 in mining and logging, and 600 in information.

December 10, 2019

William Spencer
Budget Division
Office of the Legislative Auditor
Building 1, Room 332-West Wing
1900 Kanawha Boulevard East
Charleston, WV 25305-0590

RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of November 2019.

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

Sincerely,



Scott Adkins
Acting Commissioner

SSA/ml

Enclosure

pc: Jim Justice

1900 Kanawha Blvd. East * Building 3 Suite 300 * Charleston, WV 25305

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

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

* Three month total variance column is the difference between the sum of the previous year's three months data for each category and the current year's three months data. The purpose of the report is to show significant changes in receipts, disbursements, or balances.

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

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

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

UC TRUST FUND PROJECTIONS – 2019

December 9, 2019

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

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

Benefits and Technical Support Section • Unemployment Compensation Division
1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
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PEIA December Interim Talking Points

- **PEIA and RHBT interim financial statements for October 2019 are available for your review.**
- **PEIA year to date statements indicate PEIA is currently ahead of plan by \$33 million. This is due to lower than forecast medical claim expenses.**
- **RHBT year to date statements indicate RHBT is currently ahead of plan by \$10 million. This is due to lower than forecast medical claim expenses.**
- **The 2020 year-end reserve for the State Fund and non-State Fund is projected to be \$176 and \$52 million respectively.**
- **These reserve levels represent 24% and 34% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**



Public Employees Insurance Agency

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

Phone: 1 (304) 558-7850

Fax: 1 (304) 558-2470

Website: www.wvpeia.com

December 9, 2019

Joint Committee on Government and Finance

Senate Finance – 451M

State Capitol Complex

Charleston, WV 25305

1. The June 30, 2019, 2019 Fiscal Year Financial Report issued October 2019, page A-1, indicates the June 30, 2020 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2020	\$176,142,786	\$52,497,137	\$1,214,825,568

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

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

June 30, 2020	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$176,142,786	\$52,497,137	\$228,639,923
Percentage	23.8%	34.1%	25.6%
	reserve/current FY costs		

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

	RHBT
June 30, 2020	OPEB Reserve
Reserve Balance	\$1,214,825,568
Percentage	38%
	OPEB Reserve/Actuarial Accrued Liability

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

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$363 million over the next four years, requiring an average of \$90 million a year in either increased premiums or benefit reductions.

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

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

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

Sincerely,



Jason A. Haught, CPA
Chief Financial Officer

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

ACTUAL		BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
		\$		\$	%	\$	%
ADDITIONS							
Employer Premiums:							
				\$76	8%	\$51	5%
	\$1,046	\$970	\$995	38	1%	(388)	(7%)
	4,906	4,868	5,294	209	0%	(3,744)	(7%)
	46,876	46,667	50,620	-	0%	-	0%
	10,000	10,000	10,000	-	0%	-	0%
	1,667	1,667	1,667	-	0%	-	0%
64,495	64,172	68,576		323	1%	(4,081)	(6%)
Other Additions:							
	267	400	400	(133)	(33%)	(133)	(33%)
	21,750	20,439	(22,009)	1,311	6%	43,759	(199%)
86,512	85,011	46,967		1,501	2%	39,545	84%
DEDUCTIONS							
				959	3%	8,713	19%
	37,031	37,990	45,744	40	0%	(382)	(5%)
	8,260	8,300	7,878	7,085	33%	4,533	24%
	14,564	21,649	19,097	1,901	18%	966	10%
	8,648	10,549	9,614	-	0%	11	100%
	-	-	11	(283)	(50%)	(349)	(69%)
	853	570	504	(957)	4%	568	(3%)
	(22,922)	(23,879)	(22,354)	(1)	0%	400	(5%)
	(8,304)	(8,305)	(7,904)	295	23%	16	2%
39,120	48,159	53,596		9,039	19%	14,476	27%
47,392	36,852	(6,629)		10,540	29%	54,021	(815%)
Net Position Restricted for Post Employment Benefits							
				-	0%	128,546	13%
1,091,661	1,091,661	963,115					
1,100,946	1,090,406	918,379		10,540	1%	182,567	20%
38,107	38,107	38,107		-	0%	-	0%
\$1,139,053	\$1,128,513	\$956,486		\$10,540	1%	\$182,567	19%

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

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
OPERATING REVENUE						
Premium Revenue						

11/27/2019 3:44 PM

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Four Months Ending October 31, 2019

Talking Points for Joint Committee on Government and Finance Meeting
December 2019

1. **Premium Revenue** thru October reflects the premiums earned for the first four months of the fiscal year. BRIM premiums decreased slightly in FY'20 based on the actuarially projected estimates for claims costs for the current fiscal year.
2. **Claims Expense** reflects all claims payments made thru October plus reserve increases. Unfavorable claims development has negatively impacted the results for the current fiscal year vs. last year.
3. **Investment Income** for the current year reflects a net gain of \$6.8 million for the first four months primarily due to better returns in the equity markets vs. a loss of \$2.8 million for the same period last year. This amounts to a year over year favorable swing of \$9.6 million in investment returns.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	2019	2018
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,855	\$ 28,135
Advance deposits with insurance company and trustee	229,970	201,534
Receivables	3,848	4,390
Prepaid insurance	4,604	4,249
Restricted cash and cash equivalents	18,207	14,759
Premiums due from other entities	1,112	878
Total current assets	284,596	253,946
Noncurrent assets:		
Equity position in internal investments pools	102,629	94,215
Restricted investments	59,268	54,409
Total noncurrent assets	161,897	148,623
Total assets	446,493	402,569
Deferred Outflows of Resources	373	438
Deferred Outflows of Resources - OPEB	65	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	15,388	15,568
Agent commissions payable	719	1,147
Claims Payable	605	99
Accrued expenses and other liabilities	2,135	2,141
Total current liabilities	81,503	69,408
Estimated unpaid claims and claims adjustment expense net of current portion	132,192	117,041
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	132,565	117,494
Total liabilities	214,068	186,901
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,205	149,745
Net Assets (Deficiency)	2,885	(864)
Net position	\$ 232,556	\$ 215,747

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 27,510	\$ 27,671
Less coverage/reinsurance programs	(2,311)	(2,378)
Net operating revenues	25,199	25,293
Operating expenses		
Claims and claims adjustment expense	27,507	21,879
General and administrative	1,561	1,490
Total operating expenses	29,068	23,369
Operating income (loss)	(3,869)	1,923
Nonoperating revenues		
Investment income	6,754	(2,787)
Net nonoperating revenues	6,754	(2,787)
Changes in net position	2,885	(864)
Total net position, beginning of year	229,671	216,611
Total net position, end of period	\$ 232,556	\$ 215,747

Unaudited

Department of Administration Real Estate Division Leasing Report

For the period of November 1 - 30, 2019

There are 7 leasing changes for this period, and they are as follows:

- 1 – New Contract of Lease
- 2 – Straight Renewal
- 2 – Renewal with Increase in Rent
- 1 – Renewal with Decrease in Rent
- 1 – Non-Renewal

Department of Administration Real Estate Division Leasing Report

For the period of November 1, 2019 through November 30, 2019

NEW CONTRACT OF LEASE

WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER

INS-037 New Contract of Lease for 1 year consisting of 144 square feet of storage space at the monthly rate of \$125.00, annual cost \$1500.00, full service, 800 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

REGION VI WORKFORCE INVESTMENT BOARD INC. (Sub-Lease)

WIB-003 Renewal for 1 year consisting of one cubicle of office space at the current monthly rate of \$225, annual cost \$2,700, full service, 153 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

WEST VIRGINIA BOARD OF OSTEOPATHIC MEDICINE

OST-002 Renewal for 5 years consisting of 1,081 square feet of office space at the current annual per square foot rate of \$15.61, annual cost \$16,874.41, full service, 405 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WORKFORCE WEST VIRGINIA

WWV-019 Renewal for 10 years consisting of 4,456 square feet of office space with an increase in the annual per square foot rate from \$12.62 to \$13.53 for years 1-5, annual cost \$60,289.68, then increase to \$14.09 for years 6-10, annual cost \$62,785.04, full service, 195 Davis Street, in the City of Princeton, Mercer County, West Virginia.

DIVISION OF REHABILITATION SERVICES (Sub-Lease)

DRS-027 Renewal for 1 year consisting of 250 square feet of office space with an increase in the monthly rate from \$175.00 to \$200.00, annual cost \$2,400, full service, 1321 Plaza East, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH DECREASE IN RENT

WEST VIRGINIA CONSERVATION AGENCY

SCC-002 Renewal for 5 years consisting of 590 square feet of office space with a decrease in the annual per square foot rate from \$9.60 to \$1.00 annually, full service, the Moorfield Agriculture Center in the City of Moorefield, Hardy County, West Virginia.

NON-RENEWAL

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-035 Lease non-renewal consisting of 250 square feet of storage space, at the monthly rate of \$100.00 annual cost \$1,200.00, 18 Blackberry Orchard, in the City of Danville, Boone County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
November 1 - 30, 2019

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	West Virginia Offices of the Insurance Commissioner	INS-037	Kanawha	144	10.42	1,500	1	1,500
2	Region VI Workforce Investment Board, Inc.	WIB-003	Harrison	1	225/mth	2,700	1	2,700
3	West Virginia Board of Osteopathic Medicine	OST-002	Kanawha	1,081	15.61	16,874	5	84,372
4	Workforce West Virginia	WWV-019	Mercer	4,456	13.53	60,290	5	301,448
	Workforce West Virginia	WWV-019	Mercer	4,456	14.09	62,785	5	313,925
5	Division of Rehabilitation Services (Sub-Lease)	DRS-027	Kanawha	250	9.60	2,400	1	2,400
6	West Virginia Conservation Agency	SCC-002	Hardy	590	1.00	1	5	5

	64.25
Total Rentable Square Feet	<u>10,978</u>
Average Annual Rental Rate	<u>24.19</u>
Total Annual Rent	<u>146,550</u>

TERMINATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	DOCR, Bureau of Juvenile Services (Non-Renewal)	BJS-035	Boone	250	4.80	1,200

Total Rentable Square Feet	<u>250</u>
Total Annual Rent	<u>1,200</u>

Joint Committee on Government and Finance

December 2019

Department of Health and Human Resources

**MEDICAID REPORT
September 2019 Data**

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

MONTH OF SEPTEMBER 2019	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2019	SFY2020	Current Month Ended 9/30/19	Current Month Ended 09/30/19	Year To-Date Thru 09/30/19	10/1/19 Thru 6/30/20
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	91,526,768	94,511,157	8,451,523	7,875,930	22,293,974	72,217,183
Inpatient Hospital - DSH	52,868,297	53,789,156	-	4,482,430	13,238,319	40,550,837
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	11,267,867	11,659,921	-	971,660	2,914,905	8,745,016
Mental Health Facilities	39,995,477	40,947,315	3,043,310	3,412,276	9,481,355	31,465,960
Mental Health Facilities - DSH Adjustment Payments	18,881,836	19,301,726	-	1,608,477	4,721,761	14,579,965
Nursing Facility Services - Regular Payments ⁽³⁾	710,863,182	711,478,596	60,566,695	59,289,883	179,312,147	532,166,449
Nursing Facility Services - Supplemental Payments	-	19,000,000	-	1,583,333	-	19,000,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	71,779,446	73,705,078	6,018,099	6,142,090	17,739,381	55,965,697
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	39,178,192	39,386,121	3,100,654	3,282,177	9,563,816	29,822,305
Physicians Services - Supplemental Payments	(3)	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	(1,520)	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	46,637,506	46,133,858	3,757,869	3,844,488	12,587,513	33,546,345
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	686,585,798	715,636,717	55,254,835	59,636,393	169,896,181	545,740,536
Drug Rebate Offset - National Agreement	(462,867,276)	(407,000,000)	(33,704,908)	(33,916,667)	(90,058,049)	(316,941,951)
Drug Rebate Offset - State Sidebar Agreement	(33,942,859)	(27,000,000)	(2,640)	(2,250,000)	(9,919,932)	(17,080,068)
Drug Rebate Offset - MCO National	(17,177,552)	(8,000,000)	682,259	(666,667)	111,980	(8,111,980)
Drug Rebate Offset - MCO State Sidebar Agreement	(86,536)	-	68	-	87,558	(87,558)
Dental Services	11,110,378	10,776,073	949,405	898,006	2,715,447	8,060,626
Other Practitioners Services - Regular Payments	5,653,070	5,785,469	501,591	482,122	1,567,861	4,217,608
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,669,249	1,602,016	129,617	133,501	436,211	1,165,805
Lab & Radiological Services	7,822,910	8,036,763	672,705	669,730	2,070,265	5,966,498
Home Health Services	24,978,914	30,739,710	2,310,649	2,561,642	5,011,094	25,728,616
Hysterectomies/Sterilizations	26,909	32,002	2,185	2,667	10,222	21,780
Pregnancy Terminations ⁽²⁾	180,599	182,177	3,927	15,181	10,930	171,247
EPSDT Services	1,446,788	1,458,120	157,335	121,510	396,091	1,062,029
Rural Health Clinic Services	4,307,936	4,423,092	661,484	368,591	1,274,160	3,148,932
Medicare Health Insurance Payments - Part A Premiums	21,237,010	22,825,062	1,862,200	1,902,089	5,476,362	17,348,700
Medicare Health Insurance Payments - Part B Premiums	114,675,105	128,874,761	9,656,571	10,739,563	28,924,672	99,950,089
120% - 134% Of Poverty	9,602,290	9,746,324	823,569	812,194	2,436,426	7,309,898
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	12,769,254	11,469,614	923,997	955,801	2,937,725	8,531,889

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

MONTH OF SEPTEMBER 2019	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2019	SFY2020	Current Month Ended 9/30/19	Current Month Ended 09/30/19	Year To-Date Thru 09/30/19	10/1/19 Thru 6/30/20
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,778,332,174	1,740,935,435	176,069,395	145,077,953	404,583,361	1,336,352,074
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	1,055,998	1,000,000	121,456	83,333	316,739	683,261
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	300,579,674	341,675,466	23,839,086	28,472,956	76,118,723	265,556,743
Home & Community-Based Services (Aged/Disabled)	112,691,026	116,144,871	9,496,821	9,678,739	30,702,270	85,442,601
Home & Community-Based Services (Traumatic Brain Injury)	1,718,562	1,579,343	125,863	131,612	456,423	1,122,920
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	67,685,073	73,026,473	5,547,161	6,085,539	17,059,984	55,966,489
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,439,096	2,431,298	305,686	202,608	648,325	1,782,973
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	29,207,887	30,890,065	2,159,487	2,574,172	7,045,987	23,844,078
Emergency Services Undocumented Aliens	315,177	282,074	33,500	23,506	123,464	158,610
Federally Qualified Health Center	15,932,481	21,868,611	6,226,739	1,822,384	8,246,548	13,622,063
Non-Emergency Medical Transportation	33,136,732	39,487,747	2,738,890	3,290,646	8,231,057	31,256,690
Physical Therapy	1,026,382	976,273	76,870	81,356	291,634	684,639
Occupational Therapy	534,119	521,176	43,535	43,431	154,145	367,031
Services for Speech, Hearing & Language	335,678	349,727	34,140	29,144	107,451	242,276
Prosthetic Devices, Dentures, Eyeglasses	994,798	969,459	124,098	80,788	288,113	681,346
Diagnostic Screening & Preventive Services	87,795	87,949	9,242	7,329	23,272	64,677
Nurse Mid-Wife	129,606	115,985	10,266	9,665	29,898	86,087
Emergency Hospital Services	-	-	-	-	-	-
Critical Access Hospitals	24,158,625	21,947,539	1,946,357	1,828,962	6,445,386	15,502,153
Nurse Practitioner Services	3,194,219	3,009,376	289,807	250,781	1,028,935	1,980,441
School Based Services	63,185,248	19,999,998	489,240	1,666,666	1,773,580	18,226,418
Rehabilitative Services (Non-School Based)	60,423,448	53,482,138	5,138,782	4,456,845	14,741,028	38,741,110
2a) Opioid Treatment Program (OTP) - Methadone services	9,499,059	(4)	728,967	(0)	2,670,684	(2,670,688)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,229,563	-	80,032	-	575,147	(575,147)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,348,525	(37)	460,150	(3)	2,705,925	(2,705,962)
2a) Opioid Treatment Program (OTP) - Other	147,243	(0)	2,377	(0)	21,220	(21,220)
Private Duty Nursing	5,138,732	8,165,864	438,683	680,489	1,290,253	6,875,611
Freestanding Birth Centers	1,092	1,125	-	94	-	1,125
Health Home for Enrollees w Chronic Conditions	1,842,908	1,768,258	146,535	147,355	495,232	1,273,026
Other Care Services	22,601,696	19,873,474	2,423,848	1,656,123	7,802,947	12,070,527
Less: Recoupments	-	-	(1,391,057)	-	(1,894,325)	1,894,325
NET EXPENDITURES:	4,015,961,652	4,120,090,513	363,538,955	343,340,876	987,321,781	3,132,768,732

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

MONTH OF SEPTEMBER 2019

Collections: Third Party Liability (line 9A on CMS-64)
Collections: Probate (line 9B on CMS-64)
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)
Collections: Other (line 9D on CMS-64)

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

Plus: Medicaid Part D Expenditures
Plus: State Only Medicaid Expenditures
Plus: Money Follow the Person Expenditures

TOTAL MEDICAID EXPENDITURES

Plus: Reimbursables ⁽¹⁾
Plus: NATCEP/PASARR/Eligibility Exams
Plus: HIT Incentive Payments

TOTAL EXPENDITURES

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2019	SFY2020	Current Month Ended 9/30/19	Current Month Ended 09/30/19	Year To-Date Thru 09/30/19	10/1/19 Thru 6/30/20
(9,658,789)	-	-	-	-	-
(173,762)	-	-	-	-	-
(124,527)	-	-	-	-	-
(13,956,496)	-	-	-	-	-
3,992,048,078	4,120,090,513	363,538,955	343,340,876	987,321,781	3,132,768,732
41,299,828	41,983,424	3,310,881	3,498,619	9,946,170	32,037,254
211,906	259,738	19,563	21,645	63,086	196,652
1,628,995	1,637,081	92,034	136,423	262,258	1,374,823
\$ 4,035,188,807	\$ 4,163,970,756	\$ 366,961,433	\$ 346,997,563	\$ 997,593,295	\$ 3,166,377,461
4,918,621	-	445,369	-	1,371,345	(1,371,345)
332,103	344,155	33,878	28,680	89,783	254,372
2,219,223	3,000,000	59,500	250,000	234,948	2,765,052
\$ 4,042,658,754	\$ 4,167,314,911	\$ 367,500,179	\$ 347,276,243	\$ 999,289,371	\$ 3,168,025,541

(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 \$4,449,331.95 is the amount paid to State Facilities year to date.

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

3 Months Actuals 9 Months Remaining

MONTH OF SEPTEMBER 2019		ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2019	Current Month Ended 9/30/19	Year-To-Date Thru 9/30/19	10/1/2019 Thru 6/30/20	SFY2020	
REVENUE SOURCES						
Beg. Bal. (5084/1020 prior mth)	121,710,366	27,249,603	54,359,368		54,359,368	
MATCHING FUNDS						
General Revenue (0403/189)	408,894,155	30,388,853	91,258,449	273,223,987	364,482,436	
MRDD Waiver (0403/466)	88,753,483	5,916,899	19,250,697	69,502,786	88,753,483	
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)	-	9,214,518	18,429,035	-	18,429,035	
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-	
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	-	1,003,876	3,011,627	4,015,503	
Lottery Waiver (0420/539)	29,950,955	-	7,487,738	22,463,217	29,950,955	
Lottery Transfer (5405/871)	14,502,312	-	4,100,018	12,300,052	16,400,070	
Excess Lottery (5365/189)	-	-	-	44,505,920	44,505,920	
Lottery Surplus (5405/68199)	6,000,000	-	-	16,000,000	16,000,000	
Lottery Surplus (5365/68100)	-	-	-	25,000,000	25,000,000	
Trust Fund Appropriation (5185/189)	11,395,066	-	-	132,172,171	132,172,171	
Provider Tax (5090/189)	193,537,029	35,700,000	69,200,000	212,110,035	281,310,035	
NSGO UPL (5084/6717)	-	-	-	1,241,403	1,241,403	
Certified Match	23,334,733	629,860	1,985,891	7,846,009	9,831,900	
Reimbursables - Amount Reimbursed	2,371,126	3,155,762	3,647,374	(3,647,374)	-	
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	704,455	59,832	176,548	723,452	900,000	
CHIP State Share	-	-	-	-	-	
CMS - 64 Adjustments	274,842	-	-	-	-	
TOTAL MATCHING FUNDS	\$ 928,789,645	\$ 114,020,900	\$ 276,015,718	\$ 834,682,181	\$ 1,110,697,899	
FEDERAL FUNDS	3,164,785,003	296,320,152	766,698,932	2,499,682,365	3,266,381,296	
TOTAL REVENUE SOURCES	\$ 4,093,574,648	\$ 410,341,053	\$ 1,042,714,650	\$ 3,334,364,546	\$ 4,377,079,196	
TOTAL EXPENDITURES:						
Provider Payments	\$ 4,042,658,754	\$ 367,500,179	\$ 999,289,371	\$ 3,168,025,541	\$ 4,167,314,911	
TOTAL	\$ 50,915,894	\$ 42,840,874	\$ 43,425,279		\$ 209,764,284	

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

Joint Committee on Government and Finance

December 2019

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
September 2019 Data**

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

Aged & Disabled Waiver Reported Sep 30, 2019	FY 2019	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	FY2020 YTD
Slots Approved By CMS (1)	6,192	6,523	6,523	6,523										6,523
-Slots Available for Traditional (ADW-WV) enrollees	6,102	6,447	6,447	6,447										6,447
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	90	76	76	76										76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees														
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,651	5,886	5,911	6,072										6,072
Applicants determined eligible this month and added to MEL (3)	1,364	180	165	126										471
Applicants determined ineligible	74	4	3	4										11
ACTIVE MEMBERS														
Active Traditional Members at the end of the month	5,828	5,784	5,765	5,874										5,874
Active Take Me Home Members at the end of the month	69	69	69	69										69
Active Money Follows the Person Members at the end of the month														
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,897	5,853	5,834	5,943										5,943
Active members enrolled during the calendar month	1,348	43	49	203										295
-Total Active Traditional members enrolled during the calendar month	1,297	40	46	199										285
-Total Active TMH-WV members enrolled during the calendar month	51	3	3	4										10
-Total Active MFP-WV members enrolled during the calendar month														
Members discharged during the calendar month	1,112	87	68	94										249
ADW Members whose case was closed by reason														
Member is deceased	578	40	32	40										112
Other (4)	534	47	36	54										137
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	1,046	83	250	362										695
ADW Applicants removed from the MEL														
Applicant offered a slot (Traditional + MFP)	696	67	235	348										650
Applicant became deceased	136	7	8	6										21
Other (5)	214	9	7	8										24
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	2	28	19	26										24
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	12	75	65	64										68
Applicants on the MEL at the end of the month	348	445	360	124										124
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	108	237	169	199										202

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

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

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

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

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

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

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

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

Intellectual/Developmental Disabilities Waiver Reported Sept 30, 2019		SFY19	July-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	YTD 2020
Slots approved by CMS		4,896	4,896	4,896	4,896										4,896
Total number of members served YTD (unduplicated slots used) (1)		4,880	4,821	4,827	4,837										4,837
Total number of members served YTD in Traditional Slots		4,868	4,816	4,818	4,827										4,827
Total number of members served YTD in Adult Ben H. slots (Active)		6	2	5	6										6
Total number of members served YTD in Children Ben H. slots (Active)		1	3	4	4										4
Applicants determined eligible (2)		206	13	30	6										49
Applicants determined ineligible (3)		221	17	26	23										66
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		4,759	4,814	4,813	4,811										4,811
Discharged members at the end of the calendar month		137	9	10	14										33
Discharged members who were discharged by reason	Deceased	55	4	2	10										16
	Left program to enter a facility	20	2	0	1										3
	a. Hospital	0	0	0	0										0
	b. ICF/IID	7	0	4	0										4
	c. Nursing Facility	14	2	2	1										5
	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)		59	3	2	3										8
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		1,118	1,058	1,077	1,071										1,071
Number of applicants added to the MEL (4)		206	13	30	6										49
Applicants enrolled (removed from the MEL)		360	64	9	12										85
Applicants removed from the MEL due to Death (5)		5	0	0	0										0
Applicants removed from the MEL due to Other (6)		66	9	2	0										11
Applicants on the MEL who are in a Nursing Facility (9)		2	4	3	3										3
Applicants on the MEL who are in an ICF/IID Group Home (9)		111	99	107	98										98
Applicants on the MEL receiving Personal Care Services each month (8) (9)		76	69	74	77										77
Longest on the MEL to date (7)		1592	1,623	1,601	1,624										1,624

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

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

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

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

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

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

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

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

Joint Committee on
Government and Finance
Report

DECEMBER 2019

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Four Months Ending October 31, 2019 and October 31, 2018

	Annual Budget 2020	Budget Year-to-Date	Actual October 31, 2019	Actual October 31, 2018	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$5,262,949	\$5,541,320	(\$278,371)	-5%		
Revenues								
Federal Grants			\$17,804,754	\$15,910,405	\$1,894,349	12%		
State Appropriations								
Premium Revenues	\$1,529,958	\$509,986	\$515,956	\$509,834	\$6,122	1%	\$5,970	1%
Investment Earnings (Interest)			\$72,358	\$38,488	\$33,870	88%		
Total Operating Fund Revenues			\$18,393,068	\$16,458,727	\$1,934,341	12%		
Expenditures:								
Claims Expenses:								
Physicians & Surgical			\$4,469,156	4,556,302	(\$87,146)	-2%		
Prescribed Drugs			\$3,383,190	2,641,137	\$742,053	28%		
Outpatient Services			\$3,613,840	2,708,126	\$905,714	33%		
Dental			\$2,819,436	2,497,523	\$321,913	13%		
Inpatient Hospital Services			\$1,211,154	1,168,403	\$42,751	4%		
Other Services			\$1,118,504	877,276	\$241,228	27%		
Therapy			\$783,935	621,607	\$162,328	26%		
Inpatient Mental Health			\$161,879	209,481	(\$47,602)	-23%		
Vision			\$246,549	259,522	(\$12,973)	-5%		
Durable & Disposable Med. Equip.			\$156,479	155,467	\$1,012	1%		
Medical Transportation			\$168,735	138,991	\$29,744	21%		
Outpatient Mental Health			\$132,113	108,034	\$24,079	22%		
Less: Other Collections**			(\$30,655)	(83,503)	\$52,848	-63%		
Drug Rebates	(\$2,168,732)	(\$722,911)	(\$1,397,975)	(929,961)	(\$468,014)	50%	\$705,720	-98%
Total Claims Expenses	\$50,481,331	\$16,827,110	\$16,836,340	14,928,405	\$1,907,935	13%	\$9,229	0%
Administrative Expenses:								
Salaries and Benefits								
Program Administration	\$5,679,624	\$1,893,208	\$1,383,380	\$325,380	\$1,058,000	325%	(\$509,828)	-27%
Eligibility			\$0	\$1,485	(\$1,485)	-100%		
Outreach & Health Promotion	\$100,000	\$33,333	\$0	\$0	\$0	0%	(\$33,333)	-100%
Current	\$350,000	\$116,667	\$40,337	\$29,550	\$10,787	37%	(\$76,330)	-65%
Total Administrative Expenses in Operating Fund	\$6,129,624	\$2,043,208	\$1,423,717	\$356,415	\$1,067,302	299%	(\$619,491)	-30%
Total Operating Fund Expenditures	\$56,610,955	\$18,870,318	\$18,260,057	\$15,284,820	\$2,975,237	19%	(\$610,262)	-3%
Adjustments			(\$731,114)	(\$845)				
Ending Operating Fund Balance			\$6,127,075	\$6,716,072	(\$588,997)	-9%		
Money Market			\$689,429	\$1,041,793				
Bond Pool			\$4,603,402	\$4,385,787				
Cash on Deposit			\$834,244	\$1,288,492				
Unrealized Gain/Loss on Investment			\$1,089	(\$1,241)	\$2,330	-188%		
Ending Fund Balance (Accrued Basis)			\$6,128,163	\$6,714,831	(\$586,668)	-9%		
Program Expenses outside of Operating Funds:								
Salaries and Benefits	\$702,625	\$234,208	\$201,602	\$206,140	(\$4,538)	-2%	(\$32,606)	-14%
Eligibility	\$350,000	\$116,667	\$181,728	(\$44,279)	\$226,007	-510%	\$65,062	56%
Total Administrative Expenses:	\$7,182,249	\$2,394,083	\$1,807,047	\$518,276	\$1,288,771	249%	(\$587,036)	-25%
Total WVCHIP Expenditures	\$57,663,580	\$19,221,193	\$18,643,387	\$15,446,681	\$3,196,706	21%	(\$577,806)	-3%

Footnotes:

- 1) Statement is on cash basis
- 2) Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2019 is \$4,697,000. The September 30, 2018 estimate was \$4,780,000.
- 3) Administrative Accounts Payable balance on October 31, 2019 is \$1,056,684. The October 31, 2018 balance is \$537,728.
- 4) 2018 and 2017 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) was 93.96% starting 10/01/2019 and 100% 07/01/2019 thru 09/30/2019. FMAP was 100% in SFY2019
- 6) Other Collections are primarily provider refunds and subrogations (amounts received from other insurers responsible for bill WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.

Unaudited - For Management Purposes Only

WVCHIP Enrollment Report

ATTACHMENT 1

NOVEMBER 2019

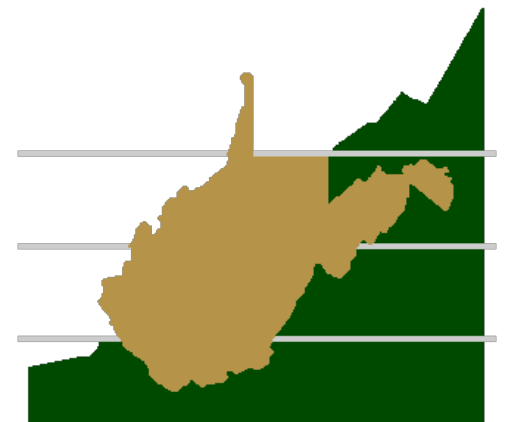
County	County Pop. 2017 Est. (0-18 Yrs)	Total CHIP Enrollment Nov-19	Total Medicaid Enrollment Nov-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2017 SAHIE Uninsured Est.	2017 SAHIE % Uninsured
Barbour	3,313	255	1,712	1,967	59.4%	95	2.9%
Berkeley	27,850	1,880	11,897	13,777	49.5%	733	2.6%
Boone	4,870	263	2,856	3,119	64.0%	116	2.4%
Braxton	2,922	145	1,484	1,629	55.7%	98	3.4%
Brooke	4,112	1	69	70	1.7%	95	2.3%
Cabell	19,229	914	8,996	9,910	51.5%	443	2.3%
Calhoun	1,388	99	808	907	65.3%	46	3.3%
Clay	2,031	125	1,313	1,438	70.8%	61	3.0%
Doddridge	1,394	94	682	776	55.7%	42	3.0%
Fayette	9,190	744	5,033	5,777	62.9%	232	2.5%
Gilmer	1,159	84	566	650	56.1%	34	2.9%
Grant	2,381	126	1,173	1,299	54.6%	74	3.1%
Greenbrier	7,002	613	3,591	4,204	60.0%	217	3.1%
Hampshire	4,576	284	2,276	2,560	55.9%	181	4.0%
Hancock	5,835	574	4,011	4,585	78.6%	148	2.5%
Hardy	2,833	217	1,567	1,784	63.0%	100	3.5%
Harrison	15,044	926	6,267	7,193	47.8%	439	2.9%
Jackson	6,419	332	2,983	3,315	51.6%	165	2.6%
Jefferson	13,314	693	3,809	4,502	33.8%	379	2.8%
Kanawha	37,910	2,172	19,020	21,192	55.9%	826	2.2%
Lewis	3,522	214	1,928	2,142	60.8%	94	2.7%
Lincoln	4,737	269	2,935	3,204	67.6%	140	3.0%
Logan	6,850	399	4,286	4,685	68.4%	164	2.4%
Marion	11,604	648	5,289	5,937	51.2%	267	2.3%
Marshall	6,263	317	2,523	2,840	45.3%	160	2.6%
Mason	5,782	261	2,782	3,043	52.6%	144	2.5%
McDowell	3,790	202	2,855	3,057	80.7%	94	2.5%
Mercer	12,553	936	7,940	8,876	70.7%	293	2.3%
Mineral	5,593	299	2,188	2,487	44.5%	133	2.4%
Mingo	5,446	251	3,785	4,036	74.1%	153	2.8%
Monongalia	17,800	908	5,379	6,287	35.3%	444	2.5%
Monroe	2,750	272	1,181	1,453	52.8%	92	3.3%
Morgan	3,319	248	1,507	1,755	52.9%	118	3.6%
Nicholas	5,218	365	2,916	3,281	62.9%	139	2.7%
Ohio	8,251	383	3,863	4,246	51.5%	197	2.4%
Pendleton	1,264	88	565	653	51.7%	51	4.0%
Pleasants	1,491	72	618	690	46.3%	33	2.2%
Pocahontas	1,509	117	794	911	60.4%	49	3.2%
Preston	6,566	431	2,921	3,352	51.1%	226	3.4%
Putnam	13,491	720	4,530	5,250	38.9%	294	2.2%
Raleigh	15,997	1,134	8,973	10,107	63.2%	395	2.5%
Randolph	5,463	469	2,902	3,371	61.7%	150	2.7%
Ritchie	1,974	95	1,101	1,196	60.6%	72	3.6%
Roane	3,035	269	1,698	1,967	64.8%	99	3.3%
Summers	2,212	170	1,468	1,638	74.1%	61	2.8%
Taylor	3,526	208	1,603	1,811	51.4%	93	2.6%
Tucker	1,171	116	516	632	54.0%	35	3.0%
Tyler	1,808	83	739	822	45.5%	52	2.9%

ATTACHMENT 1

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

October 31, 2019



Participant Plans Allocation & Performance Net of Fees

Period Ending: October 31, 2019

	6/30/2019		10/31/2019		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	19,986,151	100.0	20,182,721	100.0								
Pension Assets	16,174,170	80.9	16,291,863	80.8								
Public Employees' Retirement System	6,895,387	34.5	6,968,655	34.5	1.9	1.9	2.0	10.9	9.9	7.5	9.1	6.9
Teachers' Retirement System	7,836,784	39.1	7,865,406	39.0	1.9	1.9	2.0	10.9	9.9	7.4	9.1	6.7
EMS Retirement System	84,650	0.4	86,400	0.4	1.9	1.9	2.0	10.9	9.9	7.5	9.1	
Public Safety Retirement System	689,820	3.5	687,205	3.4	1.9	1.9	2.0	10.9	9.9	7.5	9.2	7.0
Judges' Retirement System	212,655	1.1	215,574	1.1	1.9	1.9	2.0	10.9	10.0	7.5	9.1	6.9
State Police Retirement System	207,101	1.0	213,708	1.1	1.9	1.9	2.0	10.9	9.9	7.5	9.1	6.9
Deputy Sheriffs' Retirement System	232,576	1.2	237,033	1.2	1.9	1.9	2.0	10.9	9.9	7.5	9.1	6.9
Municipal Police & Firefighter Retirement System	11,090	0.1	12,256	0.1	1.9	1.8	2.0	10.9	9.7	7.3		
Municipal Model A	2,925	0.0	2,939	0.0	1.9	1.9	2.0	10.4	10.1	7.5		
Municipal Model C	1,182	0.0	1,208	0.0	1.8	2.1	2.2	10.5				
Municipal Model F	0	0.0	1,479	0.0	2.0	2.5	2.7					
Insurance Assets	2,829,801	14.2	2,875,711	14.3								
Workers' Compensation Old Fund	1,105,721	5.5	1,083,278	5.4	1.3	1.8	2.1	9.3	5.9	4.6	5.4	
Workers' Comp. Self-Insured Guaranty Risk Pool	34,207	0.2	34,591	0.2	1.3	1.7	2.0	8.9	6.0	4.5	4.8	
Workers' Comp. Self-Insured Security Risk Pool	52,220	0.3	52,180	0.3	1.3	1.7	2.0	8.9	6.0	4.5		
Workers' Comp. Uninsured Employers' Fund	13,468	0.1	13,771	0.1	1.3	1.6	1.9	8.4	5.8	4.3	4.5	
Pneumoconiosis	238,605	1.2	237,302	1.2	1.3	1.7	2.0	8.9	6.0	4.5	5.7	5.7
Board of Risk & Insurance Management	158,696	0.8	161,897	0.8	1.3	1.7	2.0	8.9	6.0	4.5	5.7	
Public Employees' Insurance Agency	225,314	1.1	229,918	1.1	1.2	1.7	2.0	9.3	6.0	4.5	5.7	
WV Retiree Health Benefit Trust Fund	1,001,570	5.0	1,062,774	5.2	1.9	1.9	2.0	11.0	9.9	7.5	8.5	
Endowment Assets	982,180	4.9	1,015,147	4.9								
Berkeley County Development Authority	6,177	0.0	6,302	0.0	1.9	1.9	2.0	10.9	9.9			
Wildlife Fund	65,000	0.3	64,009	0.3	1.9	1.9	2.0	10.9	9.9	7.5	9.1	7.4
Prepaid Tuition Trust	34,513	0.2	30,122	0.1	0.4	1.7	2.0	9.2	7.5	6.0	7.7	6.6
Revenue Shortfall Reserve Fund	197,342	1.0	219,945	1.1	0.5	1.6	2.0	10.0	3.4	2.9	3.8	
Revenue Shortfall Reserve Fund - Part B	465,189	2.4	476,353	2.4	1.1	2.1	2.4	10.7	5.9	4.6	5.8	
WV DEP Trust	9,258	0.0	9,472	0.0	2.3	2.1	2.3	9.7	8.5	6.0		
WV DEP Agency	204,701	1.0	208,944	1.0	1.5	1.8	2.1	9.4	6.8	5.0		

Composite Asset Allocation & Performance Net of Fees

Period Ending: October 31, 2019

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
Investment Pools Composite	20,193,124	100.00								
Total Equity Composite	9,719,775	48.13	3.23	2.95	2.89	11.48	10.91	7.38	10.29	6.81
+/- Total Equity Base Index (b)			0.47	0.42	0.02	(1.71)	(0.80)	(0.18)	0.66	0.92
Domestic Equity Composite	4,788,560	23.71	2.12	2.11	3.46	13.48	14.22	9.85	13.71	7.51
+/- Russell 3000 Index			(0.03)	0.28	0.12	(0.01)	(0.25)	(0.46)	0.09	1.00
International Equity Composite	4,931,215	24.42	4.34	3.76	2.32	9.50	7.75	4.86	6.82	6.62
+/- MSCI AC World ex US IMI Index (c)			0.76	0.72	0.42	(1.98)	(0.69)	0.37	1.32	1.90
Fixed Income Composite	3,171,670	15.71	0.67	2.12	2.56	11.09	4.55	3.94	4.66	5.69
+/- Bloomberg Barclays Capital Universal (d)			0.35	(0.03)	0.11	(0.27)	0.98	0.45	0.55	0.49
Core Fixed Income Composite	943,083	4.67	0.28	2.57	2.77	11.89	3.70	3.69	4.32	
+/- Bloomberg Barclays Capital Aggregate			(0.02)	0.22	0.19	0.38	0.41	0.45	0.59	
Total Return Fixed Income Composite (k)	2,228,587	11.04	0.84	1.92	2.46	10.73	4.92	4.03	4.83	6.16
+/- Bloomberg Barclays Capital Universal			0.52	(0.23)	0.01	(0.63)	1.35	0.54	0.72	0.89
TIPS Composite	404,250	2.00	0.27	1.25	1.61	9.00	2.48	2.35	3.35	
+/- Bloomberg Barclays Capital U.S. TIPS			0.01	0.01	0.01	0.04	0.05	0.02	(0.01)	
Cash Composite	124,427	0.62	0.16	0.51	0.70	2.27	1.54	1.01	0.57	1.88
+/- Citigroup 90 Day T-Bill (e)			(0.01)	(0.02)	(0.04)	(0.08)	(0.03)	0.02	(0.03)	(0.02)
Private Equity Composite	1,943,673	9.63	0.52	0.51	0.57	21.07	20.31	16.33	15.58	
+/- Russell 3000 + 3% (f, g)								3.02	(1.59)	
Real Estate Composite	1,958,701	9.70	0.83	1.11	1.08	7.61	8.59	9.06	9.47	
+/- NCREIF + 1% (f)								(0.68)	(0.95)	
Hedge Fund Composite	2,270,574	11.24	0.36	(0.30)	0.52	3.88	4.09	3.08	4.63	
+/- HFRI FOF + 1% (h)			(0.17)	0.23	0.70	(0.53)	(0.29)	(0.07)	1.00	
Opportunistic Income Composite	600,054	2.97	0.03	0.05	0.04	7.46	5.78			
+/- CS Leveraged Loan + 2% (i)			0.35	(0.10)	(1.05)	2.85	(0.53)			

Participant Plans Allocation vs. Strategy

Period Ending: October 31, 2019

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

Pension Assets

Public Employees' Retirement System	51.4	55.0	11.7	15.0	11.2	10.0	11.2	10.0	10.8	10.0	3.4	0.0	0.3	0.0
Teachers' Retirement System	51.4	55.0	11.6	15.0	11.2	10.0	11.3	10.0	10.9	10.0	3.5	0.0	0.1	0.0
EMS Retirement System	51.6	55.0	12.4	15.0	10.9	10.0	11.0	10.0	10.7	10.0	3.4	0.0	0.0	0.0
Public Safety Retirement System	51.6	55.0	11.3	15.0	11.3	10.0	11.4	10.0	10.8	10.0	3.5	0.0	0.1	0.0
Judges' Retirement System	51.5	55.0	11.8	15.0	11.1	10.0	11.2	10.0	10.8	10.0	3.4	0.0	0.2	0.0
State Police Retirement System	51.5	55.0	12.5	15.0	10.8	10.0	10.9	10.0	10.6	10.0	3.3	0.0	0.4	0.0
Deputy Sheriffs' Retirement System	51.5	55.0	12.2	15.0	11.0	10.0	11.1	10.0	10.7	10.0	3.4	0.0	0.1	0.0
Municipal Police & Firefighter Retirement System	50.2	55.0	13.1	15.0	10.0	10.0	10.1	10.0	9.7	10.0	3.1	0.0	3.8	0.0
Municipal Model A	51.7	55.0	11.5	15.0	10.8	10.0	10.9	10.0	10.9	10.0	3.3	0.0	0.9	0.0
Municipal Model C	49.2	50.0	26.2	30.0	5.3	5.0	5.3	5.0	10.8	10.0	1.6	0.0	1.6	0.0
Municipal Model F	55.0	55.0	42.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0

Insurance Assets

Workers' Compensation Old Fund	31.6	30.0	48.3	50.0	0.0	0.0	0.0	0.0	17.0	15.0	0.0	0.0	3.1	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	31.0	30.0	42.6	45.0	0.0	0.0	0.0	0.0	21.9	20.0	0.0	0.0	4.5	5.0
Workers' Comp. Self-Insured Security Risk Pool	31.3	30.0	42.5	45.0	0.0	0.0	0.0	0.0	22.3	20.0	0.0	0.0	3.9	5.0
Workers' Comp. Uninsured Employers Fund	31.0	30.0	37.5	40.0	0.0	0.0	0.0	0.0	21.7	20.0	0.0	0.0	9.8	10.0
Pneumoconiosis	31.3	30.0	42.4	45.0	0.0	0.0	0.0	0.0	22.3	20.0	0.0	0.0	4.0	5.0
Board of Risk & Insurance Mgmt.	31.0	30.0	42.5	45.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	4.9	5.0
Public Employees' Insurance Agency	25.9	25.0	52.5	55.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	51.9	55.0	13.0	15.0	10.6	10.0	10.7	10.0	10.5	10.0	3.3	0.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	51.6	55.0	12.4	15.0	10.9	10.0	11.0	10.0	10.7	10.0	3.4	0.0	0.0	0.0
Wildlife Fund	51.4	55.0	12.3	15.0	11.0	10.0	11.1	10.0	10.6	10.0	3.4	0.0	0.2	0.0
Prepaid Tuition Trust	0.0	0.0	70.1	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.9	30.0
Revenue Shortfall Reserve Fund	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	23.2	22.5	76.8	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	66.0	65.0	12.3	15.0	0.0	0.0	0.0	0.0	21.7	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	36.8	40.0	33.0	40.0	0.0	0.0	0.0	0.0	19.2	20.0	0.0	0.0	11.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Barclays Capital Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2019, the Total Equity Base Index is 100% MSCI ACWI Gross. From January 2014 to December 2018, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (IMI). From April 2008 to December 2013, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACWI ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (l) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.

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

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WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER

James A. Dodrill
Insurance Commissioner

Status Report: Workers' Compensation

Joint Committee on Government & Finance

December 2019

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Introduction

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet"¹, was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. At October 2019, there were 10,994 active claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

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

Definitions:

Appeal (BOR): A formal procedure conducted by the Board of Review at which a decision of an administrative law judge (OOJ) having presided over a matter of workers' compensation (Old Fund or Privately Insured) is to be afforded additional consideration. An appeal may be filed by any aggrieved party, such as a claimant, employer, dependent of a claimant, private insurance carrier, etc.

Board of Review: (BOR) A three judge panel that serves as an intermediate appellate tribunal in workers' compensation litigation. Specifically, the Board of Review reviews all appeals taken from any final decision of the Office of Judges. The BOR may reverse, vacate, modify or remand a decision of the Office of Judges. Any appeal taken from a Board of Review final order must be filed with the West Virginia Supreme Court of Appeals.

Claim Reserve: individual claim level cost estimate that is projected on the ultimate probable exposure; must be the best projection based on the facts and findings of the claim. This function is to capture the key components that impact the range of any impending cost in workers' compensation claims. No discounting is applied. The Indemnity Reserve is adjusted to cover the cost of loss or exposure both on a temporary and permanent basis. The reserve should also be adjusted to include the projected cost of any death and/or dependent benefits when appropriate. The Medical Reserve covers medical cost, hospital stays, specialized treatment, rehabilitation, durable medical equipment, and medications, etc. The Expense Reserve is placed for the cost of legal defense and investigations, etc. The reserves may be reduced based on the findings of early mortality factors.

Coal Workers' Pneumoconiosis Fund (CWP): State managed fund into which FBL premiums previously received are held, and out of which FBL benefits are paid. This fund was closed to future liabilities as of 12/31/2005. Because of the latency period between the date of last exposure and the onset of disease, new FBL claims will occur.

Fatal: claim under which the worker died as a result of injury or illness.

FBL: claim for Occupational Pneumoconiosis (Black Lung) benefits under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. "Federal Black Lung", or FBL.

FBL Awarded Claim: an FBL claim that has been awarded but has not yet been accepted by the responsible operator/insurer

FBL Claim Notice: an FBL claim for which not initial decision has yet been made, but evidence in the claims indicates the potential for an award

FBL Non-active Claim: an FBL claim for which an award had been sought but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Denied FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

FBL Paying Claim: an FBL claim for which an award has been made and the responsible operator/insurer has accepted liability. Payments are being made to the claimant or dependents.

Indemnity: statutory wage replacement benefits awarded as a result of a worker's occupational illness or injury.

Med Only: claim under which only the payment of medical benefits was sought or awarded, i.e. no payment of wage replacement benefits (indemnity) is being made.

Office of Judges: (OOJ) An office comprised of administrative law judges who are charged with resolving protests or appeals to workers' compensation claims management decisions. The Office of Judges conducts hearings, receives and weighs evidence and arguments, and issues written decisions on protests or appeals from initial claim management decisions. Any final decision of the Office of Judges may be appealed to the workers' compensation Board of Review. The OOJ hears protests involving Old Fund claims as well as those arising from the private market (private carrier or privately insured.)

Old Fund: The residual assets and liabilities of the former Worker's Compensation Fund are now reported in a fund known as the Workers' Compensation Old Fund. Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claims with a date of injury on or before June 30, 2005.

OP/OD: claim of Occupational Pneumoconiosis or Occupational Disease. An OP claim could be considered the State level equivalent of an FBL claim; however, State OP claims provide for varying percentages of impairment where the FBL applicant must prove total impairment to be eligible. (State OP claims are awarded more frequently than FBL but afford lesser benefits.) An example of an OD claim would be occupational hearing loss.

Protest (OOJ): An objection to a ruling of a workers' compensation claim administrator (Old Fund or Private Market) which prompts the initiation of the adjudication process at the Office of Judges.

PPD: (Permanent Partial Disability) paid to compensate an injured worker for permanent impairment that results from an occupational injury or disease. The American Medical Association defines permanent impairment as impairment that has become static or well stabilized with or without medical treatment and is not likely to remit despite medical treatment. It should be noted, some injuries that are total loss by severance have statutory impairment ratings that are defined per WV Code §23-4-6(f). Payment for PPD is based upon 4 weeks of compensation for each one percent of disability.

PTD: (Permanent Total Disability) A disability which renders a claimant unable to engage in gainful employment requiring skills or abilities which can be acquired, or which are comparable to those of any gainful employment in which the claimant previously engaged with some regularity. While the comparison of pre-injury income and post-disability income is not a factor to be considered in determining whether or not a claimant is permanently and totally disabled, the geographic availability of gainful employment should be considered. Specifically, the geographic availability of gainful employment within a 75-mile driving distance of the claimant's home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

Self-Insured: an employer who has met certain specific guidelines, and who is then permitted to guarantee their own payment and handling of workers' compensation claims to their employees in accordance with WV statutes.

Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure after 07/01/2004.

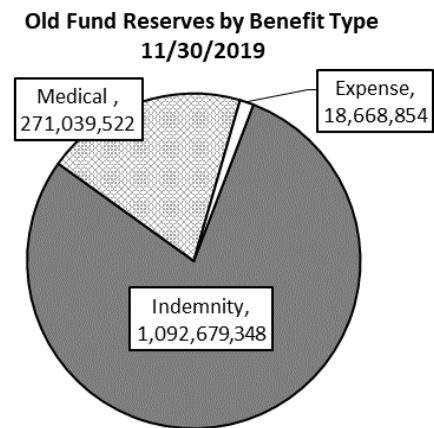
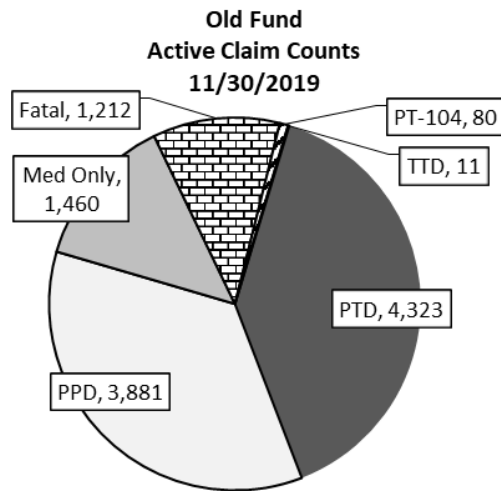
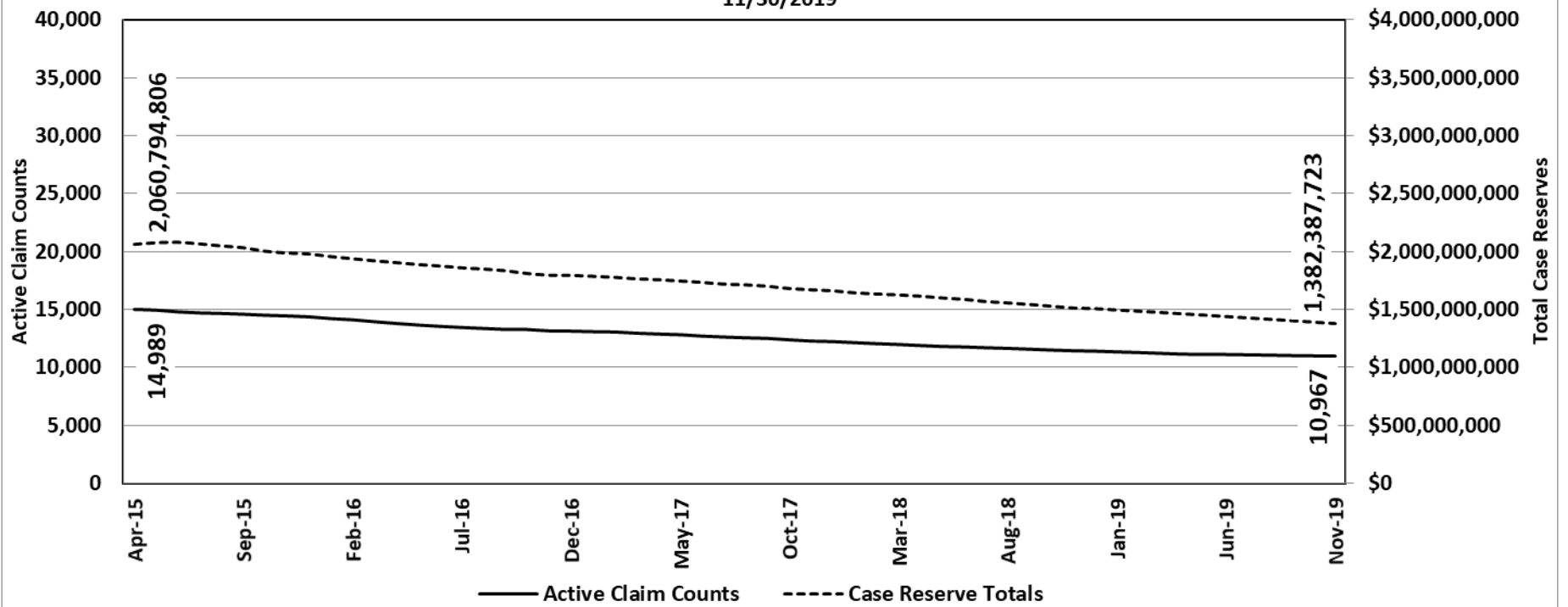
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

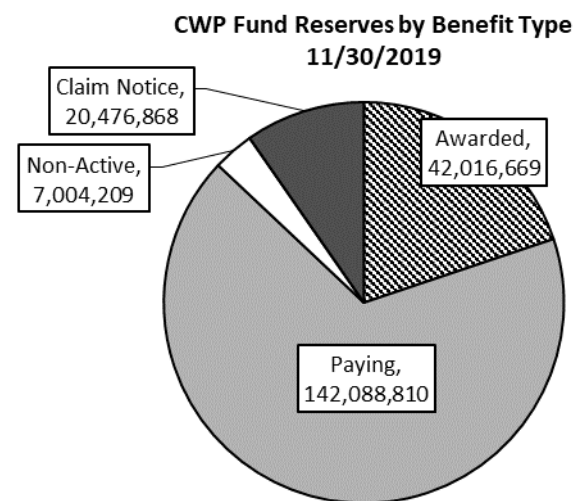
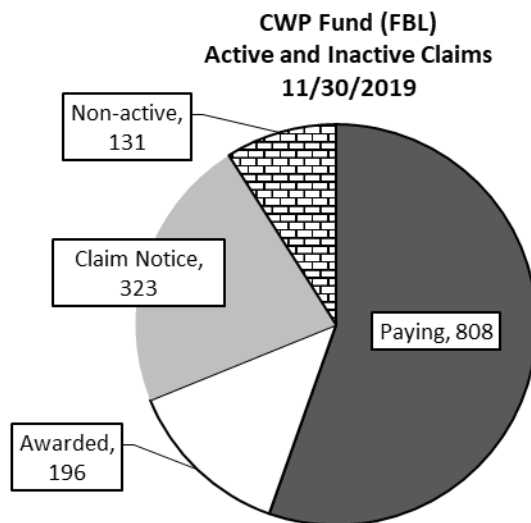
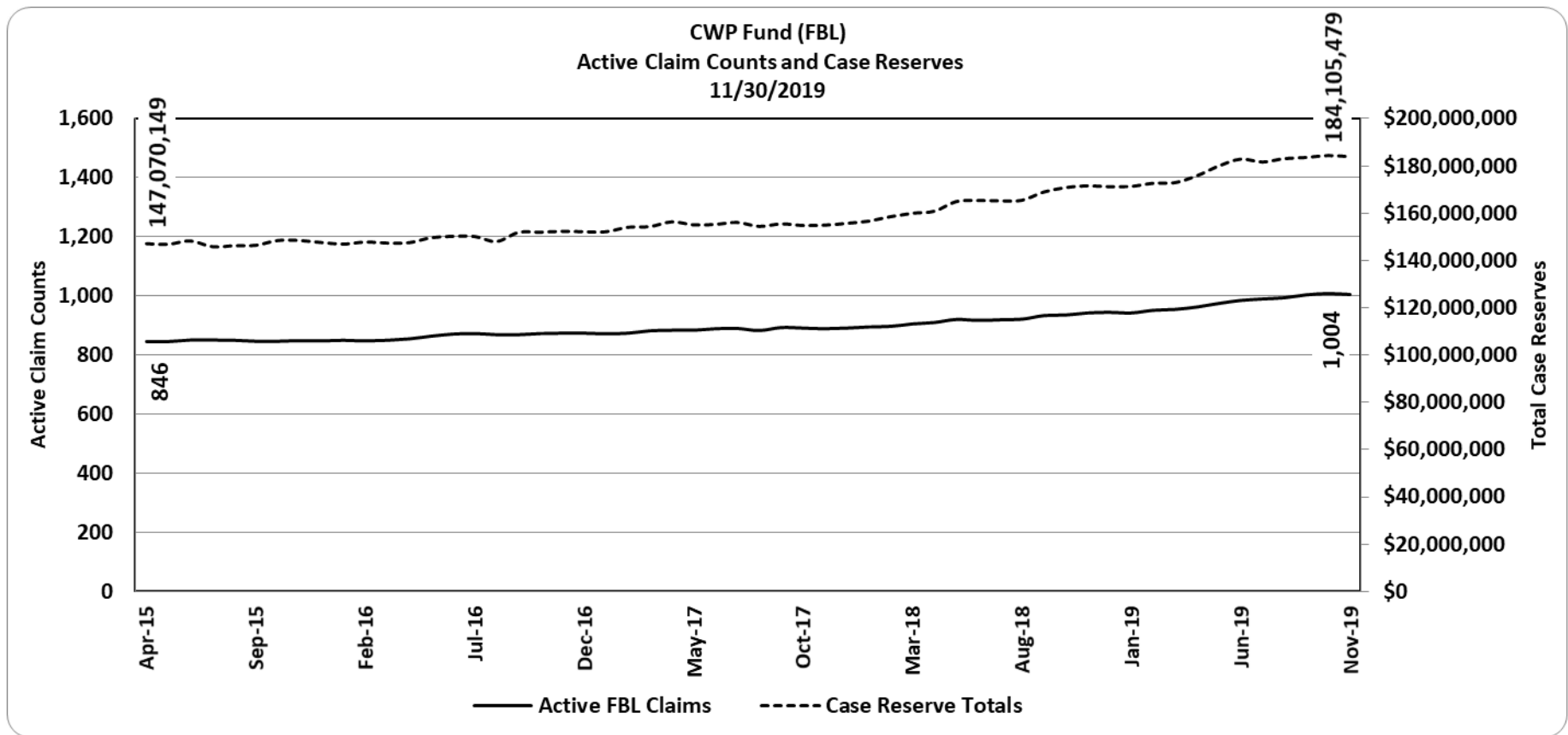
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

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

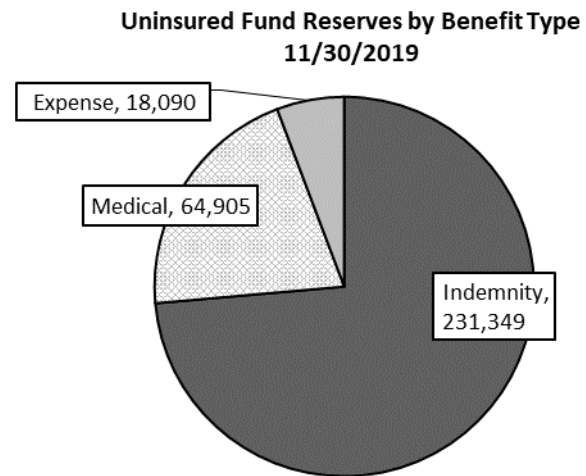
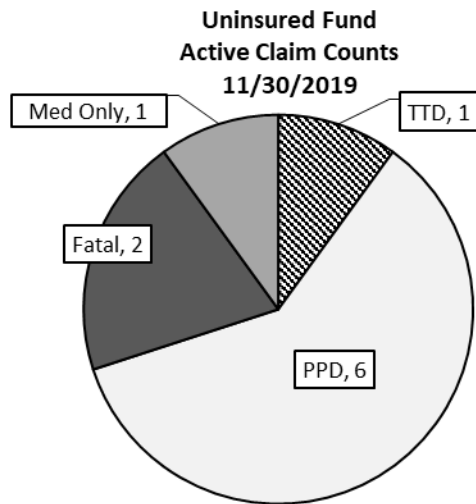
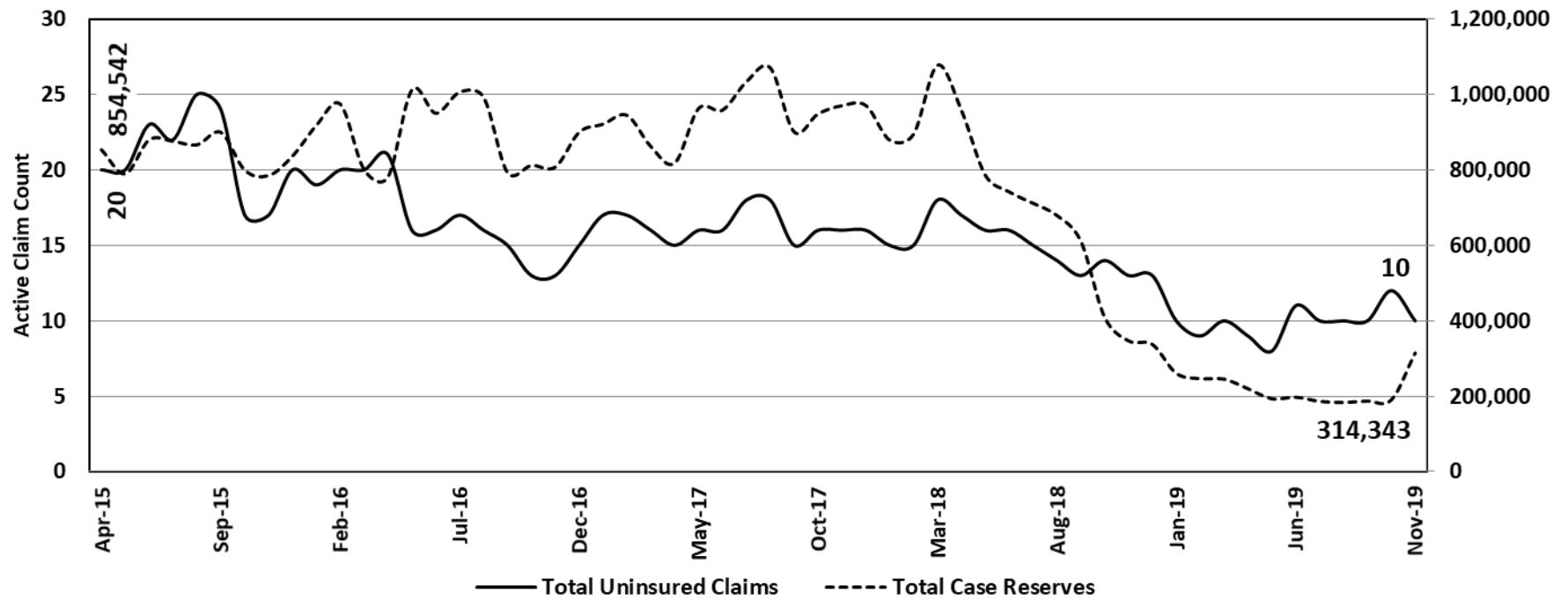
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

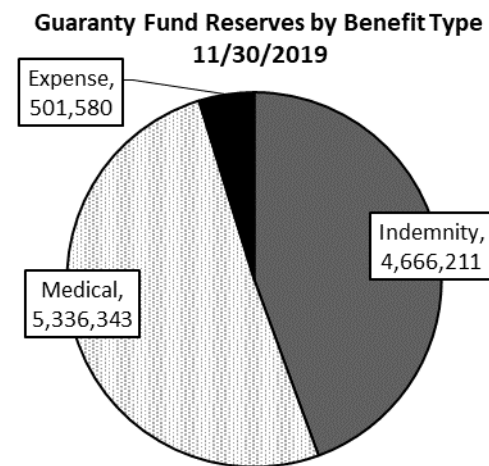
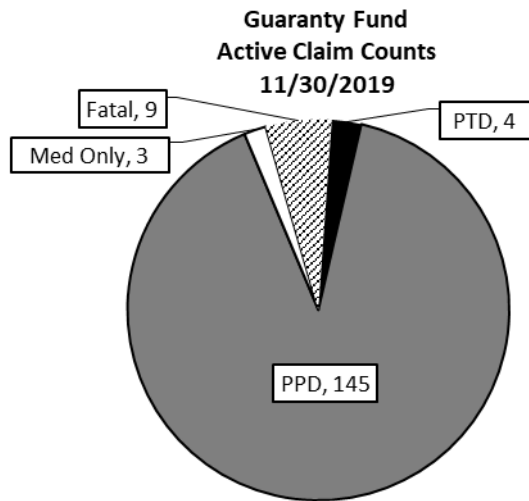
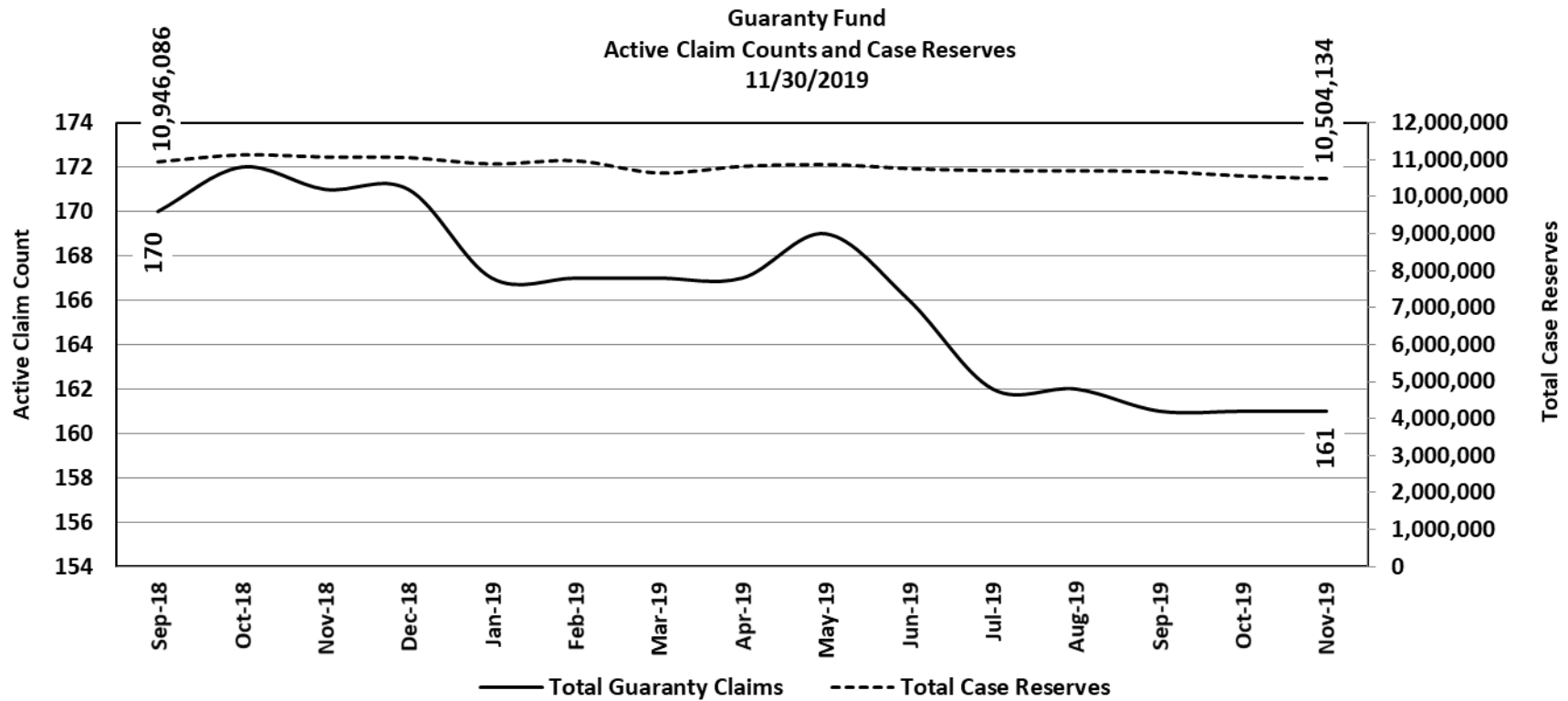
**Old Fund
Active Claim Counts and Case Reserves
11/30/2019**



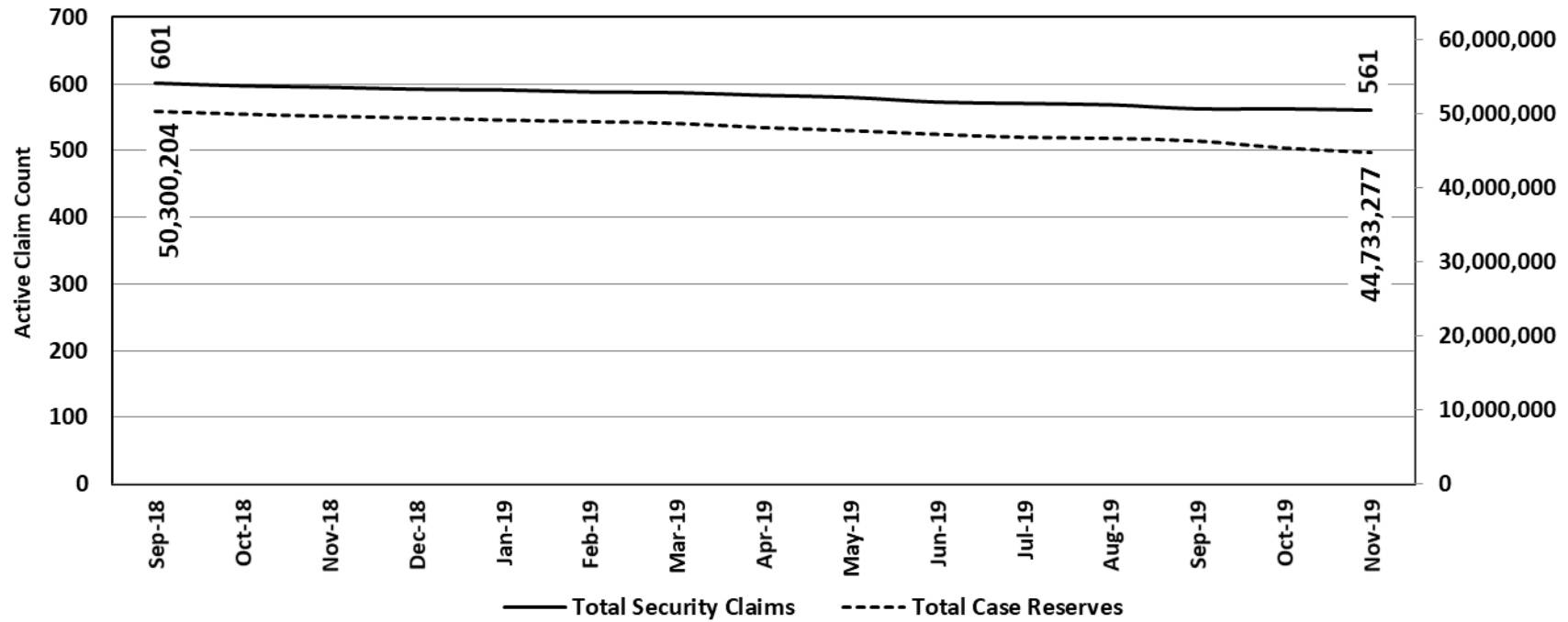


**Uninsured Fund
Active Claim Counts and Case Reserves
11/30/2019**

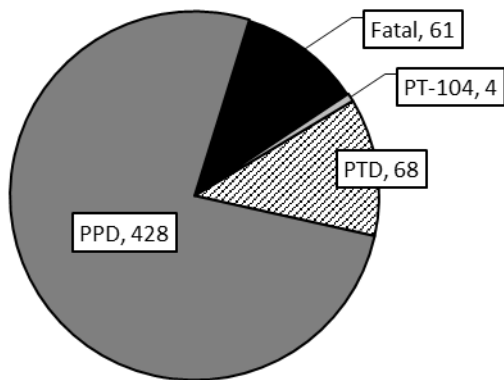




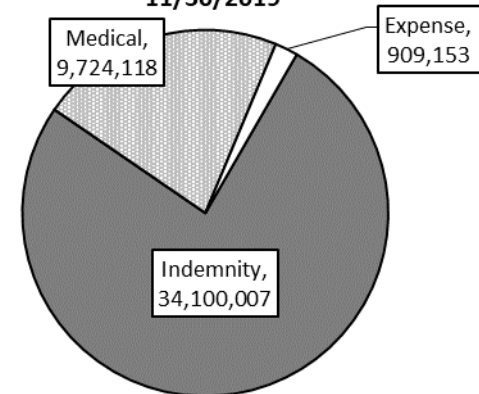
**Security Fund
Active Claim Counts and Case Reserves
11/30/2019**



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



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



OLD FUND CASH STATEMENT
NOVEMBER 30, 2019

Three Year History for years ended:

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

Note: The purpose of this report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of cash and investments with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND
NOVEMBER 30, 2019

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

Note: The Coal Worker's Pneumoconiosis Fund (CWP Fund) ceased operations December 31, 2005 and is in run-off status under the administrative oversight of the Insurance Commissioner. Established in 1973, the CWP Fund existed to provide insurance coverage to companies for liabilities incurred as a result of the Federal Coal Mine Health and Safety Act of 1969. Participation in the CWP Fund was voluntary for employers. The current revenues of the CWP Fund are limited to the earnings from invested assets. Assets of the CWP Fund are invested with the WV Investment Management Board. The investment earnings are presented in the month in which the State Treasurer records the earnings. The liabilities of the CWP Fund consist of the claims for coal miners who are totally disabled or beneficiaries of coal miners who have died as a result of coal worker's pneumoconiosis. To be eligible for benefits from the CWP Fund, the date of last exposure of the coal miner must be on or before December 31, 2005. The Coal Workers Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL
NOVEMBER 30, 2019

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

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The assets of the Self-insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL
NOVEMBER 30, 2019

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

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The assets of the Self-insured Security Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND
NOVEMBER 30, 2019

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

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.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 30 2020

OPERATING REPORT OCTOBER 2019

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Glenda Probst,
Appointed by the
Governor

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

Executive Staff

Executive
Director

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

Chief Financial
Officer

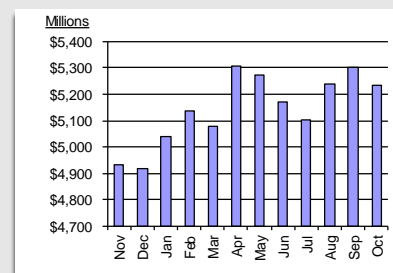
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$5,236,151,000

Last Month
\$5,302,860,000

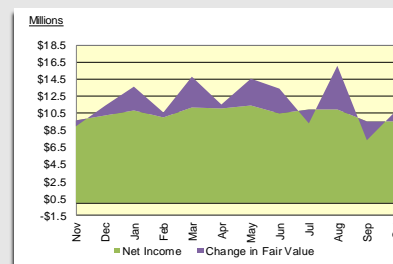
Beginning of Fiscal Year
\$5,169,224,000



**Net Assets for the Past
12 Months**

Total Net Income & Changes in Fair Value

Fiscal Year
\$43,552,000



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

Money Market Pools

As of October 31, 2019

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.0621%	38 Days	\$3.9 Billion
WV Gov't Money Market	1.8633%	46 Days	\$272.9 Million

* Yields represent the simple money market yield net of fees.

** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

OCTOBER 2019

Renewed Optimism

Market Results

Investors embraced risk assets in October amid more accommodative monetary policies from the Federal Reserve and the European Central Bank, and renewed optimism around the outcomes of Brexit, and the trade war between the United States and China. In equities, international and emerging markets led the way with the MSCI EAFE Index and MSCI Emerging Markets Index returning 3.6% and 4.2%, respectively; the outperformance underscored a softness in the US dollar and improving sentiment around trade which has weighed heavily on many export-heavy economies in 2019. In the US, the S&P 500 Index hit a new high, up 2.2% for the month and 23.2% for the year so far.

Following the Fed's third rate cut this year, the short end of the US Treasury curve moved slightly lower. That said, the curve still steepened at the 10- and 30-year points, which increased one- and five-basis points, respectively. Outside the US, yields moved higher with 10-year German and Japanese bonds rising by 17- and nine-basis points, respectively. In emerging markets, the JPM EMBI Global Diversified Index increased 0.3% last month, in response to spread compression of 15 basis points. Within local emerging debt, the JPM GBI-EM Global Diversified Index was up 2.9% in October, reflecting modest currency strength relative to the US dollar.

In real assets, MLPs faced a difficult October with negative fund flows and significant regulatory changes. Performance between MLPs and C-Corps has continued to diverge, with the Alerian MLP Index down 6.2% for the month, while the Alerian Midstream Energy Index lost 3.8%.

Market Outlook

As 2019 draws to a close, we remain cautious on risk assets given their robust performance so far this year. To this end, we maintain our recommendations to rebalance overall equity exposure and reduce return-seeking credit.

West Virginia Board of Treasury Investments Financial Highlights as of October 31, 2019

WV Short Term Bond Pool

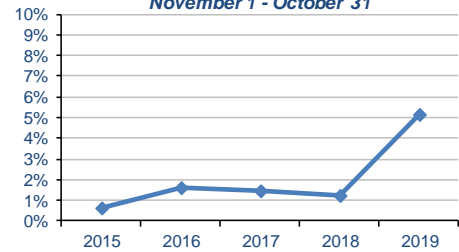
Rates of Return for the Past 12 Months *Net of All Fees*

<u>November 1 - October 31</u>	<u>Return</u>	<u>Net Assets At Oct 31 (In Millions)</u>
2019	5.2%	\$ 821.0
2018	1.3%	\$ 714.2
2017	1.5%	\$ 763.7
2016	1.6%	\$ 778.5
2015	0.7%	\$ 803.4

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

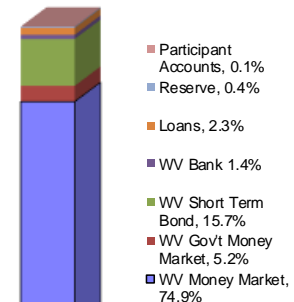
*Past 12 Months
November 1 - October 31*



Summary of Value and Earnings (*In Thousands*)

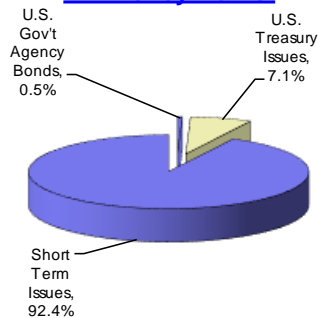
<u>Pool</u>	<u>Net Asset Value</u>	<u>Oct Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,925,903	\$ 6,926	\$ 29,764
WV Gov't Money Market	272,921	434	1,854
WV Short Term Bond	821,030	2,967	10,174
WV Bank	72,185	141	611
Loans	121,555	247	970
Reserve	19,735	34	147
Participant Accounts	2,822	6	32
	<u>\$ 5,236,151</u>	<u>\$ 10,755</u>	<u>\$ 43,552</u>

Percent of Total Net Asset Value

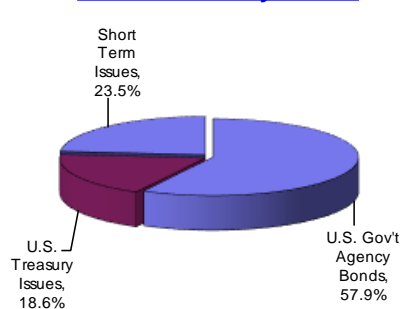


Securities by Type for Operating Pools (*Percentage of Asset Value*)

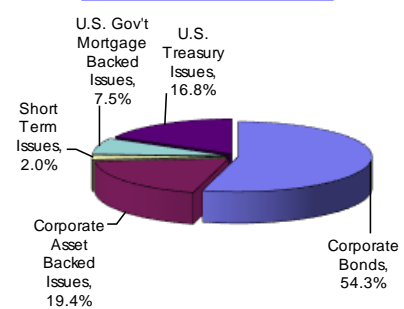
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
OCTOBER 31, 2019
(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	\$ 3,933,757	\$ 272,873	\$ -	\$ 71,712	\$ 141,020	\$ -	\$ 4,419,362
At fair value	-	-	828,812	-	-	2,802	831,614
Other assets	3,293	144	13,275	481	283	21	17,497
Total assets	<u>3,937,050</u>	<u>273,017</u>	<u>842,087</u>	<u>72,193</u>	<u>141,303</u>	<u>2,823</u>	<u>5,268,473</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	<u>11,147</u>	<u>96</u>	<u>21,057</u>	<u>8</u>	<u>13</u>	<u>1</u>	<u>32,322</u>
Total liabilities	<u>11,147</u>	<u>96</u>	<u>21,057</u>	<u>8</u>	<u>13</u>	<u>1</u>	<u>32,322</u>
Net Position							
Held in trust for investment pool participants	3,925,903	272,921	821,030	72,185	141,290	-	5,233,329
Held in trust for individual investment account holders	-	-	-	-	-	2,822	2,822
Total net position	<u>\$ 3,925,903</u>	<u>\$ 272,921</u>	<u>\$ 821,030</u>	<u>\$ 72,185</u>	<u>\$ 141,290</u>	<u>\$ 2,822</u>	<u>\$ 5,236,151</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,568	\$ 177	\$ 1,808	\$ 142	\$ 283	\$ 10	\$ 5,988
Net (amortization) accretion	3,537	271	(14)	-	-	(2)	3,792
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>7,105</u>	<u>448</u>	<u>1,794</u>	<u>142</u>	<u>283</u>	<u>8</u>	<u>9,780</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	<u>179</u>	<u>14</u>	<u>56</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>252</u>
Total investment expenses	<u>179</u>	<u>14</u>	<u>56</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>252</u>
Net investment income	6,926	434	1,738	141	281	8	9,528
Net realized gain (loss) from investments	-	-	879	-	-	-	879
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>348</u>
Net increase (decrease) in net position from operations	6,926	434	2,967	141	281	6	10,755
Participant transaction additions:							
Purchase of pool units by participants	761,390	19,477	-	132	4,432	-	785,431
Reinvestment of pool distributions	6,926	434	2,177	141	281	-	9,959
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>768,316</u>	<u>19,911</u>	<u>2,177</u>	<u>273</u>	<u>4,713</u>	<u>-</u>	<u>795,390</u>
Total additions	775,242	20,345	5,144	414	4,994	6	806,145
Deductions							
Distributions to pool participants:							
Net investment income	6,926	434	1,738	141	281	-	9,520
Net realized gain (loss) from investments	-	-	879	-	-	-	879
Total distributions to pool participants	<u>6,926</u>	<u>434</u>	<u>2,617</u>	<u>141</u>	<u>281</u>	<u>-</u>	<u>10,399</u>
Participant transaction deductions:							
Redemption of pool units by participants	852,986	9,057	-	132	266	-	862,441
Withdrawals from individual investment accounts	-	-	-	-	-	14	14
Total participant transaction deductions	<u>852,986</u>	<u>9,057</u>	<u>-</u>	<u>132</u>	<u>266</u>	<u>14</u>	<u>862,455</u>
Total deductions	<u>859,912</u>	<u>9,491</u>	<u>2,617</u>	<u>273</u>	<u>547</u>	<u>14</u>	<u>872,854</u>
Net increase (decrease) in net position from operations	(84,670)	10,854	2,527	141	4,447	(8)	(66,709)
Inter-pool transfers in	-	-	-	500	-	-	500
Inter-pool transfers out	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
Net inter-pool transfers in (out)	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(85,170)	10,854	2,527	641	4,447	(8)	(66,709)
Net position at beginning of period	4,011,073	262,067	818,503	71,544	136,843	2,830	5,302,860
Net position at end of period	<u>\$ 3,925,903</u>	<u>\$ 272,921</u>	<u>\$ 821,030</u>	<u>\$ 72,185</u>	<u>\$ 141,290</u>	<u>\$ 2,822</u>	<u>\$ 5,236,151</u>



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

1900 Kanawha Boulevard East • Building Five • Room 110
Charleston, West Virginia 25305-0430 • (304) 558-3505

Byrd E. White, III
Secretary of Transportation/
Commissioner of Highways

November 22, 2019

Jimmy Wriston, P. E.
Deputy Secretary/
Deputy Commissioner

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: Byrd E. White, III
Secretary of Transportation/
Commissioner of Highways
Chair, Complete Streets Advisory Board

SUBJECT: Annual Report

PREPARED BY: <i>ms</i>		
DATE: <i>11/22/19</i>		
	OFFICE	OK
<i>2</i>	CC	<i>JD</i>
	CH	
	HD	
	HO	
	HP	
<i>3</i>	<i>SC</i>	<i>CC</i>
	SEC	
<i>1</i>	<i>for CD</i>	<i>ms</i>

The Complete Streets Advisory Board is pleased to submit an Annual Report concerning the Board's activities during 2018. Please note that the Board met for the first time during 2018 and as a result the activities described within this report appear to be minimal. However, the Board anticipates that future reports will include substantially more accomplishments and activities.

If additional information is needed regarding this document, please feel free to contact my office.

BEW:Cs

Enclosure

cc: The Honorable Jim Justice, Governor

Date	Description	Debit	Credit	Balance
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

1900 Kanawha Boulevard East • Building Five • Room 110
Charleston, West Virginia 25305-0430 • (304) 558-3505


Byrd E. White, III
**Secretary of Transportation/
Commissioner of Highways**

November 22, 2019

Jimmy Wriston, P. E.
**Deputy Secretary/
Deputy Commissioner**

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: Byrd E. White, III 
**Secretary of Transportation/
Commissioner of Highways
Chair, Complete Streets Advisory Board**

SUBJECT: Annual Report

The Complete Streets Advisory Board is pleased to submit an Annual Report concerning the Board's activities during 2018. Please note that the Board met for the first time during 2018 and as a result the activities described within this report appear to be minimal. However, the Board anticipates that future reports will include substantially more accomplishments and activities.

If additional information is needed regarding this document, please feel free to contact my office.

BEW:Cs

Enclosure

cc: The Honorable Jim Justice, Governor

COMPLETE STREETS ADVISORY BOARD

2018 ANNUAL REPORT

BACKGROUND

The provisions of W.Va. Code §17-4A (the *Complete Streets Act*) stipulate that all transportation projects receiving federal or state funds should strive to improve safety, access and mobility for users of all ages and abilities, defined to include pedestrians, bicyclists, public transportation vehicles and their passengers, motorists, movers of commercial goods, persons with disabilities, older adults and children. Accommodation of all users should be considered in the planning, design, construction, reconstruction, rehabilitation, maintenance and operations of any state, county or local transportation facilities receiving funds from the Division of Highways (DOH). Further, the DOH is encouraged to 1) create a safe, comprehensive, integrated and connected network to accommodate all users in a manner that is suitable to the rural, suburban or urban context; and 2) to use the latest and best design standards as they apply to bicycle, pedestrian, transit and highway facilities.

The 16-member Complete Streets Advisory Board (the “Board”) was established by the West Virginia Legislature to 1) provide and facilitate communication, education and advice between the DOH, counties, municipalities, interest groups and the public; 2) to make recommendations to the DOH, counties and municipalities for restructuring procedures, updating design guidance, providing educational opportunities to employees and creating new measures to track the success of multimodal planning and design; and 3) to submit to the Joint Committee on Government and Finance, through the DOH, an annual report.

ACTIVITIES

The Board held its first meeting October 18, 2018, in Huntington, West Virginia, and discussed potential future activities, including development of a Statewide policy for Complete Streets, increasing public awareness, and reviewing funding strategies. During that same meeting, a representative of the Appalachian Regional Commission made a presentation.

In addition to the administration of the federally and State-funded highway program, the DOH is implementing the Roads to Prosperity initiative throughout the State in an effort to improve safety, access and mobility for the traveling public. The scope of projects that have been completed or that are under construction by the DOH include new corridors along new alignments, expansion of existing facilities, operational improvements, resurfacing, maintenance and other similar activities.

Appropriate consideration is given to the inclusion of bicycle, pedestrian, and public transit accommodations, in accordance with the DOH Design Directives. The DOH Transportation

Alternatives (TA) program provides funding that may be used for construction, planning and design of on-road and off-road trail facilities for pedestrians, bicyclists and other non-motorized forms of transportation including new or reconstructed sidewalks, walkways, or curb ramps, bicycle infrastructures, pedestrian and bicycle signals, traffic calming techniques, lighting and other safety-related infrastructure, and transportation projects to achieve compliance with the Americans with Disabilities Act of 1990; and for construction, planning, and design of infrastructure-related projects and systems that will provide safe routes for non-drivers, including children, older adults and individuals with disabilities to access daily needs. Several TA projects funded through the FY2018 program involve construction or reconstruction of pedestrian access routes along DOH roadways.

The DOH made no revisions during the reporting period to any Design Directive or other design guideline to facilitate complete streets implementation. To date, no multimodal performance indicators have been developed by the Board or by the Division of Highways concerning bicycle or pedestrian travel, or for public transit utilization. The intent of the Board is to review this issue and propose appropriate indicators that may be considered for implementation.

Several of the larger transit authorities in West Virginia have provided data concerning utilization of transit bus bicycle racks. Generally, the racks are well-used for transporting bicycles as well as mobility devices, with the transit authorities reporting utilization of the racks varying from about 10 to 35 times per day. Utilization is lower during the winter months, which is to be expected. A summary of crashes occurring on public streets and highways in West Virginia is included in this report.

NEXT STEPS

The Board intends to meet on a regular basis and develop recommendations for consideration by the DOH and others, as appropriate, for implementation of Complete Streets concepts.



West Virginia Division of Highways

Traffic Engineering Division

Summary of Crashes Occurring on Public Streets and Highways

Date Range 01/01/2018 - 12/31/2018

Crashes:	36,205		
Injury Crashes:	9,491	Injuries:	13,971
Fatal Crashes:	265	Fatalities:	294
Property Damage Only Crashes:	26,449		
Vehicles Involved:	62,188	Non-Motorists Involved:	433

Manner of Collision		
Single Vehicle Crash	12,868	35.54%
Rear End	9,010	24.89%
Head On	1,124	3.10%
Sideswipe Same Dir.	3,260	9.00%
Sideswipe Opp. Dir.	1,667	4.60%
Rear to Side	341	4.60%
Rear to Rear	103	0.28%
Angle (Front to Side) Same Dir.	1,488	4.11%
Angle (Front to Side) Opp. Dir.	1,665	4.11%
Right Angle	3,820	4.11%
Angle Direction Not Specified	859	4.11%

Relation to Junction / Junction Type		
Non-Junction	24,096	66.55%
Non-Interchange Area Junction	10,294	28.43%
Intersection	0	0.00%
Intersection-Related	0	0.00%
Interstate to Interstate	0	0.00%
Railroad Grade Crossing	0	0.00%
Median Crossover Related	0	0.00%
Bus or Res Driveway / Alley	0	0.00%
Other Non-Interchange	0	0.00%
Interchange Area Junction	1,807	4.99%
Thru Roadway	1,366	75.59%
Merge/Diverge Area	4,299	237.91%
Intersection	9,359	517.93%
Intersection-Related	4,348	240.62%
Entrance/Exit Ramp	14,268	789.60%
Other Part of Interchange	464	25.68%

Intersection Type		
4-Way Intersection	5,193	37.89%
T Intersection	4,293	31.32%
Y Intersection	357	2.60%
Part of Interchange	147	1.07%
Roundabout	42	0.31%
5-Point or More	43	0.31%

First Harmful Event		
Overturn/Rollover	1,201	3.32%
Fire / Explosion	9	0.02%
Immersion	10	0.03%
Jackknife	43	0.12%
Cargo Loss / Shift	61	0.17%
Person Fell / Jumped from Veh	20	0.06%
Thrown or Falling Object	72	0.20%
Other Non-Collision	749	2.07%
Pedestrian	269	0.74%
Pedalcycle	82	0.23%
Railroad Vehicle	9	0.02%
Animal	1,252	3.46%
Motor Vehicle in Transport	21,301	58.83%
Parked Vehicle	1,711	4.73%
Work Zone / Maint Equipment	25	0.07%
Other Non-Fixed Obj.	284	0.78%
Impact Attenuator	19	0.05%
Bridge Overhead Structure	21	0.06%
Bridge Pier or Support	22	0.06%
Bridge Rail	103	0.28%
Culvert	153	0.42%
Curb	103	0.28%
Ditch	1,523	4.21%
Embankment	1,300	3.59%
Guardrail Face	1,247	3.44%
Guardrail End	215	0.59%
Cable Median Barrier	241	0.67%
Concrete Traffic Barrier	444	1.23%
Other Traffic Barrier	25	0.07%
Tree (Standing)	960	2.65%
Utility Pole / Light Support	1,007	2.78%
Traffic Sign Support	253	0.70%
Traffic Signal Support	21	0.06%
Other Post, Pole, or Support	202	0.56%
Fence	439	1.21%
Mailbox	141	0.39%
Other Fixed Object	668	1.85%

Location of First Harmful Event		
On Roadway	28,532	78.81%
Shoulder	2,781	7.68%
Median	444	1.23%
Roadside	3,208	8.86%
Gore	21	0.06%
Separator	43	0.12%
In Parking Lane or Zone	249	0.69%
Off Roadway, Loc Unknown	589	1.63%
Outside Right-of-Way	234	0.65%
Unknown	104	0.29%

West Virginia Division of Highways

Traffic Engineering Division

Date Range 01/01/2018 - 12/31/2018

Summary of Crashes Occurring on Public Streets and Highways

Lighting Condition						Roadway Contributing Circumstances						
Daylight	25,758	71.14%				None	29,529	81.56%				
Dark - Lighted	3,179	8.78%	Surface Condition (Wet, Icy, etc)	5,741	15.86%							
Dark - Not Lighted	5,958	16.46%	Debris	152	0.42%							
Dawn	724	2.00%	Ruts, Holes, Bumps	138	0.38%							
Dusk	521	1.44%	Worn, Travel Polished Surface	18	0.05%							
Other	65	1.44%	Obstruction in Road	166	0.46%							
Environmental Contributing Circumstances			Pavement Markings Not Visible	28	0.08%							
None	28,615	79.04%	Shoulders	238	0.66%							
Weather Conditions	5,532	15.28%	Problem w/ Traffic Control Device	10	0.03%							
Physical Obstructions	210	0.58%	Work Zone	224	0.62%							
Glare	231	0.64%	Non-Highway Work	5	0.01%							
Animal(s) in Roadway	1,382	3.82%	Other	142	0.39%							
Other	414	1.14%	Work Zone Related									
Weather Condition			Yes	609	1.68%							
Clear	22,388	61.84%	No	35596	98.32%							
Cloudy	5,665	15.65%	School Zone Related									
Fog / Smog / Smoke	349	0.96%	Yes	97	0.27%							
Rain	6,122	16.91%	No	36108	99.73%							
Sleet / Hail / Freezing Rain	567	1.57%	School Bus Involved									
Snow	1,968	5.44%	No	35,964	99.33%							
Blowing Snow	127	0.35%	Yes, Directly	189	0.52%							
Severe Crosswinds	36	0.10%	Yes, Indirectly	52	0.14%							
Blowing Sand / Soil / Dirt	2	0.01%	Road Surface Type									
Other	140	0.39%	Asphalt	34,411	95.04%							
Roadway Surface Condition			Concrete	1,403	3.88%							
Dry	24,483	67.62%	Gravel	255	0.12%							
Wet	8,721	24.09%	Dirt	58	0.70%							
Snow	1,145	3.16%	Brick	42	0.16%							
Slush	375	1.04%	Other	36	0.10%							
Ice / Frost	1,071	2.96%	Reported By									
Water (Standing / Moving)	105	0.29%	State Police	5,965	16.48%							
Mud, Dirt, Gravel, Sand	122	0.34%	City Police	14,862	41.05%							
			County Sheriff Dept	15,254	42.13%							
			Other	124	0.34%							
Month						Day						
January	3,098	8.56%	July	2,803	7.74%	Monday	5,324	14.71%				
February	2,611	7.21%	August	3,173	8.76%	Tuesday	5,490	15.16%				
March	2,930	8.09%	September	3,177	8.78%	Wednesday	5,475	15.12%				
April	2,569	7.10%	October	3,495	9.65%	Thursday	5,595	15.45%				
May	2,997	8.28%	November	3,288	9.08%	Friday	6,239	17.23%				
June	2,914	8.05%	December	3,150	8.70%	Saturday	4,488	12.40%				
						Sunday	3,594	9.93%				
Time of Day (By Hour)												
	12 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	11 - 12
AM	619	490	445	405	406	650	1,171	1,907	1,657	1,513	1,635	1,887
	1.71%	1.35%	1.23%	1.12%	1.12%	1.80%	3.23%	5.27%	4.58%	4.58%	4.52%	5.21%
PM	2,372	2,262	2,467	2,867	2,935	2,941	2,103	1,507	1,295	1,131	880	660
	6.55%	6.25%	6.81%	7.92%	8.11%	8.12%	5.81%	4.16%	3.58%	3.58%	2.43%	1.82%



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

1900 Kanawha Boulevard East • Building Five • Room 110
Charleston, West Virginia 25305-0430 • (304) 558-3505

Byrd E. White, III
Secretary of Transportation/
Commissioner of Highways

November 22, 2019

Jimmy Wriston, P. E.
Deputy Secretary/
Deputy Commissioner

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: Byrd E. White, III **ORIGINAL SIGNED BY**
Secretary of Transportation/ **Byrd E. White, III**
Commissioner of Highways
Chair, Complete Streets Advisory Board

SUBJECT: Annual Report

The Complete Streets Advisory Board is pleased to submit an Annual Report concerning the Board's activities during 2018. Please note that the Board met for the first time during 2018 and as a result the activities described within this report appear to be minimal. However, the Board anticipates that future reports will include substantially more accomplishments and activities.

If additional information is needed regarding this document, please feel free to contact my office.

BEW:Cs

Enclosure

cc: The Honorable Jim Justice, Governor



**STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Medical Services**

Bill J. Crouch
Cabinet Secretary

Cynthia E. Beane
Commissioner

December 16, 2019

Aaron Allred
West Virginia Legislature
Joint Committee on Government and Finance
1900 Kanawha Boulevard, East
Room E-132
Charleston, WV 25305-0610

RE: West Virginia Intellectual/Development Disabilities Waiver

Dear Mr. Allred:

Thank you for contacting our office regarding the West Virginia Medicaid Intellectual/Development Disabilities Waiver (I/DDW) program managed enrollment list (MEL) and the funding intentions of the Bureau for Medical Services (BMS). The Bureau for Medical Services is pleased to assist you in this matter.

Per Governor Jim Justice's request dated December 13, 2019, BMS is conducting a formal study to determine options for eliminating the MEL for the IDD Waiver program. Governor Justice has directed this study be delivered to him by January 15, 2020.

We appreciate the opportunity to be of service. Please feel free to reach out with any other questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cynthia Beane".

Cynthia Beane, MSW, LCSW
Commissioner

CB/PN/ko

Cc: Jeremiah Samples, Deputy Secretary, Department of Health and Human Resources
Sarah Young, Deputy Commissioner, Bureau for Medical Services
Patricia Nisbet, Office Director, Home and Community-Based Services, BMS

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

1900 Kanawha Blvd. East, Room E-132
Charleston, WV 25305-0610
(304) 347-4800
(304) 347-4819 FAX



Aaron Allred
Legislative Manager

November 22, 2019

Cynthia E. Beane, Commissioner
WV Bureau for Medical Services
305 Capitol Street
Suite 251
Charleston, WV 25301

Dear Commissioner Beane:

During the November 19, 2019 meeting of the Joint Committee on Government and Finance, the committee requested additional information regarding the IDD Waiver waitlist and the funding intentions of your agency.

If you have any additional information on the Waiver to share with the committee, please provide it to Shannon Riley shannon.riley@wvlegislature.gov no later than the close of business on December 11, 2019. If you have any questions regarding this request, please contact me or Ms. Riley at (304) 347-4800.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Allred".

Aaron Allred

c: Mitch Carmichael, Senate President
Roger Hanshaw, Speaker of the House of Delegates
Mike Hall, Chief of Staff
Jeremiah Samples, Deputy Secretary

December 17, 2019



Land Reuse Agency Use of the Right of First Refusal at Tax Sales

A Report to the Joint Committee on Government and Finance by:

City of Huntington and the Huntington Land Reuse Agency
City of Morgantown and the Morgantown Land Reuse and Preservation Agency
City of Nitro and the Nitro Land Reuse Authority of Kanawha and Putnam Counties
City of Charleston and the Charleston Land Reuse Agency
The West Virginia Abandoned Properties Coalition
The West Virginia Municipal League

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HISTORY OF LAND REUSE LEGISLATION

Authorization of Land Reuse Entities

For over a decade West Virginia has experienced a significant increase in vacant, abandoned, dilapidated, and tax delinquent properties due to the loss of population across the state. These properties impose significant costs to municipalities and counties by increasing fire and police protection costs, increasing labor costs for removal of overgrown weeds and brush, and imposing costs for demolition of unsafe or dilapidated structures, while, at the same time, lowering property values which result in decreasing tax revenues. These properties also undermine community cohesion and can be an impediment to attracting development investment.

In an effort to provide an additional tool to combat the growing problem of dilapidated properties, the West Virginia Legislature in 2014 enacted W. Va. Code § 31-18E-1 *et seq.* authorizing the creation of Land Reuse Agencies (LRAs) by individual public bodies - either municipal or county - and Land Reuse Jurisdictions (LRJs) by combinations of municipalities and/or counties. The Land Reuse Agency is similar to an urban renewal authority with arguably fewer powers than an urban renewal authority (LRAs do not have the authority of eminent domain) but the flexibility to hold properties in a broader geographical area, and in smaller communities that might lack a comprehensive plan. The purpose of these Land Reuse entities was to provide a flexible tool for the purchase, rehabilitation, improvement, or sale of vacant, abandoned, and tax delinquent real property resulting in the elimination of blight and the return of properties to productive use.

Tax-Delinquent Properties

As municipalities worked to address the problems associated with dilapidated and abandoned properties, the problem of properties that were tax-delinquent or were tied up in the tax sale public auction process emerged. In some cases, tax liens on severely dilapidated properties were being purchased by out of state private entities that were not interested in the rehabilitation of the properties, but in the financial gains that can be made when a tax lien is redeemed. If these properties were not redeemed during the eighteen-month redemption period, no tax deed was executed, and the properties continued to languish.

If tax-delinquent properties were identified as ones that were in need of remediation or were necessary or desired for economic development initiatives, municipalities were faced

with bidding against private investors during the county tax sales in an effort to affect the desired improvements for the community. This frustrated the rehabilitation and development plans of the municipalities, allowing vacant and dilapidated properties to continue to drain public funds and demoralize neighborhoods, sometimes for years.

The enabling statute did not allow LRAs to purchase of tax-delinquent properties at a tax sale by unless there were no other bidders on the property. The LRA could identify properties that fit within the mission of the LRA but could not reliably acquire those properties through the tax sale process.

Amendment to the Legislation

In 2017, the Legislature passed HB 2109, introduced by Cabell County delegates, which amended the statute allowing LRAs to have the right of first refusal to purchase the tax liens on tax-delinquent properties within the geographic limits of the LRA. The properties are limited to those that have an assessed value of \$25,000 or less or that have been condemned. The statute requires that a county sheriff's tax office compile a list of qualifying properties from which the LRA could purchase prior to the public auction. The LRA is required to pay the full amount of taxes and fees owed on the property. The amended statute also requires that LRAs provide notice to owners of properties adjoining any property purchased in this manner and that adjoining owners be allowed to acquire the property from the LRA for an amount equal to the amount the LRA paid for the property.

Due to the concerns of some members of the Legislature, a sunset provision was added to the right of first refusal. This sunset provision is effective July 1, 2020. The amended code also permitted any LRA to submit a report on its activities related to the purchase of tax-delinquent properties to the Joint Committee on Government and Finance prior to January 1, 2020.

ACTIVITY OF LAND REUSE AGENCIES RELATED TO W. VA. CODE §31-18E-9

Active Land Reuse Agencies

Currently, there are five Land Reuse Agencies in West Virginia, three of which have been formed in the last year:

- Huntington Land Reuse Agency, City of Huntington (Class II municipality), established in August of 2009;
- Morgantown Land Reuse and Preservation Agency, City of Morgantown (Class II municipality), established in 2018;
- Nitro Land Reuse Authority of Kanawha and Putnam Counties, City of Nitro (Class III municipality), established in October of 2019;
- Charleston Land Reuse Agency, City of Charleston (Class I municipality), established in November of 2019; and
- South Charleston Land Reuse Agency, City of South Charleston (Class II municipality), established in November of 2019.

Huntington Land Reuse Agency

In 2009, the City of Huntington was the first West Virginia municipality to establish a Land Reuse Agency as part of its participation in the West Virginia Home Rule Pilot Program. Its stated purpose was to stabilize neighborhoods, preserve and increase property values, and reduce the expense burden on municipal and county government from abandoned and derelict properties. The budget of the Huntington LRA has historically been focused on its stated priorities: the reduction of blight through demolition of dilapidated structures; boarding-up and securing of abandoned properties; and maintaining abandoned properties through weed and garbage removal.

The corporate limits of the City of Huntington cover property in both Cabell and Wayne counties. Although the Huntington LRA has not exercised the right of first refusal on any Cabell or Wayne County tax-delinquent properties as of the date of this report, the Huntington LRA is in the process of determining the amount of funding that could be dedicated for the acquisition of tax-delinquent properties through the right of first refusal without diminishing the revitalization programs that have over the last decade been so successful in reducing blight and stabilizing neighborhoods in Huntington.

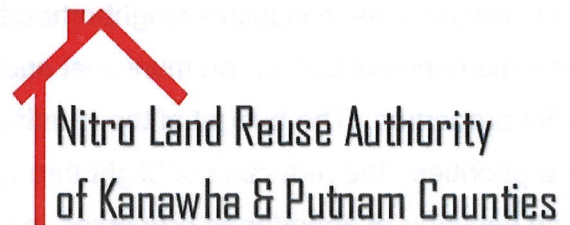


Morgantown Land Reuse and Preservation Agency

The Morgantown Land Reuse and Preservation Agency has been operational since January of 2019. The LRA has been setting its goals, objectives, and priorities during 2019, and in the 2019-2020 budget cycle, the City Council of Morgantown did not budget funds to the LRA to be used for the purchase of tax-delinquent properties through the right of first refusal process. Even though it was unable to exercise this right, the LRA did conduct a “mock run” during Monongalia County’s November 2019 tax sale. With the collaborative cooperation of the Monongalia Sheriff’s Department, the Agency has established the process through which tax-delinquent properties that would be eligible for purchase under the right of first refusal are provided to the LRA in a form that enables the LRA to use GIS to analyze and evaluate the properties. Using this analysis of properties that were available in the 2019 tax sale, the LRA anticipates submitting a funding request to the Morgantown City Council for the 2020-2021 budget cycle.

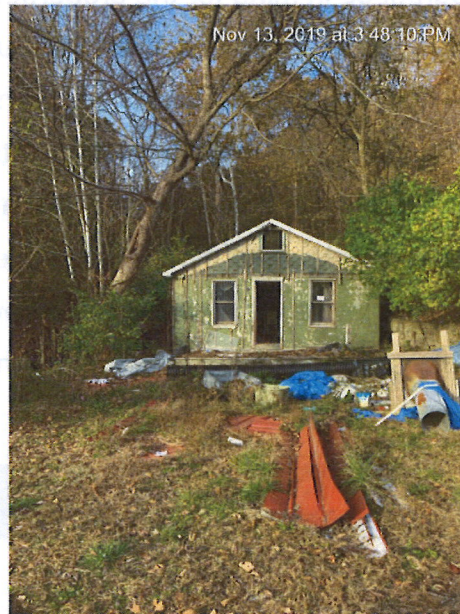
Nitro Land Reuse Authority of Kanawha and Putnam Counties

The Nitro Land Reuse Authority of Kanawha and Putnam Counties has been operational since early October 2019. The corporate limits of the City of Nitro cover property in both Kanawha and Putnam counties so this LRA quickly established a process with the sheriffs of both counties for the provision of a list of tax-delinquent properties that would qualify under the statute. The LRA determined that it would purchase the tax liens on 16 properties that were in the part of Nitro located in Kanawha County, and 3 properties that were in the part of Nitro located in Putnam County. Some of the properties were selected because they were targets for remediation. Others were selected due to their proximity to other properties already in possession on the City of Nitro for which rehabilitation plans were already being executed. The LRA spent \$8,567 in Kanawha County and \$3,024 Putnam County to secure the tax liens to these properties. The liens are still subject to the 18-month redemption period before the LRA can execute its lien and receive a tax deed to the properties. Under the statute, adjoining property owners have until March of 2020 to exercise their right to purchase the tax liens acquired by the LRA through the right of first refusal.



Examples of Nitro Properties

Purchased from the November 2019 tax sale list



1103 Old Country Road

Slated for demolition. This property adjoins two other parcels that were already in the possession of the City of Nitro. The parcels may be combined to provide an opportunity for new construction and residential infill.



208 Smith Road

Slated for demolition.

Charleston Land Reuse Agency

The Charleston Land Reuse Agency began operating in November of 2019. The LRA also quickly established a process with the Kanawha County Sheriff by which it could obtain a list of eligible tax-delinquent properties. The LRA decided to use the right of first refusal on several properties with different purposes in mind for the properties: residential infill, economic development support, recreational development opportunities, and economic development initiatives. The LRA first exercised its ability to purchase properties under W. Va. Code §31-18E-9 in November of 2019, purchasing 36 liens totaling \$8,323. Of the liens purchased, 21 have been redeemed as of the time of this report, and the remainder are still subject to the 18-month redemption period before the LRA can execute its lien and receive a tax deed to the properties. Under the statute, adjoining property owners have until March of 2020 to exercise their right to purchase the tax liens acquired by the LRA through the right of first refusal.

An Example of Charleston Property Liens purchased from the November 2019 tax sale list



924 W. Second Street

Property purchased for improving navigation by emergency vehicles of narrow “dog-leg” in the street.

SUMMARY

When a property is abandoned and becomes dilapidated, there is a significant impact on the surrounding property owners and the community at large. The community turns to local government for solutions. Many times, people living in close proximity to a dilapidated structure don't understand or appreciate the due process that must be followed by local governments before a dilapidated property can be remediated and they become frustrated as they witness the daily decline of the condition of their neighborhood. Municipalities are using all tools available to them to combat this problem.

When W. Va. Code §31-18E-9 was amended in 2017, there was only one Land Reuse Agency in West Virginia, the Huntington Land Reuse Agency. In the two years since, municipalities have recognized that a Land Reuse Agency is a valuable tool in combatting the continuing problem of abandoned and dilapidated properties within their cities. Four have established and are operating LRAs. At least five more are at different phases of evaluation and planning, including Class IV towns (populations of under 2,000) that are considering combining their resources into a Land Reuse Jurisdiction. The West Virginia Abandoned Properties Coalition has facilitated a robust working group to provide support for LRAs and a forum for the exchange of information and experience between the agencies.

All of the LRAs operating in West Virginia have put in place, or are actively working toward establishing, a procedure for purchasing tax liens on problem properties through the right of first refusal. The LRAs have worked cooperatively with their respective county sheriffs to obtain lists of properties that would qualify for purchase according to the requirements of the statute. The November 2019 tax sale was the first in which LRAs exercised their rights under amended §31-18E-9 and purchased tax liens prior to their sale at public auction. These purchased liens constituted a negligible amount of the liens sold. In Kanawha County, an estimated \$3 million in tax liens are auctioned annually. The amount of the liens purchased in Kanawha County by LRAs was under \$20,000. These properties are now subject to an eighteen-month waiting period in which the liens may be redeemed. The LRAs have notified adjacent property owners of the LRA's purchase of the properties, and those owners have until March to purchase the liens from the LRAs.

Land Reuse Agencies typically make decisions oriented toward the long-term interests of the community as articulated by its residents. The acquisition of properties necessary to accomplish the community's stated goals - whether for the remediation of blight, expansion of

affordable housing stock, establishment of recreational opportunities, or economic development - is vital to the success of the LRA. With an increasing number of properties subject to sale at a tax lien auction, the ability to have an active role in determining their disposition is also vital. Once a property is involved in the tax lien sale process, it can be as long as three years before a responsible owner is established, leaving the municipality with limited recourse in dealing with the declining condition of the property. Under the original statute, LRAs could only buy tax liens when there were no other bidders. With the growing popularity of tax lien investment - there are dozens of books and YouTube videos on the subject - fewer and fewer properties go without bidders, and the chances that a bidderless property would be one that an LRA has determined is necessary or desirable for rehabilitation are even lower. Even if they could participate in bidding, LRAs do not have the financing to compete with private investors.

The ability to purchase liens prior to public auction has only been in place for two years and given the multi-year duration of the tax sale process, the full benefit has not yet been realized. However, the opportunity to purchase tax liens prior to their offering at a public sale affords Land Reuse Agencies an active role in intervening in the cycle of decline that is perpetuated in part by the tax sale process, and aids in advancing the revitalization and development of West Virginia communities.

CONTACT INFORMATION

The following contributors to this report are available if you have questions or would like additional information.

Huntington Land Reuse Agency

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perryc@huntingtonwv.gov

Morgantown Land Reuse and Preservation Agency

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cfletcher@morgantownwv.gov

Nitro Land Reuse Authority of Kanawha and Putnam Counties

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Charleston Land Reuse Agency

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The West Virginia Abandoned Properties Coalition

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