



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

MATERIALS DISTRIBUTED
SEPTEMBER 14, 2021

OFFICE OF
BROADBAND

August 25, 2021

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

Prepared by the
West Virginia Office of Broadband
August 25, 2021

1. West Virginia Broadband Infrastructure (WVBIP) Plan: Investing West Virginia's Funding under the American Rescue Plan Act to Expand and Improve Broadband services

The West Virginia Department of Economic Development (WVDED), in coordination with the West Virginia Broadband Enhancement Council and the State Broadband Office, will conduct a webinar to review the proposed West Virginia Broadband Investment Plan (WVBIP) on September 8, 2021.

This webinar will provide an overview of programs proposed under the WVBIP. The proposed plan includes four separate programs. The programs are designed to address specific broadband Briefly, the proposed programs include:

- a. Line Extension, Advancement and Development (LEAD): Expansions of existing fiber and cable networks,
- b. GigReady: A state incentive for local governments and organizations to pool some of their ARPA allocations or other local funding,
- c. Major Broadband Infrastructure Investment: New networks or major expansions of existing networks, and
- d. Wireless Internet Networks (WIN): Expansions or upgrades of existing fixed wireless networks.

The webinar is designed for Local Elected Officials, State and Federal Partners, Local Economic Development Authorities, Regional Planning and Development Councils, Internet Service Providers, and Key Stakeholders.

Funding for broadband is anticipated through the American Rescue Plan Act (ARPA). The ARPA will dedicate \$2.17 billion to West Virginia through various funding streams. The Capital Projects Fund includes \$138 million for broadband development in West Virginia. The State and Local Fiscal Recovery Funds available through ARPA can also be dedicated to broadband development. Recognizing this potential partnership, the State program will provide an opportunity to coordinate ARPA funding on state and local levels.

Programs are proposed and subject to appropriations by the West Virginia Legislature. Funding levels and program parameters may change due to appropriations legislation. Some programs propose to use funding allocated to the State of West Virginia under the American Recovery and Reinvestment Act (ARPA). Program parameters are subject to ARPA, U.S. Treasury Rules, and other federal and state requirements.

2. Request for Comment Regarding Unserved Areas

The West Virginia Department of Economic Development, in coordination with the West Virginia Broadband Enhancement Council and the State Broadband Office, has issued a Request for Comment Regarding Unserved Areas to gather broadband data as part of its proposed Broadband Investment Plan. The Request for Comment includes a Preliminary Target Area Map. The Preliminary Target Area Map is intended to support the efficient administration of any funds that may become available for broadband development in West Virginia, including funds provided through the American Rescue Plan Act (ARPA), and/or other federal or state sources, as outlined in the proposed plan.

The agencies conducted a webinar on July 21, 2021, to outline the process for Internet Service Providers (ISPs) that operation in West Virginia. Additional meetings are being held throughout the comment period to gather broadband data.

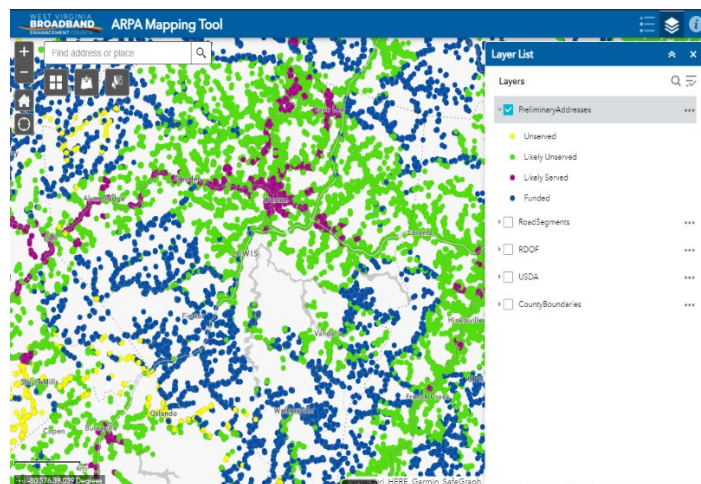
West Virginia counties, municipalities school districts, or other groups, such as local broadband committees, may provide relevant information to their local Regional Planning and Development Council or Local Economic Development Authority if requested. Input from the general public and business users is requested through the West Virginia Broadband Enhancement Council's Survey and Speed Test found at <https://broadband.wv.gov/west-virginia-internet-speed-test/>.

Eligibility for funding under the WVBIP will be determined at the address level. Addresses are based upon statewide address data developed by the West Virginia Statewide Addressing and Mapping System. The Request for Comment includes four classifications of eligibility at the address level: Unserved, Likely Unserved, Likely Served, and Funded, briefly outlined as follows:

- a. **Unserved:** Addresses that do not have current access to internet service of 25/3 Mbps and not in an area with existing state, federal, locally funding. This classification was determined for any address within an unserved census block with speeds less than 25/3 Mbps reported by the latest release of the FCC Form 477 (not counting satellite).
- b. **Likely Unserved:** Potentially unserved addresses are located within census blocks that are considered served by FCC Form 477. Due to the limitations of FCC Form 477 reporting, these addresses have been classified as "Likely Unserved." This classification is inferred from patterns of unserved adjacent census blocks and technology type reported.
- c. **Likely Served:** Addresses that located within census blocks that are considered served by FCC Form 477 due to fiber or cable where the pattern of service strongly suggests that they are likely served.
- d. **Funded:** Addresses located in areas that will receive service from state, federal, or local funding. Many funded addresses may be unserved today, but already have a funded project.

The Request for Comment period is intended to receive information from ISPs and local organizations to identify broadband availability more accurately at the address level. The Request for Comment will help improve the accuracy of broadband availability maps and determine eligibility for grant funding.

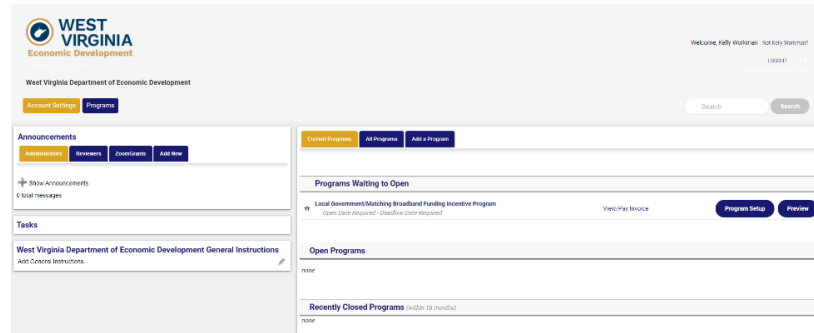
The process is designed to direct limited broadband investment funds to areas demonstrating the most critical needs and to help reduce instances of overbuilding. The comment period will close on September 7, 2021.



3. Broadband Program Application Portal

The West Virginia Department of Economic Development has established an online portal to support the efficient administration of any funds that may be available for broadband development programs in West Virginia.

The online portal will serve as a performance dashboard, providing the ability to establish custom applications and content, reports and queries, financial tracking, project monitoring, auditing and closeout functions.



The portal will launch upon authorization of the WVBIP and/or the allocation of program funds.

4. HB 2002: Broadband Consumer Complaint Procedure

The West Virginia Department of Economic Development, Office of Broadband has coordinated with the Consumer Protection Division of the West Virginia Attorney General's Office on the creation of a Consumer Complaint Procedure, pursuant to West Virginia Code, §31G-1A-2 *et seq.* As outlined in the statute, the procedure will allow consumers to contact the Consumer Complaint Division for assistance in mediating matters outlined in the statute.

5. FCC Emergency Connectivity Fund

The FCC's Emergency Connectivity Fund (ECF) is a \$7.17 billion program designed to help schools and libraries provide the tools and services to support remote learning during. ECF will help close the Homework Gap for students who currently lack connectivity and/or devices. The fund will reimburse reasonable costs of eligible equipment such as Wi-Fi hotspots, modems, routers, devices that combine a modem and router, connected devices, and eligible broadband connections.

Twenty-four counties and the State of West Virginia applied for this funding. The West Virginia State Department of Education applied for \$21.2MM for 47,344 hotspots and service. The 24 West Virginia counties applied for a total of \$25.5MM for various requests including bus wi-fi, hotspots, iPad, and Chromebooks.

The initial ECF Program application filing window closed on August 13. The Universal Service Administrative Company (USAC) is the administrator of the ECF Program and will review applications. Interested schools and libraries can find more information and apply at emergencyconnectivityfund.org.

6. FCC Emergency Broadband Benefit

The Emergency Broadband Benefit is an [FCC program](#) to help families and households struggling to afford internet service during the COVID-19 pandemic. The EBB will provide a discount of up to \$50 per month toward broadband service for eligible households and up to \$75 per month for households on qualifying Tribal lands. Eligible households can also receive a one-time discount of up to \$100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute between \$10 and \$50 toward the purchase price.



The EBB is limited to one monthly service discount and one device discount per household. Households can qualify for the temporary assistance in a number of ways, such as through the use of existing assistance programs like SNAP, Medicaid, Lifeline or if a child received reduced-price school meals programs in the last two school years. For more information, visit fcc.gov/broadbandbenefit or send email to BroadbandBenefit@fcc.gov.

West Virginia EBB Participating Broadband Providers

Broadband Provider	Service Type	Offering Connected Devices (Laptop, Desktop, or Tablet)
A&A Communications	Fixed	
Access Wireless	Mobile	
American Broadband and Telecommunications Company	Mobile	✓
Armstrong Telecommunications	Fixed	
Assurance Wireless	Mobile	✓
AT&T	Mobile	
Atlantic Broadband	Fixed	
Boost Mobile	Mobile	✓
Cellspan	Mobile	✓
Cintex Wireless	Mobile	
Citynet	Fixed	
Cleo Communications	Fixed/Mobile	✓
Comcast (Xfinity)	Fixed	
Crystal Broadband Networks	Fixed	
Earthlink	Fixed/Mobile	
enTouch Wireless	Mobile	✓
Excess Telecom	Mobile	✓
Foundation for California Community Colleges	Mobile	
Frontier Communications	Fixed	
GigaBeam Networks	Fixed	
good2go mobile	Mobile	
Hardy Telecommunications	Fixed	
human-I-T	Mobile	✓
Life Wireless	Mobile	
Lingo	Fixed	
Massillon Cable TV (MCTV)	Fixed	
Metro by T-Mobile	Mobile	✓
Mikrotec CATV	Fixed	
Otelco	Fixed	
PCs for People	Mobile	✓

PRODIGI	Fixed	
QCOL	Fixed	✓
Q Link Wireless	Mobile	✓
Ready Wireless	Mobile	
Sano Health	Mobile	
Selectel Wireless	Mobile	✓
Shentel, Glofiber, Beam Wireless	Fixed	
Skypacket Networks	Fixed	
Spectrum (Charter)	Fixed	
StandUp Wireless	Mobile	✓
Suddenlink	Fixed	
TAG Mobile	Mobile	
TerraCom	Mobile	✓
T-Mobile USA	Fixed/Mobile	
TracFone Wireless	Mobile	✓
TruConnect	Mobile	✓
U.S. Cellular	Fixed/Mobile	
Verizon	Fixed/Mobile	

7. Federal Grant Funding Update

Four applications were submitted from West Virginia to the U.S. Department of Commerce, National Telecommunications and Information Administration (NTIA) Broadband Infrastructure Grant Program. NTIA received more than 230 applications with requests totaling more than \$2.5 billion for the \$288 million program. Applications were submitted from 49 states and U.S. territories. For more information about the NTIA program, view the [press release](#) summarizing the nationwide response.

8. West Virginia Internet Service Providers

Based upon questions received during previous presentations, a profile of fiber providers in West Virginia is provided in this report. In the following months, the Office of Broadband will highlight cable providers, wireless providers and other topics of interest related to broadband development in West Virginia.

Twice per year, the Federal Communications Commission (FCC) releases data regarding facilities-based internet service providers on where they offer access (Form 477). The most recent release of Form 477 includes information as of June 2020.

Providers are required to report at the census block level where they can or do provide service for each technology of transmission. The data has limitations on granular reporting. However, it is beneficial for identifying current providers in the State, what speeds they advertised, and the general location of where they are offering services. The table below lists all providers (including satellite, but not mobile), and the technology of transmission offered.

Internet Service Providers in West Virginia as of June 2020

Provider Names/DBA Name/Holding Company Name	Transmission Technology
A&A Communications LLC A&ACommunicationsLLC	Cable Modem - DOCSIS 3.0
A&A Communications LLC A&ACommunicationsLLC	Optical Carrier / Fiber to the end user
Access Ohio Valley Access Ohio Valley Internet Freund Enterprises Corp.	Terrestrial Fixed Wireless
Acquisitions Cogeco Cable Holdings II Inc. Atlantic Broadband Finance, LLC	Cable Modem - DOCSIS 3.1
Agile Network Builders Agile Network Builders, LLC Agile Networks	Terrestrial Fixed Wireless
All Points Broadband Virginia Everywhere, LLC	Terrestrial Fixed Wireless
Alpha Technologies Inc Alpha Technologies Inc.	Optical Carrier / Fiber to the end user
Altice Suddenlink Communications	Cable Modem - DOCSIS 3.1
Armstrong Holdings, Inc. Armstrong Telephone Company - ND Armstrong Telephone Company - Northern Division	Asymmetric xDSL
Armstrong Holdings, Inc. Armstrong Telephone Company - ND Armstrong Telephone Company - Northern Division	Optical Carrier / Fiber to the end user
Armstrong Holdings, Inc. Armstrong Telephone Company - WV Armstrong Telephone Company-WV	Asymmetric xDSL
Armstrong Holdings, Inc. Armstrong Utilities, Inc. ArmstrongUtilitiesInc	Cable Modem - DOCSIS 3.0
Armstrong Holdings, Inc. Armstrong Utilities, Inc. ArmstrongUtilitiesInc	Cable Modem - DOCSIS 3.1
Armstrong Holdings, Inc. Armstrong Utilities, Inc. ArmstrongUtilitiesInc	Optical Carrier / Fiber to the end user
Arx Technologies, LLC Arx Web	Terrestrial Fixed Wireless
Blue Devil Cable Blue Devil Cable Television VoiceLite	Cable Modem - DOCSIS 3.0
Charter Communications Charter Communications Inc Charter Communications, Inc.	Cable Modem - DOCSIS 3.1
Citynet Holdings, LLC Citynet LLC Citynet, LLC	Other Copper Wireline
Citynet Holdings, LLC Citynet LLC Citynet, LLC	Optical Carrier / Fiber to the end user
Citynet Holdings, LLC Citynet LLC Citynet, LLC	Terrestrial Fixed Wireless
Comcast COMCAST CABLE COMMUNICATIONS, LLC Comcast Corporation	Cable Modem - DOCSIS 3.0
Comcast COMCAST CABLE COMMUNICATIONS, LLC Comcast Corporation	Cable Modem - DOCSIS 3.1
Comcast COMCAST CABLE COMMUNICATIONS, LLC Comcast Corporation	Optical Carrier / Fiber to the end user
Communications Plus Communications Plus, Inc. TelAtlantic, Inc.	Optical Carrier / Fiber to the end user

Community Antenna Service, Inc.	Cable Modem - DOCSIS 3.1
CountryMen Communications Countrymen Communications Inc.	Terrestrial Fixed Wireless
Declaration Networks Group, Inc Declaration Networks Group, Inc. NeuBeam	Terrestrial Fixed Wireless
Digital Connections, Inc. Prodigy	Optical Carrier / Fiber to the end user
Frontier Communications Corporation	Asymmetric xDSL
Frontier Communications Corporation	ADSL2, ADSL2+
Frontier Communications Corporation	VDSL
Frontier Communications Corporation	Optical Carrier / Fiber to the end user
Gearheart Communications Mik Rotec CATV, LLC Mikrotec CATV, LLC	Cable Modem - DOCSIS 3.1
GigaBeam Networks LLC GigaBeam Networks, LLC WVVA.net Inc.	Terrestrial Fixed Wireless
Glo Fiber Shenandoah Telecommunications Company Shentel	Cable Modem - DOCSIS 3.0
Glo Fiber Shenandoah Telecommunications Company Shentel	Cable Modem - DOCSIS 3.1
Glo Fiber Shenandoah Telecommunications Company Shentel	Optical Carrier / Fiber to the end user
Hardy Telecommunications Inc Hardy Telecommunications, Inc. HardyNet, Inc.	Asymmetric xDSL
Hardy Telecommunications Inc Hardy Telecommunications, Inc. HardyNet, Inc.	Symmetric xDSL
Hardy Telecommunications Inc Hardy Telecommunications, Inc. HardyNet, Inc.	Optical Carrier / Fiber to the end user
Hardy Telecommunications Inc Hardy Telecommunications, Inc. HardyNet, Inc.	Terrestrial Fixed Wireless
Hardy Telecommunications, Inc. Hardy Telecommunications, Inc CLEC HardyNet, Inc.	Asymmetric xDSL
Hardy Telecommunications, Inc. Hardy Telecommunications, Inc CLEC HardyNet, Inc.	Symmetric xDSL
Hardy Telecommunications, Inc. Hardy Telecommunications, Inc CLEC HardyNet, Inc.	Optical Carrier / Fiber to the end user
Hardy Telecommunications, Inc. Hardy Telecommunications, Inc CLEC HardyNet, Inc.	Terrestrial Fixed Wireless
HighSpeedLink.net Rural Broadband Network Services LLC	Terrestrial Fixed Wireless
HNS License Sub, LLC Hughes Network Systems, LLC HughesNet	Satellite
Hotwire Communications Ltd. Hotwire Communications, Ltd.	Optical Carrier / Fiber to the end user
JB-Nets JB-Nets LLC	Terrestrial Fixed Wireless
King Street L.P. King Street Wireless, L.P. King Street Wireless, LP	Terrestrial Fixed Wireless
Lumos Networks Corp. Lumos Networks Inc Lumos Networks Inc.	Asymmetric xDSL
Lumos Networks Corp. Lumos Networks Inc Lumos Networks Inc.	Symmetric xDSL

Lycom Lycom Communications LYCOM COMMUNICATIONS INC.	Cable Modem - DOCSIS 3.0
Massillon Cable TV, Inc.	Cable Modem - DOCSIS 3.0
Micrologic Micrologic, Inc.	Terrestrial Fixed Wireless
Morgan Wireless LLC Morgan Wireless, LLC	Terrestrial Fixed Wireless
Morgantown TelAtlantic, Inc. West Side Telecommunications	Asymmetric xDSL
Morgantown TelAtlantic, Inc. West Side Telecommunications	Optical Carrier / Fiber to the end user
New Era Broadband	Terrestrial Fixed Wireless
OHS Broadband Optimal Home Solutions, LLC	Terrestrial Fixed Wireless
Otelco Inc Otelco Inc. War Telephone LLC	Asymmetric xDSL
QCOL Inc QCOL, Inc.	Optical Carrier / Fiber to the end user
RT21.NET	Optical Carrier / Fiber to the end user
RT21.NET	Terrestrial Fixed Wireless
Skypacket Skypacket Networks Skypacket Networks INC Skypacket Networks Inc.	Terrestrial Fixed Wireless
Spruce Knob Seneca Rocks Telephone, Inc.	Optical Carrier / Fiber to the end user
Telegia Communications Inc. Telegia Communications, Inc.	Terrestrial Fixed Wireless
Telephone and Data Systems, Inc. UNITED STATES CELLULAR CORPORATION	Terrestrial Fixed Wireless
Viasat Inc ViaSat, Inc.	Satellite
VSAT Systems, LLC	Satellite
Win Win Wireless Win Win Wireless, LLC	Terrestrial Fixed Wireless
Zito Media Zito Media, LP Zito West Holding, LLC	Cable Modem - DOCSIS 3.0

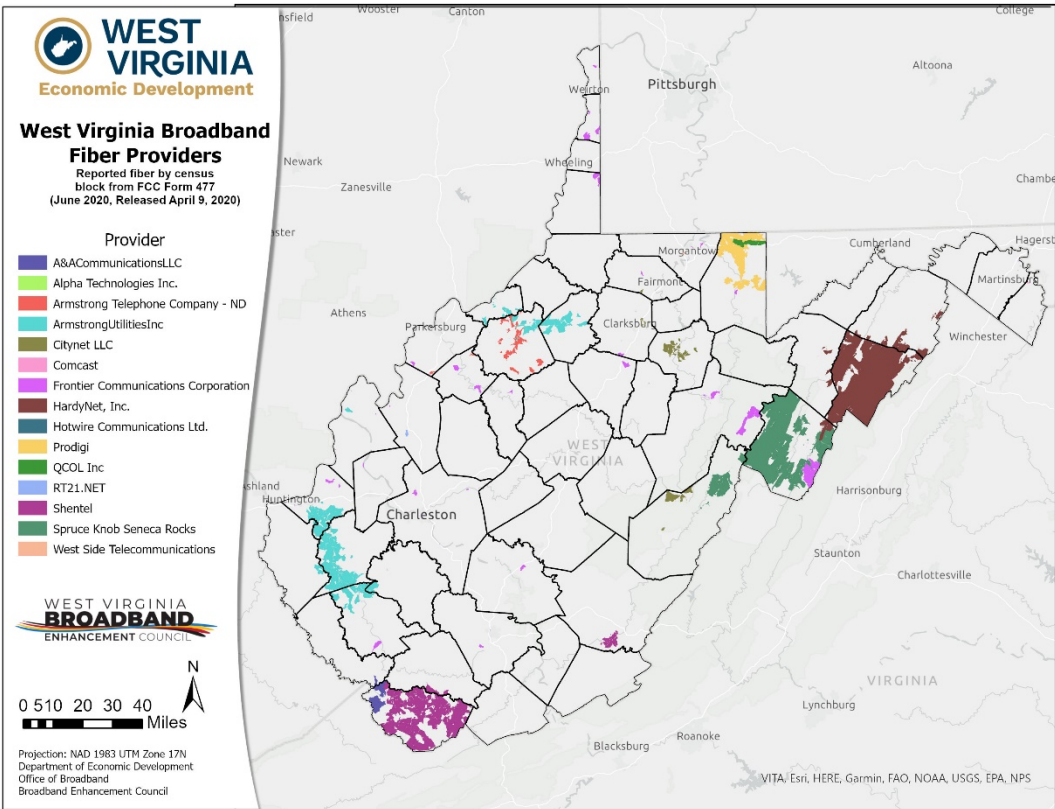
9. Fiber-to-the-Home (FTTH) Providers in West Virginia

From the most recent release of FCC Form 477 data, the table below lists all providers currently offering consumer fiber in the State of West Virginia. There are currently 15 providers offering fiber-to-the-home connectivity. There are currently 7,762 fiber offerings. Fiber offerings refer to at least one consumer location offering (per provider) in a particular census block. There are 146 census blocks with multiple fiber providers and a total of 7,616 census blocks with at least one fiber provider.

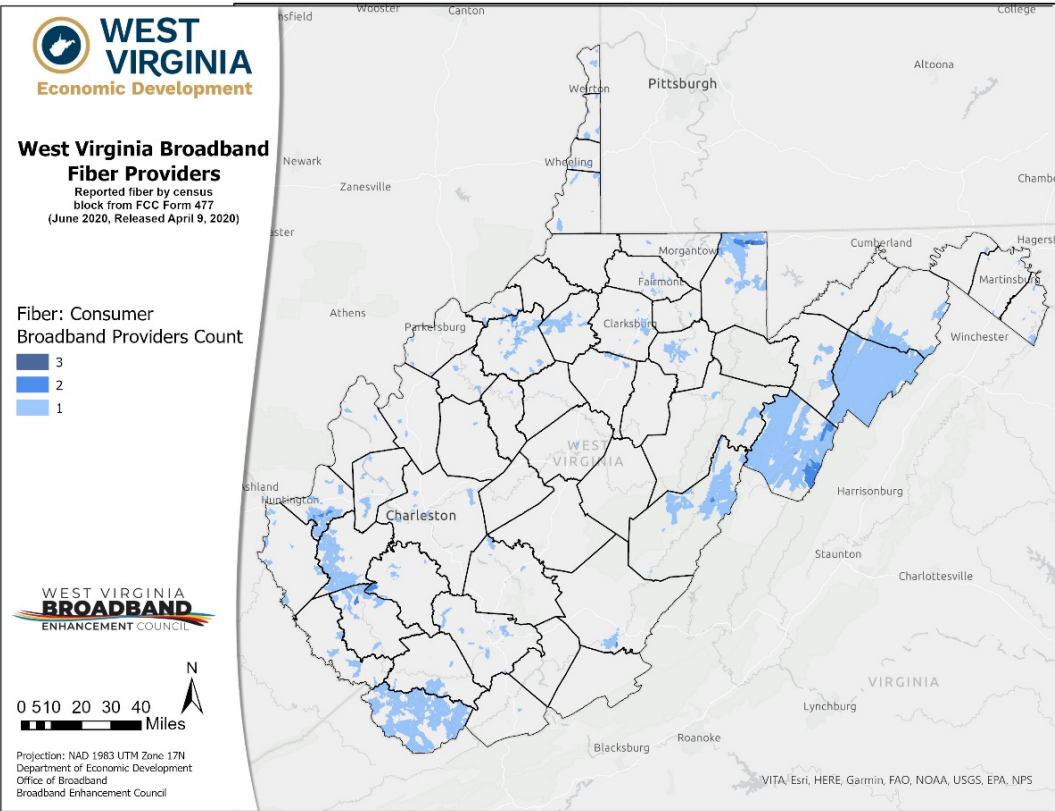
Fiber-to-the-Home (FTTH) Providers in West Virginia as of June 2020

Provider Name/DBA Name/Holding Company Name
A&A Communications LLC A&ACommunicationsLLC
Alpha Technologies Inc Alpha Technologies Inc.
Armstrong Holdings, Inc. Armstrong Telephone Company - ND Armstrong Telephone Company - Northern Division
Armstrong Holdings, Inc. Armstrong Utilities, Inc. ArmstrongUtilitiesInc
Citynet Holdings, LLC Citynet LLC Citynet, LLC
Comcast COMCAST CABLE COMMUNICATIONS, LLC Comcast Corporation
Communications Plus Communications Plus, Inc. TelAtlantic, Inc.
Digital Connections, Inc. Prodigy
Frontier Communications Corporation
Glo Fiber Shenandoah Telecommunications Company Shentel
Hardy Telecommunications Inc Hardy Telecommunications, Inc. HardyNet, Inc.
Hardy Telecommunications, Inc. Hardy Telecommunications, Inc CLEC HardyNet, Inc.
Hotwire Communications Ltd. Hotwire Communications, Ltd.
Morgantown TelAtlantic, Inc. West Side Telecommunications
QCOL Inc QCOL, Inc.
RT21.NET
Spruce Knob Seneca Rocks Telephone, Inc.

Census block locations where fiber is offered to at least one consumer. Only the filings with the highest max advertised speed are depicted. Refer to Table 2 for a list of all fiber providers operating in West Virginia.



Census block locations where fiber is offered to at least one consumer. Census blocks are represented by number of providers per block.



10. Gigabit Providers

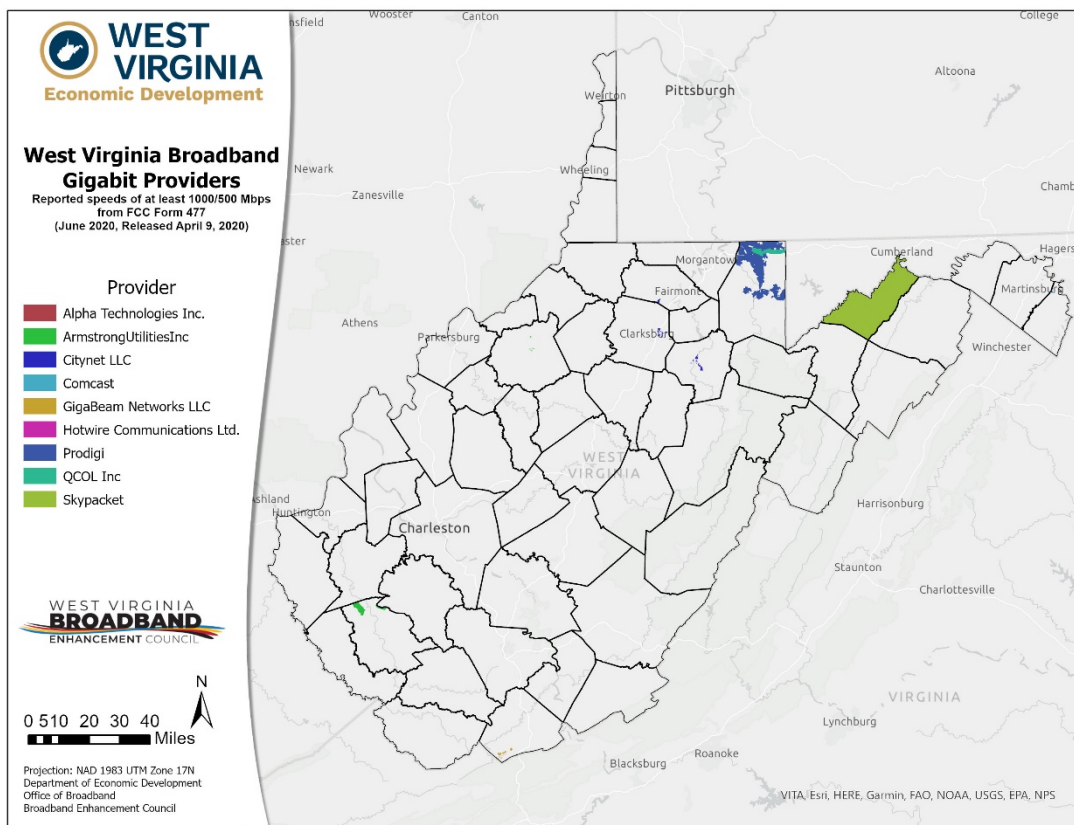
The table below lists providers offering gigabit services. An official legal definition for “Gigabit services” has yet to be determined. However, the Federal Communications Commission has defined a standard using speeds of 1000/500 Mbps in previous auctions. As of June 2020, there are 9 providers offering gigabit services with advertised speeds of at least 1000/500 Mbps. Skypacket and GigaBeam were the only two non-fiber providers offering fixed wireless services at this speed.

Along with the West Virginia Broadband Enhancement Council, the Office of Broadband has determined that FCC Form 477 Data has several limitations including over exaggerations of speeds providers can offer. The Office of Broadband understands these limitations and will conduct further analysis to determine theoretical speeds fixed wireless services can offer. In some cases, it was found that where fiber was being offered, gigabit services were not.

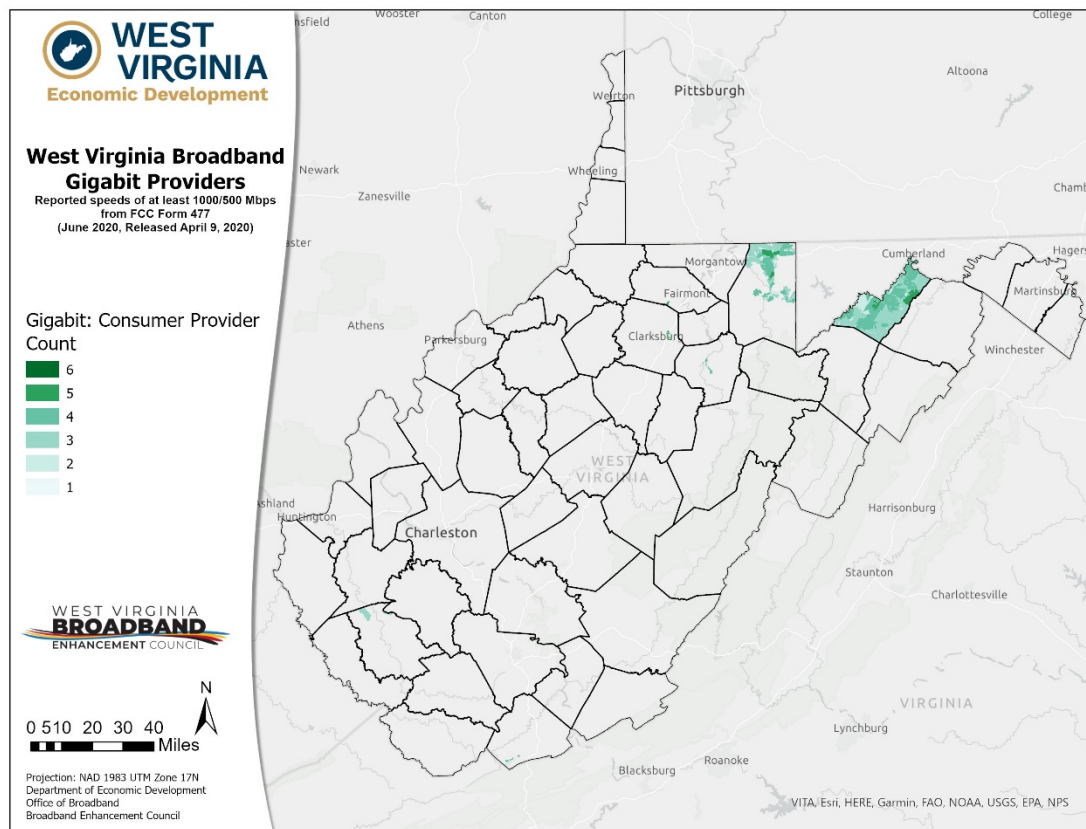
Gigabit Service Providers in West Virginia as of June 2020

Provider Name/DBA Name/Holding Company Name
Alpha Technologies Inc Alpha Technologies Inc.
Armstrong Holdings, Inc. Armstrong Utilities, Inc. ArmstrongUtilitiesInc
Citynet Holdings, LLC Citynet LLC Citynet, LLC
Comcast COMCAST CABLE COMMUNICATIONS, LLC Comcast Corporation
Digital Connections, Inc. Prodigy
GigaBeam Networks LLC GigaBeam Networks, LLC WVVA.net Inc.
Hotwire Communications Ltd. Hotwire Communications, Ltd.
QCOL Inc QCOL, Inc.
Skypacket Skypacket Networks Skypacket Networks INC Skypacket Networks Inc.

Census block locations where speeds of at least 1000/500 Mbps are offered to at least one consumer. All providers that offer gigabit services in West Virginia are represented. However only the filings with the highest max advertised speed are displayed.



Census block locations where speeds of at least 1000/500 Mbps are offered to at least one consumer. Census blocks are represented by number of providers per block.



11. Action Items

1. West Virginia policy concerning bridge attachments.
 - a. Information will be compiled and provided in a future report.

MINUTES

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Blair)

June 8, 2021

10:00 a.m. – 11:00 a.m.

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

President Blair: “Meeting will come to order. First item on the agenda is the approval of the May 10th, 2021, minutes. Recognize the Speaker for a motion.”

Speaker Hanshaw: “Committee be approved as distributed in the packets.”

President Blair: “Speaker moves the minutes be approved, is there discussion? If not all those in favor say aye, those opposed no. Ayes appear to have it, the ayes do have it, the minutes are approved.”

President Blair: “Recognizes the Speaker for another motion.”

Speaker Hanshaw: “Yes, Mr. President, I wish to offer a motion on the Joint Committee on Redistricting, I move that the Joint Committee on Government & Finance create the Joint Redistricting Committee to be comprised of the members of the Redistricting Committee of each house and its purpose will be to make recommendations to the Joint Committee on Government & Finance and the legislature on redistricting

matters. That the Joint Redistricting Committee may meet at any time including outside of regularly scheduled interim meetings at the discretion of the Chairs, under the supervision of the Joint Committee on Government & Finance and that all members of the committee are entitled to compensation and reimbursement of expenses as authorized for members of the legislature in accordance with the performance of their interim committee duties. That the committee may meet with or without quorum for the purpose of holding public hearings regarding redistricting, and that all members of the committee be entitled to compensation and reimbursement of expenses as authorized for members of the legislature in accordance with the performance of their interim duties in attending such public hearings and that at the conclusion of the meetings the Joint Redistricting Committee report to the Joint Committee on Government & Finance its findings conclusions and recommendations together with drafts of any legislation necessary to effectuate those recommendations and that the expenses necessary to prepare report and draft necessary legislation be paid for through the Legislative appropriations to the Joint Committee on Government & Finance.”

President Blair: “Everyone heard the speakers the motion. Is there discussion; If not all those in favor will say aye, those opposed no. Ayes appear to have it, the ayes do have it, I declare the motion adopted. Recognize the Speaker for another motion.”

Speaker Hanshaw: “Yes, one other motion, Mr. President. I move that the Joint Committee on Government & Finance create a Joint Committee on Mine Reclamation to be comprised of six members. Two members from the majority party. One member from the minority party of each house to be appointed by the President and the Speaker for the purpose of to put together a plan to access federal stimulus money for mine

reclamation and the Joint Committee on Mine Reclamation may meet at any time including outside of regularly scheduled interim meetings at the discretion of the Chairs, under the supervision of the Joint Committee on Government & Finance and that all members of the committee are entitled to compensation and reimbursement of expenses as authorized for members of the legislature in accordance with the performance of their interim duties. And that by June 25th, the Joint Committee Mine Reclamation report to the Joint Committee on Government & Finance its findings conclusions and recommendations and that the expenses necessary to prepare report be paid for through the Legislative appropriations to the Joint Committee on Government & Finance.”

President Blair: “Everyone heard the Speakers the motion. Any discussion? If not all those in favor say aye, those opposed no. Ayes appear to have it, the ayes do have it. I declare the resolution adopted. Recognize the Speaker for...”

Speaker Hanshaw: “Yes sir, Mr. President, I move that the Parks, Recreation, and Natural Resources subcommittee be authorized to conduct site visitation to Cacapon, Canaan Valley, Blackwater Falls, North Bend, Hawks Nest, Twin Falls, Tygart Lake and Pipestem State Parks on Sept 26 through October 1, 2021, and for members and their staff be reimbursed for their expenses.”

Senator Blair: “Is there discussion? All those in favor say aye, those opposed no. Ayes appear to have it, the ayes do have it, I declare the motion adopted. Okay. The next order of business before the committee is the monthly quarterly reports. Members will find in their packets the reports from each agency. First one we’ll start with Secretary of Economic Development. Mr. Carmicheal, will you give us a Broadband update and it better be good news.”

Secretary Carmichael: “It is good news good morning, Mr. President, Mr. Speaker ladies and gentlemen of the committee it is great to be with you this morning and this is a once in a lifetime opportunity really for broadband expansion in West Virginia. And you had asked me last month to provide you an update monthly on the number of new homes that are being connected. And, while this is private information for many of the providers, they have been able to submit to me that they have at this point they have connected over 1,500 homes this year, in new connections so that’s good news. Now moving forward, we are anticipating from the ARP funding \$138 million to come to West Virginia for the designated purpose of broadband expansion and obviously you can allocate that... will be within your purview to allocate in the manner in which that is spent and other funds that are available, but I wanted to walk you through and give me a time frame of 10 minutes or so of the program that we have in place for when the monies is dispersed to our state. So, we went over last year, last week, last month, I guess but this is a slide I found the other day that is so important to West Virginia when you think about it. Here is a guy walking through the desert and he has the opportunity to get water or the internet, and he goes for the internet and that is the status of that we find ourselves in West Virginia. People desperately want it, need it, and we are going to provide it with the programs coming forth. So, we talked about the program in the past, I’ll to give you an update, we will have the mapping data and application portal for private sector and other public entities to apply for matching funds and to obtain grants for line extensions and so forth, and you’ll see this program in a moment. Key partnerships and other funding opportunities and questions and answers and discussion. I’ll let you know that on June 2, last Wednesday, we had convened a meeting of all the ISP providers in West Virginia.

We sent invitation to all ISPs. It was incredibly well attended, and President was there and over 50 ISP providers attended this presentation and we have had rave reviews about the program and the manner in which it was presented. And they're very anxious to participate in these programs I am getting ready to show you. The treasury guidance is called the initial final rule is not completely final yet, but it will be tracked largely along these lines. The money is to be used for last mile service. So, we hear a lot of times about we need middle mile in West Virginia, and we desperately do but by definition if you have last mile connectivity somebody had a middle mile there. So, the funding is to be used for last mile to connectivity to hook up customers. So, and we will target unserved areas according to the treasury guidance again which is by definition, anything less than 25 down and 3 up, not...again not to target areas that are funded by other mechanisms by the RDOF funding or other state and local initiatives. So, as you can imagine we want to use this fund get to those who do not have service. And we will not rely solely on the inaccurate federal maps which many of those are inaccurate and out of date. So, focus again is on fiber to the premise to future proof these technologies. At this point, there is nothing faster than the speed of light. Right Roger? Mr. Speaker is there anything faster than the speed of light? He will know something. So, but at any rate... so we recognize that wireless is not faster than the speed of light, so putting fiber to the home is the manner in which we really want to really deploy this. There are areas that the treasury guidance gives us some flexibility in difficult hard to reach areas and so forth, but the preference is for gigabit speeds. And, the Governor is incredibly committed to this program, the RDOF program is essentially a 10-year program, but we want to consolidate and compress this time frame in 18 months or less. Obviously, you won't get all of it but with a goal of doing

this quickly. So, again I want to talk to you about these four different programs.

First, and this is the one that is going to be the most popular, I believe. The existing network line extension. We talked last month about everyone knows someone who has a neighbor who has broadband, and they don't have it, right? And so, we want to be able to use these funds to help those existing providers extend their networks where its economically not feasible to do so without grant funding and so forth because, you know, if you are talking about 20 to 25 thousand dollars miles worth...per miles for extension you can imagine if you are going to 1 home, 2 homes, 3 homes, you'll never make that back up so this is going to be a program that will make very quick headway in connecting West Virginians to broadband that will have broadband connectivity. And this will happen quickly once we get the money in place and the applications are submitted.

The Rapid Wireless Deployment Projects we envisioned a manner in which talked a little bit about this last month, where we used some of the state's vertical assets, towers, buildings, mountain tops, and so forth to deploy wireless technology in areas that wouldn't otherwise get broadband for a long period of time. And this can happen very quickly, and you have big needs even in some of your state parks in West Virginia that don't have adequate broadband service, this can reach those institutions and entities very quickly. Again, once we get those funding mechanisms in place.

And then we have the major broadband infrastructure investment which will be big projects, building middle mile networks and other big projects that people will partner and submit applications to us.

And then finally, local government matching programs where we really want to incentivize local entities to work with the state in the manner... best manner to do that is

to match some money up. So, those are the programs. And again, I want to be cognizant of your time limitations but, we have, I have, we have a lot of material here that I can go into great detail on each one of those programs, Maybe I'll just take one and show you that we have it, so... you know it's in place. So, existing network line extensions... many of these companies have the assets that are currently in place. Either cable or fiber cable or fiber optics that are already in place and just need to be extended but again wouldn't otherwise do it. We're announcing this program in June, we're going, you know.... the plan is to announce this in June and have rolling applications periods through the summer so that as people apply to these, we make decision rolling forward and get the project moving quickly. We have a metrics in place and to score the projects, we will have a third-party evaluator, Tillson, through the broadband council helps evaluate these projects and scores them according to... contributions by the provider to the end user so we're not funding those who require a \$10,000 contribution per hook up over those who only require on a \$4,000 contribution per hook up. So, you can see that there will be a metrics in place, and we hope that the \$138 million dollars that we have of which we have \$25 million will be allocated to this roughly, can be expanded. And that we have so many applications for such great projects that we'll need more money to expand those networks. One of the great things that you will take a lot of solace in, I think, is the fact that we have this... some really great mapping data for... to determine who has broadband and what homes as these providers are coming to us to say hey we have a route that we would like some additional funding for here is a route that we can look at that Jamie Hoffman and Kelly can look at those locations and determine the houses along that route, how far they are from the proposed route, and if they missed any houses, what the speeds are, we'll have

a challenge process in place so that if a provider says oh wait we are providing internet in this area they have an opportunity to challenge those awards or prior to the award. They'll have the opportunity to challenge that grant application to say that we really do provide broadband in this area. All those components are in place, we have a website ready to go for the application portal, we are meeting with the counties and the cities to explain these programs to them so that they know they have a partner, that can help them to design these networks, cost them out and make sure they are using coordinated efforts to get to all those homes in the different areas. So... I have so many slides and I know your time is limited. When I gave this presentation to the ISPs it was roughly 2-hour presentation so I know you don't have that kind of time I want to flip down through here then to talk to you about... the project completion timeframe,... again I really want to emphasize fact that we will do audits on these expansions so that we know that the proposed networks and the network connectivity are functioning as they were submitted in the application. And it's incredibly important... we've done these projects in the past where the money dispersed not just for broadband but for other projects and we don't really know the outcome. And so, we want to know by speed test data, ookla speed test data, and other mechanisms that we can validate that the service that was purposed is being rendered as it was discussed and granted. And so... I know Delegate Summers you put a lot of emphasis on that last time, so the mapping data and application portal is ready, I know you can't see all this, but we'll have... hopefully you can get some comfort from knowing the portal is already up and ready to go. These are pieces that are in place that as we are talking to our consultants, they are saying that you guys are so far ahead of other states in terms of being ready to pounce on this money once it is dispersed. So,

we got incredible mapping data. It's funny, when every time I mention that were being told we are in the top 5 states in the nation in terms of our ability to know who has broadband at what speed and the routes and so forth and Jamie always pushes back on that and says we need to be number one. And the way we get there, is... by the providers helping, we don't require them to share their routes with us. We don't mandate it... its proprietary information where their networks are and so forth. But one state does, Vermont does, and so... that makes it easier but when you're funding network expansions... if you are passing through one of their areas, they will be quick to tell you if they have network there or not. So... that... without going... you know taking too much more of your time, I know there are other speakers just want to open it up for questions or stand ready to answer questions Mr. President, Mr. Speaker."

Senator Plymale: "Thank you, Mr. President, sorry I wasn't able to make it to the meeting you had explaining some of this... from a time schedule it was too difficult with the late notice. In terms of... the I got a number of questions... relating to the mapping, there's going be local mapping that's done and... so when local mapping is done and they go into areas on the last mile, how will your office look at the local mapping? I will agree with you and I think that the broadband council and... needs to get a lot of credit for the mapping that has been done in terms of that, I do believe that we are in the top 5 in the country and I know that Q Charitable Trust has said that, as well in conversations with them that we are far out pacing anybody on that so, local maps will they be considered when you all do the make sure they look at yours and if we have better data you'll review that?"

Carmichael: "If you don't mind, first let me just say... he's very much right you were

very late on the invitation to the ISP provider meeting. We finally extended it to all the members of the Broadband Council, which I'll own that, I should have done that earlier so you got late notice and I understand you schedule conflicts and then in terms of our mapping data, yes, the Broadband Council has been incredibly instrumental in making sure that our maps are world class with ookla data, and so forth. And finally, to the local mapping question I am going to defer to our mapping expert if I could call Jaime up... who is probably dying to get to the podium to talk to you about this."

Jaime Hoffman: "We welcome local mapping with open arms because we need to be from our state level verifying their data, verifying their mapping, what they have that we don't is more of a personal relationship with their community."

Senator Plymale: "And you can run that through ookla to make sure that some of the things are... are pertinent, and correct?"

Jaime Hoffman: "You can just about do everything. We have tools, and we have the tools that they might not have due to funding, so what they may not be able to verify what they have were just gonna either verify that or build upon it to make it more accurate."

Senator Plymale: "Okay."

Jaime Hoffman: "So, the more data the better. And we're making sure that we're building up the tools and services to make sure all of our data is accurate as we possibly can make it be."

Senator Plymale: "Okay, thanks. And further on this in terms of the different pots of money that you're looking at... you mentioned it, but you really didn't... you highlight where the.... what amounts of money are going to be at each one. Don't you think that

it's just the start I mean if we are really going to do this and do this right, the amount of money we are going to need so when we start looking at extra surplus, I could see us spending any bit of extra surplus because you said it, we only have the one time, it is our only chance."

Secretary Carmichael: "Yeah. I completely agree with you, this is table stakes to get in the game to elevate West Virginia's broadband connectivity to... an opportunity to leapfrog really the rest of the nation... but \$138 million dollars yes is a lot of money, but more can be utilized."

Senator Plymale: "So in terms if the city comes up with a plan and that plan fits exactly what they need and they need matching money that criteria is they'll have to submit a grant... an application and then what you're going... what's the turn around on some of those things?"

Secretary Carmichael: "On a monthly basis we're going to turn make decisions and turn them around on a monthly basis because the decision-making process... I mean we want to make sure that we assimilate all these different applications, and you know, so that you can envision a scenario in which maybe there is \$200 million worth of applications and so we want to you be able to score them and give those that will reach the greatest number of people, but we want to do it quickly, Senator."

Senator Plymale: "I mean that... and I'm not... I'm just only going to bring this once, I don't expect you to answer, but I still think that it was important in... about 6 years ago when a company sued Frontier to have open access, I think it is really important that we move towards open access in what we are talking about here because to be quite blunt our citizens haven't been served well and we've got to insure and if there's money

coming through here we got to make sure that open access is part of that that's first thing I don't expect you to cause I don't want you to go on record on anything on that but, I would say that we've got to be quick act Mr. President and Mr. Speaker we've got to be quick act if there is additional money needed to be able to come in quickly to do that as we start seeing and if we... I know when you have surplus, and we'll know here very shortly where we are spending it on roads, but I think an additional amount should be held back for broadband at some point in time."

Secretary Carmichael: "Yes. Thank you."

President Blair: "34th."

Delegate Boggs: "Thank you Mr. President... Mr. Secretary thank you for being here today and I still want to get you up home to have you talk to some of the folks at home who are excited about this... I just wanted to clarify one thing and I thinks it evident all through here, but I think it's important to note...you know we have a lot of folks in West Virginia that have internet service but it's nowhere near broadband and the concern with a lot of those folks... which it doesn't work a lot of the time anyway, its substandard speeds. From everything that I've read and everything that you've said it is my understanding that those will be considered unserved areas because if it is not up to the 25/3 then that is going to be concerned unserved."

Secretary Carmichael: "Absolutely, yes."

Delegate Boggs: "And they won't be left wanting while everybody else leapfrogs around them."

Secretary Carmichael: "That's absolutely correct and your proper person to bring this up in representing a rural area in West Virginia and so those areas that have

substandard below 25/3 service will be prioritized.”

Delegate Boggs: “Well... and I know that we both worked on several years ago a situation where we had people that had you know had that lesser speed and they there was someone literally within sight down the road and the carrier would not even consider extending to them. So, this is the kind of thing I am hoping we can get past and actually move the state forward because when people see good things happening, I think they’ll respond in kind.”

Secretary Carmichael: “Yeah, well that is program. Number one Line extension will reach that issue that you just articulated.”

Delegate Boggs: “Now in those situations where the speeds are not up to standards, will those carriers be required to get them up to standards and if not, then well go to plan B?”

Secretary Carmichael: “Well those areas that are not 25/3, are available for public funding to help providers or competitors reach those areas and that’s what the Senator’s talking about making sure that we have enough money to go reach all those areas and particularly as we talk about the Rapid Wireless Deployment Projects... you know for those who have lived life with less than 25/3 its very... but at 25/3 you can stream 4K movies... you can do a lot of things that the Rapid Wireless Deployment Project will help transition them to deployment of fiber optic to the home but we believe that getting to provide those services very quickly to these... to our citizens is a worthy goal in those areas.”

Delegate Boggs: “Well, I think speed and not only internet speed, but I think speed in getting it deployed is of the essence cause if people see that we can get them 25/3 or

greater than they will be seriously looking at not only moving here but staying here if they already live here otherwise, they're' gone... especially the younger generation. Thank you, Mr. Secretary."

Secretary Carmichael: "Thank you."

Delegate Boggs: "Thank you, Mr. President."

Senator Weld: "Thank you, Mr. President, Mr. Secretary. I'll be brief I know you have a very important meeting to prep for tomorrow, first can you or someone on your staff email the slides because you didn't get to get through them all?"

Secretary Carmichael: "Yeah, Aaron has them. "

Senator Weld: "One of the things that... you know we've got all this money and we know where the areas are and so on, but one of the things that concerns me is the personnel and staff to be able to carry all the work out. Like yesterday, we appropriated \$150 million to the Department of Highways. My concern is that the local garages don't have the manpower to do all the work that we just give them all the money to be able to do. Have any of the providers talked to you about that they have concerns in the staffing and the personnel that is going to be required to do as one of the quotes in their 10 years' worth of work in 18 months?"

Secretary Carmichael: "Yes, it's... and it's been identified by many of the providers that their supply chain issues in addition to labor issues I mean the backlog on purchasing fiber optics, some of the technologies, and so forth are real and so many of them have begun the process of placing orders, ordering bucket trucks, all the things that are necessary to construct and deploy the networks and they're cognizant of it they're aware and they are making preparations."

Senator Weld: “Can any of the funding that were talking, whether it be state funding the federal money... can that be used to bring on contractors or additional personnel to carry out all the work that we’re looking to do?”

Secretary Carmichael: “I think the answer... the way I would answer that is... well um two-fold. Yes, and secondly the process will be what is your... price to connect per home? So, everything is built in that cost, all the personnel, bucket trucks all those... you know labor issues so, if they choose to use contractor that’s their, totally at their discretion.”

Senator Weld: “Okay. Alright, okay, that’s it. Thank you, Mr. President.”

President Blair: “Delegate from the 56th.”

Delegate Howell: “Mr. Chairman my concern is on some of the cost controls on this final mile or line extension. Let me give you an example, a number of years ago my neighbors got together contacted one of the service providers about service, that service provider contacted me, would you be interested? I said yes. They came in, didn’t charge us and picked up 6, 7 homes and even extended the line to the next house, even though did not and sometime in the future they may want it. Then I have constituents tell me they have... you know, 10 homes that have requested service and it is a much shorter distance... they’re saying it is \$10,000 dollars split amongst you. What kind of cost controls are we going to have so that if someone... they just don’t say its \$10K, its 30K to pick up, it’s so they’re sucking up the money and they would have done anyway in other circumstances?”

Secretary Carmichael: “Yeah, there are thresholds in... because we know what the average cost is.... for instance... the average cost per mile to extend a fiber optic

network is roughly \$25,000 to \$30,000 dollars and it can depend on terrain, geography and those kinds of things but... and then the number of houses that are along that route so all that is factored in the metrics scoring system to determine if it is a project that someone just really trying to grab... you know if you're passing a 1,000 homes and you are only going a mile yeah you're not getting funded for that probably... because its viable on its own."

Delegate Howell: "Your confidant that your metrics will have a... will keep the cost from..."

Secretary Carmichael: "Yes. It's a great question. Yeah."

President Blair: "Delegate from the 49th."

Delegate Summers: "Thank you, Mr. President. Mr. Secretary when you were talking about the application portal, is that for the companies or is there also gonna be a portal for the people that want to apply for those extensions?"

Secretary Carmichael: "It's for the company or the entity applying for the grant. But we talked last week about a mechanism to receive input from the public in terms of their... satisfaction with their current provider or their speeds and so forth."

Delegate Summers: "So how is... how is the way that their going... that you're going to receive the input to say like a described like about my neighbor last session...last meeting where he is right across the street, he doesn't have it, how is he going to do that? He's going to call the company he knows in the area directly, like how will that information get to you to figure out to where to send that money?"

Secretary Carmichael: "Well, we know already... well, if he you has service right now or not. Right now, we would know if he has service and at what speeds based on

the mapping data and so forth and while we can't determine for a customer or a citizen whether or not they want to purchase the broadband, we know where the routes are that it doesn't currently exist and were going to fund those routes... excuse me, with in partnership with providers or local other government entities."

Delegate Summers: "So companies will reach out to those homes and say were in their area, were going to extend, are you interested?"

Secretary Carmichael: "Yes."

Delegate Summers: "Okay. Thank you."

President Blair: "Delegate Capito."

Delegate Capito: "Thank you, Mr. President. Thank you, Mr. Secretary. Just a question. Do we have any idea how many ISPs? You said you had a meeting with them... I mean, I'm obviously not looking for exact numbers, ballpark?"

Secretary Carmichael: "How many are in the state... what Kelly... 30 some. Yeah."

Delegate Capito: "Is that an expanding number or is that kind of..."

Secretary Carmichael: "I don't know.... well, do you know if... are there more or less..."

Delegate Capito: "I mean, I guess... I guess where I'm going is, are we seeing more competition coming in?"

Kelly Workman: "Thank you. Excellent question. Kelly Workman, and I am with his department... so over the past couple of years several small companies have really worked with our local government and stepped up and gone after various forms of federal funding to expand their networks, so we have several great partners within the state of

West Virginia. We're also hearing from some companies that are on the western side of the state and the eastern side of the state in Ohio and Virginia that are interested, that maybe have a small footprint in West Virginia, and they are interested in working with us to expand."

Delegate Capito: "Okay. So, Mr. Secretary you had made reference to the... the aim of this program... thank you very much... the aim of this program is to focus on areas that aren't already being served by some other sort of grant funding, federal funding, whatever it may be... another program, if you will. Have we... I mean, is it a safe assumption that those other programs are also focusing on unserved areas and if they are, are those areas general more underserved than the areas that your program is focusing on?"

Secretary Carmichael: "It's a safe assumption that the ARDOF funding that was the big federal program that was just... awarded but not finalized yet is strictly for unserved census blocks. Complete census blocks. What you'll have... excuse me and... many census blocks, that were not funded by the ARDOF is the fact that there are, while there may be 99% of those homes do not have broadband by 25/3 definition, one home might and so that census block gets left out. Our program will go to those census blocks that are not funded with ARDOF or there's other programs Delegate that have... they're enabled to reconnect funds or USDA funds and so forth but those are all focused on unserved areas."

Delegate Capito: "It may be helpful speaking of mapping, it sounds like you have a lot of data, it may be helpful for... at least for me I don't know about other members of this committee or members of the legislature to see a map that indicates the area in the

program that is currently serving in the area, because if we have a constituent that comes... that are existing..."

Secretary Carmichael: "Yes."

Delegate Capito: "Great but you know if we have a constituent comes and says well you know we've heard this big great program that the state's doing but why aren't they doing it in our area, well that's because you are covered by ARDOF or whatever it is."

Secretary Carmichael: "We've got all that."

Delegate Capito: "So that might be helpful. That's all, Mr. President."

Secretary Carmichael: "Great question. We do have that data in fact... when providers start using these programs, we have all the mapping data on our application portal. They'll know the area that they can actually bid on and... apply for grants that are not currently funded with ARDOF or other programs."

Delegate Capito: "Thank you."

Secretary Carmichael: "So, and you know... ladies and gentlemen they...they... by definition when you're going to some of these unserved areas, you're passing served areas... so I mean we are going to incentivize competition in the state and I know that's a secondary benefit to all this but it does exist, so..."

President Blair: "Delegate Skaff."

Delegate Skaff: "Thank you, Mr. President. Thank you, Secretary. Quick question, I get asked this all the time, when you talk to these ISP providers and they always ask me, Is there not a way that if they can even provide for satellite internet for some of these underserved areas? Just think you just go... you go miles and miles and miles to get to

one or two houses. Any of these providers, have to come to us and have you researched that as spending our money on that for some of these underserved rural areas?”

Secretary Carmichael: “Yeah... well there... some of the awarded areas in ARDOF did get Starlink funding and so it’s a... we’re technology agnostic at our level. We don’t care what’s used as long as it hits the metrics which are, you know, gig service, quick deployment low latency, and so those technologies don’t hit those marks yet... but... maybe they will but not currently they do not. In fact, one of the big problems in southern West Virginia has been the award in the past a company called... a wireless... or a satellite provider claimed that they make... you know, available over 25/3 and so therefore they were precluded, you know, nobody could bid in those areas with the ARDOF funding. So, but you talked to basically anybody using it and there not really happy about it so... yeah.”

President Blair: “Senator from Wayne.”

Senator Plymale: “Thank you. One of those is Elon Musk Space X that’s in Wayne County and I’m still haven’t found the people that say there using that, yet.”

Secretary Carmichael: “Yeah.”

Senator Plymale: “I’d like to know that. I’ve got three things that I’d like to bring up. First off, no mention of E-Rate and how E-Rate will fit in to that. We... you come back with us... to us with a plan on how that would be working and how E-Rate can be actually used for deployment of... of fiber well. The other thing, where we run into some problems and this is nationally that is still in West Virginia, highways does not want you to utilize their bridges. There is no way that structurally the amount of fiber in the...in the... in the weight of that fiber is ever going to structurally hinder you. This is a big issue in a

lot of your rural areas, and I would like for us to come up with a plan that would us allow us to use bridges when we're doing this for fiber deployment or all existing whatever. I know this is a big thing you don't ever mention to highways but we got to bring it up."

Secretary Carmichael: "I agree 100%. You're right."

Senator Plymale: "And then the other one is railroads. Nationally it takes you 18 to 24 months to get a permit... in particular with directional boring. I think we got to compress that, and I think we have a good opportunity to do that here. You're not going over railroads aerially usually. You're doing directional boring, so in these cases, if we could work on working with CSX and Norfolk Southern, those are the two main ones here to be able to do that, I think that will be really instrumental in... in the way we're able to and how fast we'll able to get it."

Secretary Carmichael: "Yeah. That would help from a quick deployment standpoint exponentially. Yes."

Senator Plymale: "So, I'd like to put... I just wanted to make sure I put that on the radar."

Secretary Carmichael: "That will be on my agenda next month."

Senator Plymale: "Alright, thanks."

President Blair: "Any further questions? Thank you, Mr. Secretary."

Secretary Carmichael: "Thank you, Mr. President."

President Blair: "Got a question for the audience... how people found this informative by having him up front before you guys, when you walk away from here, you understand? Raise your hand if you find it informative. Well, you just set yourself up now for at least the next meeting or two to still follow... to still have him go first in policy. You

can hear what going on and communicate that out to the public. So, appreciate that. Next one on the agenda is Status Report from Lottery, John Myers.”

John Myers: “Mr. President, Mr. Speaker, members of the committee, I name is John Myers. I’m Director of the West Virginia Lottery. We’ve submitted our financial reports for the month of May, and they should be in your packets today. If there are any questions, I am available to try and answer those.”

President Blair: “Any questions? Not seeing any, thank you. Next on the agenda is Mark Muchow, General Revenue Funds, State Road Fund.”

Mark Muchow: “I’m Mark Muchow with the Department of Revenue and first start off by saying yesterday there was a message sent out by the Governor that revised revenue estimates upward by \$150 million dollars, \$100 million dollars in personal income tax, \$50 million dollars in corporate income tax, and that was in effort to realize revenues had already come into the treasury and therefore I’ll present the numbers in the context of the revised estimates. The month of May was very good month. We collected \$491 million dollars revenue. Part of that was due to the extend due date for individual income tax returns. In the month April, we missed the individual income tax estimate by \$81 million. On the original estimates we exceeded the personal income tax in May by over \$127 million, so that more than made up the April. We’ve revised the May personal income tax estimate up by \$100 million dollars so as a result on personal income tax year to date... 2... almost \$2.1 billion in collections, \$2 billion, \$97.5 million in collections. Revised Estimate is \$2 billion, \$52.85 million so that is \$44.7 million above estimate: 18.7% ahead of last year. We started the year off in July with an extra \$144 million dollars in personal income tax collections, so we’re basically capturing \$100 million of that in the

revised estimates. So, if you take away that effect and you had the money that should have come in last year in the 4th quarter instead of 18.7% growth, it's closer to about 4% growth. So, that's the big impact of that shift of revenue. The sale tax... sales taxes doing very, very, well. In the month of May, we collected \$149.8 million. The estimate was \$120.5, so we are \$29 million above estimate. Almost 38% ahead of last year. Now last year's collections for May were soft because of the pandemic, but if you look at sales tax collections from 2 years ago in May, we were above by over 25%, almost 27%, so great growth there. Year to date we're \$92.5 million ahead of estimate and 11.1% ahead of last year. Most of that surplus occurred in the last 3 months. At the end of February, we were 5.4% ahead, we're now 11.1% ahead so certainly... all that federal stimulus that came in, in the last couple of months, the \$1,400.00 per person, average has been spent, or is being spent, so those numbers are very strong. The other major collection's, the B & O tax year to date, we're running a million point one million... \$1.1 million above estimate about 5% below last year and it's in part with collections. Severance tax is doing very well. Now even though in month of May, technically we collected \$23.4 million. The estimate was \$31.7. So, we missed estimate by \$8.3 million but we are 49% higher than last year. So, we had high estimate for May. We thought more would come in at the end of May but it's sort of throw the dice up and see what comes down when you have a month were the last collection day ends on the 28th, cause Memorial Day fell on the 31st and more of the money actually ended up in June as opposed in May but at the end of December we were close to 50% down compared to the prior year. Now we're down by only 12.2% compared to the prior year so a big lift in the second half of the year. When we did the monthly estimates, the monthly estimates were reduced in early part of the

year and raised in the second part... half of the year with the idea that if we had recovery, that recovery would was gonna effect the middle sector in more, so the second half of the year and has proved true. Natural gas prices are up. Coal production is up. We kind of bottomed out somewhere, 65 million tons on an annualized basis at the end of December. We are now producing on an annualized basis close to 80 million tons, so the coal production numbers have come up particularly in northern West Virginia. There's more steams coal sales out there. More natural gas revenues, more revenues oil... commodities prices have done well in this recovery so those numbers will stay strong through the balance of the year. We're still down probably about \$190 million dollars from 2 years ago through May on severance tax, so... we went down a big hill and but we're seeing a nice climb back, so far. Corporate income tax in the month of May, we collected \$9... almost \$9 and a half million. We were almost \$7 and a half million above estimate, 470% above last year and year to date, we revised the corporate net estimate up by \$50 million dollars to \$173.5 million, end of date... year to date through May, reflected \$256.6 million. That's 80.9% ahead of last year. Again \$56 million dollars of corporate income tax that was... that should've been collected last year showed up around July of this year. You take away that and add the money to last year, the growth rate for corporate net is not 81% it closer to about 16/17%, still very strong corporate net growth rate. Other tax of interest: Tobacco products we missed this estimate by about \$265 thousand in May, year to date, we are still well above estimates by \$12.8 million and were actually positive point 8%. Normally tobacco goes down every year. There in a pandemic, tobacco instead of going down it actually went up in overall collections. We collected the... on the Lottery transfers almost \$10 million dollars in lottery transfers for the month of May and year to

date \$65 million so we have met... fully met the lottery transfer at the end of May so, that means there will be no lottery transfers in June. The \$65 million is the cap amount there. On the state road fund, just very briefly, overall collections in May were and I'm going to exclude the federal reimbursements, were about almost \$11 million below estimate but 31.7 % ahead of last year. Last year's collections were depressed due to the pandemic. Motor Fuel Excise tax was \$13.4 million below estimate but 4% ahead of last year. Year to date motor fuel excise tax is down \$47.9 million. That's about... compared to estimate and its down about 10.6% below last year but the numbers are beginning to improve on Motor Fuel Excise tax as more people travel the roads. We expect recovery in that... maybe not full recovery but substantial recovery as we head into the next year on the Motor Fuel Excise Tax. Registration fees were \$3.8 million below estimate in May but 50% higher than last year. Last year in May, we weren't registering many cars at all because we were... kind of shut down. Year to date on registration fees \$29.2 million below estimate but 12.7% ahead of last year and ... we're collecting on an annualized basis somewhere \$130 million we should be at \$150. I expect that to recovery next year as well. The star of the road fund is the Motor Vehicle Sales Tax, it's doing as well as the regular sales tax. Motor Vehicle Sales Tax collections \$6.6 percent... million ahead of estimate in May. Up over 50% from last year. Again, last year we weren't buying cars this time of the year. Year to date on Motor Vehicle Sale Tax \$272.9 million. We will exceed \$300 million dollars that will be an all-time high this year on Motor Vehicle Sales Tax. That was \$60 million above estimate and 14.2% ahead of last year, so if you can find a motor vehicle... people are buying them... if they can find the vehicles, it's just a matter of finding them. So, you have any questions? I'll take questions."

President Blair: “Get ready to tell us about the final bond left that you did for the Road to Prosperity.”

Mark Muchow: “We had a very successful \$200 million bond sale that occurred in... all the documents finalized in a couple days ago in early June. We ended up with a premium of \$50 some million dollars. I don’t have the exact numbers in my head... \$50 some million-dollar premium. The effective interest rate was only about 2.6% with a very good interest rate. So, the program is now fully fund... completed. The \$1.6 billion dollars in earned premium on each one of those. We also refinanced some outstanding highway bonds related to bonds that we issued back in the 1990’s. There were just a few years left on it and ended up with a net present value savings on those... it’s only like about \$14 million dollars refinancing of close to \$700,000 dollars. So that will help the road fund out. Those old bonds will come off in a couple of years... just a few more years on them, but very good... a very successful significant amount of money for highway infrastructure to go along with the \$150 million dollars that the Legislature allocated yesterday to help with the secondary road maintenance and efforts.”

President Blair: “Questions for Mark? Delegate Summers.”

Delegate Summers: “Thank you for being here, just one quick question. When I am looking at the rainy-day balance, are we at like at 20%, it looked, it appears that...”

Mark Muchow: “If you add both A and B, we’re at about 20.5%. A by itself is eight and a half percent. B would be the main 12%. B is the old Tobacco Settlement Funds. Those are invested in the market, and we’ve had a good return this year on rainy day fund B. I think at the beginning.... because we’re not putting any money in B. B is just earning investment money and I think, somewhere around here... B started the year out

in July with about \$493 million and as the end of May it was \$548 million so that means about \$56 million dollars of appreciation in B which is pretty good... a pretty good year for rainy-day B. Rainy-day A, if you take away the fact that we borrowed... we always borrow money beginning of the fiscal year. Rainy-day fund A, back in September when we pay it back was \$387 million. Today it is \$390.3 million of course A is more conservatively invested than B, but we are doing really good eight and a half on A and 20.5 overall. Somebody asked me yesterday if A was at a record, I don't think A is a record high I think it may have been higher a few years ago but the combined total is probably a record high."

Delegate Summers: "Thank you."

President Blair: "Any more questions for Mark, Thank you. Next on the agenda is a Workforce WV, Andy Osborne."

Chris McCauley: "Mr. President, Mr. Speaker, and members of the Committee, I'm not Andy Osborne, I'm Chris McCauley, Director of Unemployment and I have provided in your packets the report for April. And also, some responses I would like to touch on from the last meeting for Senator Tarr and Delegate Summers. If you have any questions about that feel free to ask. It's pertaining to the average weekly benefit amount and whether the trust fund would be solvent with the Cares Act Funding. And also, we didn't have to borrow much in April because of contributions coming in for the quarterly, from the employers, so that was good. And the only other thing I would like to mention before I open up for questions, is that we are now in the period of work search, and we also have the one wait... the one week waiting period unpaid is reinstated, at this time. Individuals have to be able and available in seeking full-time work. And cannot be seeking

just part-time at this time so that all has been reinstituted and effective this week. I'm open for any questions."

President Blair: "Questions? Senator from Brooke."

Senator Weld: "Thank you Mr. Chairman. Thank you for being here. Just very quickly, on the May status report, there is if you go down to disbursements it's the EUIA it's the... that's the insurance stabilization."

Chris McCauley: "Mmm hmm."

Senator Weld: "There is one disbursement, there isn't a disbursement in January, February, March, but just one in April for \$390,000. Why is... what's the... I'm just curious what's the reason for the that it's just that one month had a draw down?"

Chris McCauley: "I'm not sure about that, I will definitely talk to finance committee and get back with you."

Senator Weld: "Okay. I'm just curious to see why."

Chris McCauley: "Sure. I'll make note of that and get back with you. Thank you."

President Blair: "Delegate Howell."

Delegate Howell: "Thank you, Mr. President. Thank you for being here sir. My question is, what is the... available workforce in West Virginia compared to our population? I know at one time we were kind of upside down on that. Do we have people in the workforce and those seeking has that, where is that number now?"

Chris McCauley: "... right now, I would say we have about, just to give you an estimate to what we have drawing currently that would be available, we have probably around a little over 20,000 drawing regular unemployment, extended benefits... that has dropped some from about 30, for a couple of weeks or so ago and we have still

approximate 7,000 drawing PUA benefits, which that when... is 6/19 for the federal funding so, just alone with those two amounts there is thirty some thousand in that. We had approximately, according to support... at one high point last year we had about 193 thousand in that range of individuals drawing one of the federal programs or regular unemployment but, taking in consideration when you factor in the average weekly benefit amount there was a tremendous amount of folks that were just temporary laid off, and that's why that number was fluctuated so high. And we had about forty some thousand at the peak drawing in the regular UI and the PUC and about 30,000 in the PUA which is the independent contractors and your self-employed and so forth so it... at this time I don't have the statistics as far as that goes that's something I can get through our LMI Division and look at that and be glad to do that for you."

Delegate Howell: "And I'd like to know the percentage of West Virginians who are working and seeking work at the same time. I want to see what our total workforce is both working and non-working. "

Chris McCauley: "Okay, make note of that."

Delegate Howell: "Thank you sir."

Chris McCauley: "You're welcome."

President Blair: "Thank you."

Chris McCauley: "Thank you."

President Blair: "Next on the agenda, PEIA-BRIM, Alan McVey."

Alan McVey: "Morning. Thank you, Mr. President, Mr. Speaker, esteemed members of the Committee. I do have representatives here with me from the Department of Administration, from PEIA-BRIM, and Real Estate and we would be happy to answer

any questions about the reports that we sent you.”

President Blair: “Questions? Not seeing any...”

Alan McVey: “Thank you, appreciate it, I’ll get to my next committee meeting now.”

President Blair: “That’s why I was asking earlier whether people found it informative, if not. If you didn’t find it informative, well I was just going to talk to the Speaker and flip Mitch to being last of... on the internet.”

Alan McVey: “Actually, I enjoyed listening to his presentation. I seem to learn something every time I hear him speak, so I appreciate it.”

President Blair: “So that’s I asked for the raise your hands... were people like that you can tell it’s not informative, that way we get everybody back to doing their jobs.”

Alan McVey: “Certainly. We appreciate it. Thank you, sir.”

President Blair: “Thank you. Next on the agenda DHHR. Good morning, Jerimiah Samples.”

Jerimiah Samples: “Mr. President, Mr. Speaker, you have your Medicaid and CHIP reports in your packet. Just a quick note on Medicaid, enrollment is up to approximately 596,000 individuals on the program. We have heard word, and this is not formal yet, that the 6.2% enhanced match for COVID may end early next year, perhaps around April 2022. That equates to about \$50 million dollars state funds, each quarter. If you have any questions, we’d be happy to help.”

President Blair: “Questions of Mr. Samples? Senator from Greenbrier.”

Senator Baldwin: “Thank you Mr. President, thank you Mr. Samples. Just have a particular question. You’re well aware, I’ve gotten a number of requests lately about motive care and you’ve been very helpful, and your staff has been helpful, but they just

keep coming. I mean I got more yesterday. We are paying for a service that I'm wondering if they're... we're having significant issues with across that state. I guess, that's my first question. I'm getting a lot of these requests. Is this standard? Are you all having a lot of issues with motive care across the state?"

Jerimiah Samples: "Senator we are receiving a multitude of questions about the non-emergency medical transportation service. Just for everyone's benefit, that's a capitated service whereby we trans... we pay an entity to transport our recipients to their medical appointments. There's been a number of allegations of potential fraud in the program, I do believe legislature has an audit team looking at this as well. As we speak, we're evaluating the contract with the vendor... one issue that we are seeing is that some of the contract language is going to need be tightened up. There is also it appears to be a breakdown between the vendor and their subcontractors, and it appears as if some of the subcontractors are driving a lot of these complaints."

Senator Baldwin: "Okay. So, it sounds like it is a broader issue. I mean, I had... I got a report yesterday from Greenbrier County Day Report... that there is somebody who was taken back home from the hospital after a heart surgery. It should be about a 3-hour trip. It took them over 8 hours to get back home. They didn't get home until after midnight. Two days after heart surgery and so... I mean we're...we're paying. You're looking like your puzzled?"

Jerimiah Samples: "Well... I mean that would certainly be a critical issue, and so if we can get the specifics on that... you... you know at the end of the day, we need to hold that vendor accountable. What we've often found just to be frank, as we track down a lot of these complaints there's circumstances that the individual complaining has

actually received their support or you know... it's not materialized, so to the extent that we can get tangible complaints then that will better help us hold that vendor accountable. We do have a multitude of statistics that we can share with the committee... or yourself, basically laying out complaint numbers, how much we are paying this entity. Just to provide further context, this contract actually stems from an audit that took place in 2013. West Virginia was one of the few states, I think actually the only remaining state without a capitated contract and there was a multitude of fraud taking place... about \$3 million dollars annually. Fraud where folks were basically engineering the system...you know, providing transportation supports to relatives but then going to retailers and not going to appointments and things of that nature, so it is a complicated contract but it's definitely one we're getting a lot of noise on, and we need to get on top of."

Senator Baldwin: "Sure, I appreciate it. I'm sure there is fraud and I appreciate the work you all have done on it, and I appreciate that you're responsive to my particular issues. But you know, I am getting them time and time again and they are very, very similar. These aren't... they're usual folks family members who say, nobody ever showed up, driver never showed up. So, this isn't a situation where somebody is taking a joy ride somewhere, they didn't get a ride at all or there was this issue the other day where somebody took eight hours to get home, post heart surgery. So, I'll send you that particular information. I was just interested on a macro level if we are looking at something bigger here and so any data that you've got, I'd love to look at it, I appreciate it."

Jerimiah Samples: "Absolutely."

Senator Baldwin: "Thank you Mr. President."

President Blair: "Further questions? Mr. Speaker, would you like to go now."

Speaker Hanshaw: “Yes I would. If no one else has any questions. Thank you, Mr. President. Mr. Samples normally, I would have held this until new business, but I know that you are here, and the Secretary is here, so I want to go ahead and take this up now while folks are here. I am in receipt of a letter from the House Committee on Health and Human Resources related to the long-term plan for four state hospitals: for Jackie Withrow, for Laken, for Hope Mont, and Manchin Hospitals. I know there’s been ongoing discussion for... for now a number of years at least dating back to at least 2017, or perhaps further on the long-term future of those hospitals and our... our... at least our Joint Health Committee and LOCHHRA have... have been struggling to how to proceed, how to move forward on those hospitals. I know that the agency is working on how to move forward on those hospitals. We’d like to know if the agency would commit to bringing forward the agency’s plan on that at our September meeting. We have 3 months until our next meeting is scheduled. We’d be hopeful that, that would be enough time for the agency to come forward with what the plan would be for those hospitals. Is that a possibility?”

Jerimiah Samples: “I... I... it certainly is Mr. Speaker. At the discretion of the President, I believe the Secretary is better positioned to speak to the state hospitals, if...”

Speaker Hanshaw: “I... I don’t... I’m not going to ask you, you’re not prepared. We didn’t ask you to come prepared to speak today. I don’t expect you to speak today. I just... I would have held this request until new business to make it but since you are here, I’m making it now. If you could come prepared at our September meeting to address that, I will... I just wanted to give you fair notice that I’m going to make that request at the end of our meeting today if you are not still here, I didn’t want to catch you by surprise.”

Jerimiah Samples: “Yes sir.”

Speaker Hanshaw: ...(inaudible)

President Blair: “Further Questions? Thank you.”

Jerimiah Samples: “Mr. President.”

President Blair: “Next is Investment Management Board, Craig Slaughter.”

Craig Slaughter: “Mr. President, Mr. Speaker... Craig Slaughter, Executive Director of Investment Management Board. Ladies and Gentlemen... the... you have the April 30th numbers in front of you, I believe, and I’ve made a mistake in the past about that. But the... as you can see April’s up 3.3%. We know that May was also up, probably 1 to 2 %, we’ll see in a few weeks exactly what that number is, so you know we’re... we’re stretching towards a 25 plus percent return for this fiscal year, which of course is outstanding. Its... I can’t remember the last time we have had that great of a return. More importantly, if you stretch out 20 years the return is 7.8%, which is... most of you know 7 and a half is our... has been our bogie since the... 2000 really. The bad news is when you look out at the future... reversion to the means suggests that... the stock returns are not going to be as good going forward. The long-term stock returns are around 10%. The long-term bond returns are around 5 and a half. I mean, extremely long-term bond returns are around 5 and a half.... you know bond returns right now... the rates at this level they are extremely low, so that tells you that going forward the return on bonds is going to be extremely low. If you put those two together which are the major components of the portfolio you end up with a... a... it means that hitting 7 and a half percent is going to be extremely hard going forward. And... I think our... we will be recommending to the CPRB, that’s not achievable in the intermediate term. So that is going to put pressure on them to

change their assumed rate of return which will have impact... will impact the budget to some extent. I'm not sure how much you'll have to talk to the actuary about that but... and I don't know whether they're actually going to do it. But that's something that they need consider. They don't... when they make the... their return assumption, they use our input, but they also use input from other sources, so I don't know how they'll come out on that. One other thing going forward, just fears that we have, I mean what's our major fear? I'd say it has to be inflation. Now I don't think... it doesn't look like anybody in this room is old enough to have truly experienced the 70's inflation. I... I know we are all alive but the...so the 70's inflation was really bad, and its stagflation was essentially what... its more definitive term for it. I don't really think... that's not our central case. We don't necessarily think that's going to happen. Frankly, I think our leadership in government is well versed on inflation and probably... and should be able to act appropriately to head that off but, the fact that so few of us really had real working experience during that period suggests to me that the vast majority of this country doesn't really understand what it means and will take it too lightly. That could be problematic. So again, I don't think its central case and modest inflation doesn't really hurt us too badly. Stocks should continue to go up in that environment but... that is a risk, and we 're keeping an eye on it. I'll be happy to take questions."

President Blair: "Senator from Wayne."

Senator Plymale: "Thank you and I really hesitate to say anything cause the last time I talked about... you know, understanding of this kind of things and I probably mentioned when I was elected, the Speaker reminded me if what grade in school he was in, but you know, when you go back into the 70's you did have 18% or and so interest you

could not even get loans. When you started looking at housing there was no way people could get the 20% or conventionally the 20% that you had to put forth and different things like that, so it was very problematic and that extended for quite a few years, so I do believe that. But think of where you'd be if you were not able to have a modernized portfolio that you do now. When we set up the Investment Management Board and put criteria for people serving on it and the performance you've done... you've performed in probably the top 5 in the country just about every year, haven't you?"

Craig Slaughter: "Yeah that's... depending on time frames. Over the last 20 years it's in the top 6%."

Senator Plymale: "Thanks, that's really pretty amazing cause I was here. Yes, I was here when we didn't put any money in equities, and we had to get the county officials to go along with that and modernize their portfolios and different things like that had... had to do a constitutional amendment, so it's come along way."

Craig Slaughter: "I think that is one of this body's great achievements frankly."

Senator Plymale: "Well... I do... I thank you for your caution on that because I think a lot of times, I see people talking about now and looking at the interest rates, thinking that that will continue, that will not continue. We'll take advantage of it now but you prepare for the future."

Craig Slaughter: "Exactly. Thank you."

President Blair: "Finished? Forgot. Further questions? Thank you, Mr. Slaughter."

Craig Slaughter: "Thank you gentlemen."

President Blair: "Workers Compensation."

James Dodrill: "Thank you Mr. President, Mr. Speaker, members of the

Committee, Jim Dodrill, Insurance Commissioner. I believe you do have my status report for workers' compensation in your packet with the May information. I'll be happy to answer any questions."

President Blair: "Not seeing any."

James Dodrill: "Alright, thank you. And Senator Plymale, although I don't live in Wayne County, I am on the list for Starlink so..."

President Blair: "The next item is the Board of Treasury report distribution. (inaudible). Motion to adjourn."

Speaker Hanshaw: "Before we move to adjourn Mr. President, I will move that the agenda for our May meeting of the Joint Committee on Government and Finance contain a report from DHHR on the long-term plan for the state's four hospitals."

Dan Greer: "September meeting."

Speaker Hanshaw: "What I'd say?"

Dan Greer: "May."

Speaker Hanshaw: "September, yes... for our September meeting."

President Blair: "Everyone's heard the motion. All in favor say aye."

All: "Aye."

President Blair: "Those opposed? Approved. Anything else to come before the committee?"

Speaker Hanshaw: "I move the committee adjourn."

President Blair: "All those in favor say aye."

All: "Aye."

President Blair: "We're adjourned."

REPORTS SUMMARY

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

August 26, 2021

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

- West Virginia Lottery as of July 31, 2021:
Gross profit for the first month of fiscal year 2022 was \$50 million. Gross profit for the first month of fiscal year 2021 was \$41 million.
- West Virginia Unemployment Compensation Fund as of July 31, 2021:
Total disbursements were \$293 million lower than in fiscal year 2021. Overall ending trust fund balance was \$63 million higher on July 31, 2021 than on July 31, 2020.
- General Revenue Fund as of July 31, 2021
The general revenue collections ended the first month of fiscal year 2022 at 110% of the estimate for the year. Total collections were \$28 million above the estimate for the fiscal year.
- State Road Fund as of July 31, 2021:
The state road fund collections ended the first month of fiscal year 2022 at 105% of the estimate for the year. Total collections were \$3.5 million above the estimate for the fiscal year.

LOTTERY

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: August 19, 2021

Re: Review of West Virginia Lottery Financial Information
As of July 31, 2021

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for July 31, 2021, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$111.9 million for July of fiscal year 2020-2021. Table games accounted for \$3.2 million of this total. Historic Resort Hotel video lottery accounted for \$970 thousand of total gross receipts. Gross lottery revenue has increased by 19% when compared with July of fiscal year 2020-2021. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July was \$49.8 million; for July of last fiscal year it was \$41.1 million. Expressed as a percentage, gross profit is 21% higher for fiscal year 2022 than for fiscal year 2021.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$48,128,000.00 has been accrued to the state of West Virginia for fiscal year 2020-2021. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$17,810,000.00
Community and Technical College	\$499,000.00
Department of Education	\$5,701,000.00
Library Commission	\$4,572,000.00
Higher Education-Policy Commission	\$2,885,000.00
Tourism	\$2,673,000.00
Department of Natural Resources	\$1,367,000.00
Division of Culture and History	\$1,694,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$999,000.00
School Building Authority	\$1,800,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$40,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$21,102,000.00
Higher Education Improvement Fund	\$1,500,000.00
General Purpose Fund	\$0.00
Higher Education Improvement Fund	\$0.00
State Park Improvement Fund	\$0.00
School Building Authority	\$1,898,000.00
Refundable Credit	\$0.00
WV Racing Commission	\$0.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$0.00
WV Lottery Statutory Transfers	\$0.00
Economic Development Authority	\$439,000.00
General Revenue Fund	\$0.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$600,000.00
Total State Excess Lottery Revenue Fund	\$6,539,000.00

Total Budgetary Distributions:	\$46,539,000.00
Veterans Instant Ticket Fund	\$48,000.00
Pension Plan	0.00
TOTAL TRANSFERS	*\$46,587,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2021:	\$166,942,000.00
Total Cash Distributions FY 2022:	\$46,587,000.00
Applied to FY 2021:	\$46,587,000.00
Applied to FY 2022:	\$0.00
Accrued for FY 2021 as of July 31:	\$120,355,000.00
Accrued for FY 2022 as of July 31:	\$168,483,000.00



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, appearing to read "John A. Myers", is written over the "FROM:" line.

RE: Monthly Report on Lottery Operations
Month Ending July 31, 2021

DATE: August 17, 2021

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

Financial statements of the Lottery for the month ending July 31, 2021 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$111,880,659 for the month of July.

Transfers of lottery revenue totaling \$46,587,552 made for the month of July to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 12 on pages 20 and 21 of the attached financial statements.

The number of traditional and limited retailers active as of July 31, 2021 was 1,515 and 1,238 respectively.

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

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

JAM
Attachment

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

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

July 31, 2021

WEST VIRGINIA LOTTERY

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

ASSETS	July 31, 2021	June 30, 2021
Current Assets:		
Cash and cash equivalents	\$ 191,114	\$ 198,583
Accounts receivable	40,926	35,077
Inventory	860	911
Other assets	1,806	1,806
Total Current Assets	<u>234,706</u>	<u>236,377</u>
 Capital assets	 60,923	 60,923
Less accumulated depreciation and amortization	<u>(18,641)</u>	<u>(18,503)</u>
Net Capital Assets	<u>42,282</u>	<u>42,420</u>
 Total Noncurrent Assets	 <u>42,282</u>	 <u>42,420</u>
 Total Assets	 <u>\$ 276,988</u>	 <u>\$ 278,797</u>
 Deferred outflows of resources	 \$ 2,537	 \$ 2,537
 Total assets and deferred outflows	 <u>\$ 279,525</u>	 <u>\$ 281,334</u>
 Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 168,483	\$ 166,942
Estimated prize claims	15,674	16,445
Accounts payable	1,530	2,265
Other accrued liabilities	34,451	36,295
Total Current Liabilities	<u>220,138</u>	<u>221,947</u>
 Deferred inflows	 <u>\$ 2,355</u>	 <u>2,355</u>
 Net Position:		
Net Investment in capital assets	42,282	42,420
Unrestricted	<u>14,750</u>	<u>14,612</u>
Total Net Position	<u>57,032</u>	<u>57,032</u>
 Total net position, liabilities, and deferred inflows	 <u>\$ 279,525</u>	 <u>\$ 281,334</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 ONE MONTH PERIOD ENDED JULY 31, 2021

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2022	FY 2021	FY 2022	FY 2021
Lottery revenues				
On-line games	\$ 5,465	\$ 5,199	\$ 5,465	\$ 5,199
Instant games	15,232	14,232	15,232	14,232
Racetrack video lottery	43,867	31,788	43,867	31,788
Limited video lottery	42,087	39,824	42,087	39,824
Table games	3,235	1,808	3,235	1,808
Historic resort	970	822	970	822
Sports Wagering	230	157	230	157
Interactive Wagering	794	78	794	78
	<u>111,880</u>	<u>93,908</u>	<u>111,880</u>	<u>93,908</u>
Less commissions				
On-line games	381	364	381	364
Instant games	1,067	996	1,067	996
Racetrack video lottery	24,067	17,440	24,067	17,440
Limited video lottery	20,622	19,514	20,622	19,514
Table games	1,370	766	1,370	766
Historic resort	458	354	458	354
	<u>47,965</u>	<u>39,434</u>	<u>47,965</u>	<u>39,434</u>
Less on-line prizes	2,648	2,873	2,648	2,873
Less instant prizes	10,354	9,626	10,354	9,626
Less ticket costs	122	147	122	147
Less vendor fees and costs	1,004	719	1,004	719
	<u>14,128</u>	<u>13,365</u>	<u>14,128</u>	<u>13,365</u>
Gross profit	<u>49,787</u>	<u>41,109</u>	<u>49,787</u>	<u>41,109</u>
Administrative expenses				
Advertising and promotions	314	331	314	331
Wages and related benefits	928	914	928	914
Telecommunications	99	52	99	52
Contractual and professional	(537)	388	(537)	388
Rental	38	12	38	12
Depreciation and amortization	138	138	138	138
Other administrative expenses	193	108	193	108
	<u>1,173</u>	<u>1,943</u>	<u>1,173</u>	<u>1,943</u>
Other Operating Income	<u>310</u>	<u>726</u>	<u>310</u>	<u>726</u>
Operating Income	<u>48,924</u>	<u>39,892</u>	<u>48,924</u>	<u>39,892</u>
Nonoperating income (expense)				
Investment income	63	181	63	181
Distributions to municipalities and counties	(825)	(781)	(825)	(781)
Distributions -capital reinvestment	(34)	(18)	(34)	(18)
Distributions to the State of West Virginia	(48,128)	(39,274)	(48,128)	(39,274)
	<u>(48,924)</u>	<u>(39,892)</u>	<u>(48,924)</u>	<u>(39,892)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>57,032</u>	<u>55,589</u>	<u>57,032</u>	<u>55,589</u>
Net position, end of period	<u>\$ 57,032</u>	<u>\$ 55,589</u>	<u>\$ 57,032</u>	<u>\$ 55,589</u>

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

**WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2021**

(In Thousands)

-Unaudited-

	2022	2021
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 106,342	\$ 204,979
Cash payments for:		
Personnel costs	(928)	(914)
Suppliers	(867)	(2,149)
Other operating costs	(64,061)	(163,324)
Cash provided by operating activities	<u>40,486</u>	<u>38,592</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(46,587)	(46,592)
Distributions to municipalities and counties	(794)	(801)
Distributions to racetrack from racetrack cap. reinv. fund	(637)	(20)
Cash used in noncapital financing activities	<u>(48,018)</u>	<u>(47,413)</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>63</u>	<u>144</u>
Cash provided by investing activities	<u>63</u>	<u>144</u>
Increase (decrease) in cash and cash equivalents	(7,469)	(8,677)
Cash and cash equivalents - beginning of period	<u>198,583</u>	<u>132,073</u>
Cash and cash equivalents - end of period	\$ <u>191,114</u>	\$ <u>123,396</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 48,924	\$ 39,892
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	138	138
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(5,849)	110,345
(Increase) decrease in inventory	51	(80)
(Increase) decrease in other assets	-	(4)
Increase (decrease) in estimated prize claims	(769)	(108,121)
Increase (decrease) in accounts payable	(734)	(1,404)
Increase (decrease) in other accrued liabilities	(1,275)	(2,174)
Cash provided by operating activities	<u>\$ 40,486</u>	<u>\$ 38,592</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 \$835,830 and \$813,247 at June 30, 2021 and 2020, 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 July 31, 2021 the carrying amounts of deposits (overdraft) with financial institutions were \$470 thousand with a bank balance (overdraft) of \$539 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):

	July 31, 2021	June 30, 2021
Deposits with financial institutions	\$ 470	\$ 461
Cash on hand at the Treasurer's Office	21,692	24,999
Investments with BTI reported as cash equivalents	168,952	173,123
	<u>\$ 191,114</u>	<u>\$ 198,583</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 July 31, 2021 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2021	Additions	Deletions	Historical Cost At July 31, 2021
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 60,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,923</u>

**Accumulated
Depreciation:**

	Historical Cost At June 30, 2021	Additions	Deletions	Historical Cost At July 31, 2021
Buildings	\$ 10,165	\$ 103	\$ -	\$ 10,268
Equipment	8,338	35	-	8,373
	<u>\$ 18,503</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ 18,641</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 July 31, 2021 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	\$ 1,942,706	\$ 1,942,706
Lotto America	428,179	428,179
Mega Millions	1,071,560	1,071,560
Total	\$ 3,442,445	\$ 3,442,445

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 975,291	\$ 975,291
Lotto America	214,110	214,110
Mega Millions	535,823	535,823
Total	\$ 1,725,224	\$ 1,725,224

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 July 31, 2021, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 110,443,835	\$ 1,385,632
Lotto America	4,690,180	353,556
Mega Millions	93,504,399	934,469
Total	\$ 208,638,414	\$ 2,673,657

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 \$19,878,441 at July 31, 2021, of which the Lottery's share was \$1,441,191.

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 July 31, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Total credits played	\$ 500,183	\$ 357,051	\$ 500,183	\$ 357,051
Credits (prizes) won	(448,597)	(320,357)	(448,597)	(320,357)
Promotional credits played	(7,719)	(4,906)	(7,719)	(4,906)
Gross terminal income	43,867	31,788	43,867	31,788
Administrative costs	(1,755)	(1,272)	(1,755)	(1,272)
Net Terminal Income	42,112	30,516	42,112	30,516
Less distribution to agents	(24,067)	(17,440)	(24,067)	(17,440)
Racetrack video lottery revenues	\$ 18,045	\$ 13,076	\$ 18,045	\$ 13,076

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

	July 31, 2021	Year-to-Date
State Lottery Fund	\$ 12,634	\$ 12,634
State Excess Lottery Revenue Fund	5,411	5,411
Capital Reinvestment Fund	-	-
Total nonoperating distributions	\$ 18,045	\$ 18,045

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 July 31, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Total credits played	\$ 543,391	\$ 513,107	\$ 543,391	\$ 513,107
Credits (prizes) won	(501,304)	(473,283)	(501,304)	(473,283)
Gross terminal income	\$ 42,087	\$ 39,824	\$ 42,087	\$ 39,824
Administrative costs	(842)	(797)	(842)	(797)
Gross Profit	41,245	39,027	41,245	39,027
Commissions	(20,622)	(19,514)	(20,622)	(19,514)
Municipalities and Counties	(825)	(781)	(825)	(781)
Limited video lottery revenues	\$ 19,798	\$ 18,732	\$ 19,798	\$ 18,732

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 July 31, 2021 were \$9,243,120 and \$9,243,120, 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	
	2022	2021	2022	2021
Table Games Privilege Tax	\$ 3,235	\$ 1,808	\$ 3,235	\$ 1,808
Interest on Table Games Fund	-	1	-	1
Administrative costs	(277)	(155)	(277)	(155)
Total Available for Distribution	2,958	1,654	2,958	1,654
Less Distributions:				
Racetrack Purse Funds	208	116	208	116
Thoroughbred & Greyhound Development Funds	166	93	166	93
Racing Association Pension Plan	81	45	81	45
Municipalities/ Counties	915	512	915	512
Total Distributions	1,370	766	1,370	766
Excess Lottery Fund	\$ 1,588	\$ 888	\$ 1,588	\$ 888

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 July 31, 2021 and fiscal year-to-date follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total credits played	\$ 8,275	\$ 8,998	\$ 8,275	\$ 8,998
Credits (prizes) won	(7,593)	(8,450)	(7,593)	(8,450)
Promotional credits played	(115)	(156)	(115)	(156)
Gross terminal income	<u>567</u>	<u>392</u>	<u>567</u>	<u>392</u>
Capital reinvestment	(27)	(18)	(27)	(18)
Excess Lottery Fund	(5)	(4)	(5)	(4)
Administrative costs	(31)	(21)	(31)	(21)
Hotel commissions	<u>(240)</u>	<u>(166)</u>	<u>(240)</u>	<u>(166)</u>
Net terminal income	264	183	264	183
Historic Resort Hotel Fund	168	117	168	117
Human Resource Benefit Fund	96	66	96	66

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 July 31, 2021 were \$1,150,819 and \$1,150,819 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:

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Table games privilege tax	\$ 403	\$ 430	\$ 403	\$ 430
Administrative Costs	(52)	(55)	(52)	(55)
Total Available for Distribution	351	375	351	375
Historic Resort Hotel Fund	293	313	293	313
Human Resource Benefit Fund	58	62	58	62

Historic Resort Hotel Fund

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

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

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

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 168	\$ 168
Historic Resort Table Games	293	293
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	461	461
Municipalities/ Counties	64	64
Excess Lottery Fund	397	397
Total Distributions	\$ 461	\$ 461

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 July 31, 2021 were \$2,295,743 and \$2,295,743, 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	
	2022	2021	2022	2021
Sports Wagering Privilege Tax	\$ 230	\$ 157	\$ 230	\$ 157
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(35)	(24)	(35)	(24)
Total Available for Distribution	195	133	195	133

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11– INTERACTIVE WAGERING

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

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

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

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

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

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended July 31, 2021 were \$5,295,441 and \$5,295,441 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	
	2022	2021	2022	2021
Interactive Wagering Privilege Tax	\$ 794	\$ 78	\$ 794	\$ 78
Interest on Interactive Wagering Fund	-	-	-	-
Administrative Costs	(119)	(11)	(119)	(11)
Total Available for Distribution	675	67	675	67

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

	Current Month	Year-to-Date
Pensions	6	6
Lottery Fund	669	669
Total Distributions	\$ 675	\$ 675

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2022 the State Legislature budgeted \$125,422,650 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$6,539,201 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 June 30, 2021 the Lottery has accrued additional distributions of \$168,483,039. 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>July 31, 2021</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 499
Bureau of Senior Services	17,810	17,810
Department of Education	5,701	5,701
Library Commission	4,572	4,572
Higher Education-Policy Commission	2,885	2,885
Tourism	2,673	2,673
General Revenue		
Natural Resources	1,367	1,367
Division of Culture & History	1,694	1,694
Economic Development Authority	999	999
School Building Authority	1,800	1,800
Total State Lottery Fund	\$ 40,000	\$ 40,000

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 2,102
Higher Education Improvement Fund	1,500	1,500
General Purpose Account		
Higher Education Improvement Fund		
State Park Improvement Fund		
School Building Authority	1,898	1,898
Refundable Credit		
WV Racing Commission		
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		
WV Lottery Statutory Transfers		
Economic Development Authority	439	439
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	600	600
Total State Excess Lottery Revenue Fund	\$ 6,539	\$ 6,539
Total Budgetary distributions:	\$ 46,539	\$ 46,539
Veterans Instant Ticket Fund	\$ 48	\$ 48
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 46,587	\$ 46,587
Accrued nonoperating distributions, beginning	(166,942)	(166,942)
Accrued nonoperating distributions, end	168,483	168,483
	\$ 48,128	\$ 48,128

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended July 31, 2021 and July 31, 2020 approximated \$38,623 and \$12,241 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 July 31, 2021 and July 31, 2020 approximated \$81,077 and \$85,966 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2021 and 2020 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2021 and 2020, \$7,612,621 and \$8,073,287, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 15 - RETIREMENT BENEFITS

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

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

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending July 31, 2021 and fiscal year-to-date are as follows (in thousands):

	<u>July 31, 2021</u>	<u>Year-to-Date</u>
Employee contributions	\$ 50	\$ 50
Lottery contributions	106	106
Total contributions	<u>\$ 156</u>	<u>\$ 156</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
LOTTERY FUND AND EXCESS LOTTERY FUND
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2021
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	15,233	7,500	15,233	7,500
On-line games	5,465	5,033	5,465	5,033
Racetrack video lottery	43,867	40,372	43,867	40,372
Limited video lottery	42,087	28,834	42,087	28,834
Racetrack table games	3,235	2,664	3,235	2,664
Historic resort	970	447	970	447
Sports wagering	230	208	230	208
Interactive wagering	794	-	794	-
Total gross revenues	<u>111,881</u>	<u>85,058</u>	<u>111,881</u>	<u>85,058</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,689	871	1,689	871
On-line games	1,675	1,444	1,675	1,444
Racetrack Video Lottery	12,636	11,627	12,636	11,627
Sports wagering	195	177	195	177
Interactive wagering	435	-	435	-
Total Lottery Fund net revenues	<u>16,630</u>	<u>14,119</u>	<u>16,630</u>	<u>13,942</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,412	4,981	5,412	4,981
Limited Video Lottery	19,855	13,563	19,855	13,563
Limited Video Lottery Fees	139	-	139	-
Racetrack table games	1,587	1,306	1,587	1,306
Historic resort	402	180	402	180
Total Excess Lottery Fund Net Revenues	<u>27,395</u>	<u>20,030</u>	<u>27,395</u>	<u>20,030</u>
Total Net Revenues	<u>44,025</u>	<u>34,149</u>	<u>44,025</u>	<u>33,972</u>

GENERAL REVENUE

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: August 20, 2021

Re: Status of General Revenue Fund and State Road Fund as of
July 31, 2021 (FY 22)

We have read the cash flow of the West Virginia general revenue fund as of July 31, 2021 which is the first month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 110% of the estimate for the fiscal year. Total collections were \$28.1 million above the estimate for the fiscal year.

Personal Income Tax collections were \$14.7 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$4.6 million below the estimate for the year.

Severance Tax was \$11 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$5.6 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 105% of the estimate for the fiscal year. Total collections were \$3.5 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$375,141,500.71 as of July 31, 2021.

Balance July 1, 2021	\$441,663,052.88
*Loan-General Revenue Fund 7-1-21	(68,500,000.00)
Fiscal year 21 Surplus	15,401,416.45
6-24-21 Special Session appropriation	50,000,000.00
Earnings/(Loss)	(63,422,968.62)
Balance July 31, 2021	\$375,141,500.71

*\$68.5 million loan to state General Revenue Fund 7/1/2021 for beginning of the year cash flow, to be repaid within 90 days.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$557,457,783.40 as of July 31, 2021.

Balance July 1, 2021	\$553,481,351.13
Earnings	3,976,432.27
Balance July 31, 2021	\$557,457,783.40

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of July 31, 2021.

Balance July 1, 2021	\$11,000,000.00
Balance July 31, 2021	\$11,000,000.00

GENERAL REVENUE FUND

Increase/Decrease over Prior Period	\$	(178,159,397)	\$	(178,159,397)
% Increase/Decrease over Prior Period		-37%		-37%

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
August 13, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2022
as of July 31, 2021**

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 127,100,000	\$ 141,776,839	\$ 14,676,839	\$ 127,100,000	\$ 141,776,839	\$ 14,676,839	112%
Consumer Sales Tax & Use Tax	94,400,000	89,779,059	(4,620,941)	94,400,000	89,779,059	(4,620,941)	95%
Severance Tax	(7,600,000)	3,417,966	11,017,966	(7,600,000)	3,417,966	11,017,966	-45%
Corporate Net Income Tax	5,500,000	11,078,111	5,578,111	5,500,000	11,078,111	5,578,111	201%
Insurance Tax	26,200,000	29,592,486	3,392,486	26,200,000	29,592,486	3,392,486	113%
Tobacco Products Tax	14,800,000	14,511,399	(288,601)	14,800,000	14,511,399	(288,601)	98%
Business and Occupation	11,000,000	7,840,004	(3,159,996)	11,000,000	7,840,004	(3,159,996)	71%
Liquor Profit Transfers	2,000,000	2,548,514	548,514	2,000,000	2,548,514	548,514	127%
Departmental Collections	1,300,000	1,506,464	206,464	1,300,000	1,506,464	206,464	116%
Property Transfer Tax	1,400,000	2,071,365	671,365	1,400,000	2,071,365	671,365	148%
Property Tax	160,000	10,451	(149,549)	160,000	10,451	(149,549)	7%
Beer Tax and Licenses	700,000	763,555	63,555	700,000	763,555	63,555	109%
Miscellaneous Transfers	40,000	292,931	252,931	40,000	292,931	252,931	732%
Interest Income	400,000	238,773	(161,227)	400,000	238,773	(161,227)	60%
Refundable Credit Reimb Liability	-	-	-	-	-	-	0%
HB 102 - Lottery Transfers	-	-	-	-	-	-	0%
Miscellaneous	120,000	121,264	1,264	120,000	121,264	1,264	101%
Business Franchise Fees	60,000	94,889	34,889	60,000	94,889	34,889	158%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	101,000	101,266	266	101,000	101,266	266	100%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	(25)	(25)	-	(25)	(25)	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	60,323	60,323	-	60,323	60,323	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	68,500,000	-	-	68,500,000	-	0%
SUBTOTALS	\$ 277,681,000	\$ 374,305,635	\$ 28,124,635	\$ 277,681,000	\$ 374,305,635	\$ 28,124,635	
Less: Cash Flow Transfer	-	68,500,000	-	-	68,500,000	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 277,681,000	\$ 305,805,635	\$ 28,124,635	\$ 277,681,000	\$ 305,805,635	\$ 28,124,635	
Percent of Estimates		110%			110%		
Collections this day		\$ 48,151,168					

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

August 02, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2022
as of July 31, 2021**

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 28,900,000	\$ 38,012,251	\$ 9,112,251	\$ 28,900,000	\$ 38,012,251	\$ 9,112,251	132%
Sales/Privilege Tax	22,626,000	25,888,129	3,262,129	22,626,000	25,888,129	3,262,129	114%
Licenses & Registration	16,502,000	15,779,966	(722,034)	16,502,000	15,779,966	(722,034)	96%
Miscellaneous	9,000,000	857,348	(8,142,652)	9,000,000	857,348	(8,142,652)	10%
Highway Litter Control	145,000	167,049	22,049	145,000	167,049	22,049	115%
Federal Reimbursement	47,000,000	35,090,022	(11,909,978)	47,000,000	35,090,022	(11,909,978)	75%
SUBTOTALS	\$ 124,173,000	\$ 115,794,765	\$ (8,378,235)	\$ 124,173,000	\$ 115,794,765	\$ (8,378,235)	
Less: Federal Reimbursement	47,000,000	35,090,022	(11,909,978)	47,000,000	35,090,022	(11,909,978)	
TOTALS	\$ 77,173,000	\$ 80,704,743	\$ 3,531,743	\$ 77,173,000	\$ 80,704,743	\$ 3,531,743	

Percent of Estimates

105%

105%

Collections this day

\$ 10,423,833

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of July 31, 2021 : \$ 375,141,500.71

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of July 31, 2021: \$ 557,457,783.40

SPECIAL INCOME TAX REFUND RESERVE FUND as of July 31, 2021: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

August 02, 2021

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

STATE ROAD FUND

	Actual Collections July 2020	Actual Collections July 2021	Actual Collections 1 Month July 2020	Actual Collections 1 Month July 2021	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 36,544,022	\$ 38,012,251	\$ 36,544,022	\$ 38,012,251	\$ 1,468,229	4%
Privilege Tax	28,619,587	25,888,129	28,619,587	25,888,129	-2,731,458	-10%
Licenses & Registration	15,779,528	15,779,966	15,779,528	15,779,966	438	0%
Miscellaneous	207,919	857,348	207,919	857,348	649,429	312%
Highway Litter Control	151,375	167,049	151,375	167,049	15,674	10%
Federal Reimbursement	28,573,688	35,090,022	28,573,688	35,090,022	6,516,334	23%
SUBTOTALS	\$ 109,876,120	\$ 115,794,765	\$ 109,876,120	\$ 115,794,765	\$ 5,918,645	
Less: Federal Reimbursement	28,573,688	35,090,022	28,573,688	35,090,022	6,516,334	
TOTALS	\$ 81,302,432	\$ 80,704,743	\$ 81,302,432	\$ 80,704,743	\$ (597,689)	
 Increase/Decrease over Prior Period		\$ (597,689)		\$ (597,689)		
 % Increase/Decrease over Prior Period		-1%		-1%		

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

August 16, 2021

UNEMPLOYMENT COMPENSATION

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: August 26, 2021

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 31, 2021 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of July 31, 2021 of fiscal year 2021-2022, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2021	\$ 78,844,923.17
Receipts July 1,2021 thru June 30, 2022	\$ 47,555,707.57
Disbursements July 1, 2021 thru June 30, 2022	\$ 38,271,882.73
Balance July 31, 2021	\$ 88,128,748.02

ITEMS OF NOTE:

Regular benefits paid for July 2021 were \$ 43.6 million less than July 2020.

Federal emergency benefits totaled \$0 for July 2021. For July 2020, federal emergency benefits totaled negative (-\$830 hundred).

Total disbursements were \$292.6 million less in July 2021 than the preceding July 2020.

Receipts as of July 2021, were \$300.3 million less than in July 2020. Overall ending trust fund balance was \$62.9 million higher on July 31, 2021 than on July 31, 2020.

Seasonally adjusted unemployment rates for July 2021 were 5.0 percent for West Virginia and 5.4 percent nationally.

Since July 2020, employment has increased by 27,100. Employment increases included 5,700 in government, 5,700 in leisure and hospitality, 1,200 in educational and health services, 400 in other services, 1,700 in construction, 2,400 in manufacturing, 3,000 in professional and business services, 2,000 in trade, transportation, and utilities, 1,000 in financial activities, and 4,000 in mining and logging. Information employment was unchanged over the year.

WORKFORCE WV UNEMPLOYMENT
COMP TRUST FUND

August 26, 2021

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

RE: Monthly Status Report

Dear Mr. Spencer:

Please Find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of July 2021.

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

Sincerely,



Scott Adkins
Acting Commissioner

SSA/smd
Enclosure

pc: Jim Justice

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

	MAY 2020	JUNE 2020	JULY 2020	MAY 2021	JUNE 2021	JULY 2021	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$108,433,437.49</u>	<u>\$609,424,785.48</u>	<u>\$8,289,482.99</u>	<u>\$71,339,652.82</u>	<u>\$79,937,019.57</u>	<u>\$78,844,923.17</u>	<u>(\$496,026,110.40)</u>	
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	\$28,509,756.88	\$2,090,439.93	\$23,518,031.08	\$31,623,240.36	\$3,504,643.73	\$14,687,138.52	(\$4,303,205.28)	2. Regular Contributions
3. Federal Emergency Benefits PEUC Draws	\$0.00	\$0.00	\$5,665,936.42	\$16,008,315.41	\$15,217,079.51	\$818,411.01	\$26,377,869.51	3. Federal Emergency Benefits PEUC Draws
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$564,151.92	\$41,251.94	\$34,718.00	\$19,505.96	(\$468,676.02)	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	\$320,654,886.70	\$309,318,666.30	\$186,861,302.76	\$41,092,344.60	\$39,326,626.53	\$3,823,584.98	(\$732,592,299.65)	5. Temp Federal Additional Comp (FPUC)
6. Pandemic Unemployment Assistance PUA	\$0.00	\$28,088,521.00	\$7,636,210.00	\$3,782,873.29	\$3,712,629.43	\$380,597.50	(\$27,848,630.78)	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	\$71,766.42	\$66,413.08	\$79,253.76	\$106,198.93	\$147,513.37	\$115,175.24	\$151,454.28	7. UCFE (Federal Agencies)
8. Title IX or Special Legislation EUISAA Deposits	\$0.00	\$2,251,100.00	\$0.00	\$0.00	(\$1,790,876.02)	\$4,592,248.85	\$550,272.83	8. EUISAA Deposits/EMER US RELIEF Deposits &
9. LOAN Advance	\$0.00	\$0.00	\$35,486,924.81	\$0.00	\$0.00	\$0.00	(\$35,486,924.81)	9. LOAN Advance
11. Treasury Interest Credits	\$0.00	\$413,353.60	\$0.00	\$0.00	\$376,790.10	(\$376,790.10)	(\$413,353.60)	11. Treasury Interest Credits
12. UCX (Military Agencies)	\$104,068.21	\$134,468.39	\$140,168.58	\$34,033.89	\$35,297.83	\$27,883.22	(\$281,490.24)	12. UCX (Military Agencies)
13. Temporary Federal Compensation	\$0.00	\$65,711,613.43	\$7,444,606.29	\$0.00	\$0.00	\$0.00	(\$73,156,219.72)	13. Temporary Federal Compensation
14. TSFR From Non-Invsld FUA	\$310,500.00	(\$788,193.50)	\$2,834,200.00	\$0.00	\$1,545,084.00	\$0.00	(\$811,422.50)	14. TSFR From Non-Invsld FUA
15. BT to State UI Account	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15. BT to State UI Account
17. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	17. Reed Act Funds
Total Monthly Receipts	<u>\$ 501,990,832.69</u>	<u>\$ 407,289,482.23</u>	<u>\$ 347,834,170.50</u>	<u>\$158,261,915.24</u>	<u>\$97,054,348.70</u>	<u>\$47,555,707.57</u>	<u>(\$848,282,628.98)</u>	Total Monthly Receipts
Less Disbursements:								Less Disbursements:
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits	10,397,638,530.00	\$68,852,905.51	\$53,531,332.80	\$13,621,629.56	\$13,352,598.99	\$9,884,075.16	(\$10,483,164,464.60)	Regular Benefits:
Federal Emergency Compensation - PEUC	\$4,833,781.90	\$5,850,728.97	\$5,837,567.79	\$19,961,959.10	\$12,702,709.80	\$806,951.75	\$16,949,541.99	Federal Emergency Compensation - PEUC
Federal Additional Compensation - FPUC	\$346,670,382.17	\$283,216,066.49	\$184,676,295.78	\$46,513,946.82	\$32,993,467.02	\$3,581,356.93	(\$731,473,973.67)	Federal Additional Compensation - FPUC
Pandemic Unemployment Assistance PUA	\$26,728,122.00	\$27,218,875.00	\$7,277,961.91	\$3,790,322.29	\$3,954,614.00	\$369,555.00	(\$53,110,467.62)	Pandemic Unemployment Assistance PUA
Federal Emergency Benefits (EUC08)	(\$1,123.00)	(\$2,195.00)	(\$830.00)	\$0.00	(\$30.00)	\$0.00	\$4,118.00	Federal Emergency Benefits (EUC08)
Federal Extended EB	\$0.00	\$0.00	\$593,136.39	\$39,979.94	\$33,022.00	\$19,506.69	(\$500,627.76)	Federal Extended EB
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	\$113,033.27	\$70,893.05	\$86,268.06	\$124,204.90	\$132,158.27	\$112,169.77	\$98,338.56	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$123,913.62	\$125,072.41	\$136,734.12	\$38,849.06	\$33,062.81	\$30,315.04	(\$283,493.24)	UCX (Military Workers) Benefits
Title IX Funds- Special Legislation EUISAA								Withdrawn (Reed Act)UC
Withdrawals	\$258,765.74	\$14,667,137.51	\$1,122,939.23	\$0.00	\$0.00	\$0.00	(\$16,048,842.48)	Morl Incentive/EUISAA)
Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Fed Comp
Total Monthly Disbursements	<u>\$609,424,785.48</u>	<u>\$399,999,483.94</u>	<u>\$330,864,790.96</u>	<u>\$149,664,548.49</u>	<u>\$98,146,445.11</u>	<u>\$38,271,882.73</u>	<u>(\$11,267,529,870.82)</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$999,484.70</u>	<u>\$8,289,482.99</u>	<u>\$25,258,862.53</u>	<u>\$79,937,019.57</u>	<u>\$78,844,923.17</u>	<u>\$88,128,748.02</u>	<u>\$9,923,221,131.44</u>	Trust Fund Balance

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

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

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

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

UC TRUST FUND ACTUAL – 2021

Month	Receipts	Disbursements	Trust Fund Balance
2020			
Balance 1/1/2020			\$ 191,802,022
January	\$ 14,847,151	\$ 26,915,654	\$ 179,733,519
February	\$ 7,317,928	\$ 25,997,514	\$ 161,053,933
March	\$ 2,375,894	\$ 29,333,537	\$ 134,096,290
April	\$ 254,628,576	\$ 280,291,428	\$ 108,433,438
May	\$ 501,990,833	\$ 609,424,785	\$ 999,486
June	\$ 407,289,482	\$ 399,999,484	\$ 8,289,484
July	\$ 310,154,605	\$ 293,185,225	\$ 25,258,864
August	\$ 128,416,645	\$ 165,111,304	\$ (11,435,795)
September	\$ 99,198,241	\$ 71,775,296	\$ 15,987,150
October	\$ 72,249,659	\$ 65,457,768	\$ 22,779,041
November	\$ 90,121,076	\$ 92,585,739	\$ 20,314,378
December	\$ 53,179,447	\$ 49,949,488	\$ 23,544,337
Totals - 2020	\$ 1,941,769,538	\$ 2,110,027,223	\$ 23,544,337
2021			
January	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373
February	\$ 133,688,137	\$ 138,034,358	\$ 5,649,152
March	\$ 115,410,886	\$ 104,337,623	\$ 16,722,416
April	\$ 218,662,207	\$ 168,209,884	\$ 67,174,738
May	\$ 158,261,915	\$ 149,664,548	\$ 79,937,020
June	\$ 97,054,348	\$ 98,146,445	\$ 78,844,923
July	\$ 47,555,707	\$ 38,271,882	\$ 88,128,748
August	\$	\$	\$
September	\$	\$	\$
October	\$	\$	\$
November	\$	\$	\$
December	\$	\$	\$
Totals - 2021	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373

Benefits and Technical Support Section • Unemployment Compensation Division
 1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
 Telephone: (304) 558-3309 • Fax: (304) 558-3252

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MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE

YEAR 2021

	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021	JULY 2021	
Balance Forward	<u>\$20,599,496.82</u>	<u>\$9,537,585.37</u>	<u>\$7,111,728.14</u>	<u>\$21,069,825.52</u>	<u>\$71,339,652.82</u>	<u>\$79,937,019.57</u>	<u>\$78,844,923.17</u>	
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:	\$6,739,492.94	\$17,141,683.89	\$1,362,765.38	\$62,240,702.52	\$31,623,240.36	\$3,504,643.73	\$14,687,138.52	2. Regular Contributions:
3. Federal Emergency Benefits PEUC Draws	\$17,851,426.46	\$20,319,106.52	\$23,641,692.48	\$16,415,532.45	\$16,008,315.41	\$15,217,079.51	\$818,411.01	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	\$244,099.98	\$102,849.02	\$77,072.00	\$17,300.00	\$41,251.94	\$34,718.00	\$19,505.96	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	\$48,952,491.97	\$57,935,377.43	\$63,020,788.03	\$43,897,607.10	\$41,092,344.60	\$39,326,626.53	\$3,823,584.98	5. Temp Federal Additional Comp (FPUC)
6. Pandemic Unemployment Assistance PUA	\$4,977,564.00	\$4,837,291.00	\$5,064,117.00	\$4,208,136.00	\$3,782,873.29	\$3,712,629.43	\$380,597.50	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	\$156,560.00	\$234,130.99	\$376,989.57	\$173,018.05	\$106,198.93	\$147,513.37	\$115,175.24	7. UCFE (Federal Agencies)
8. Title IX or Special Legislation EUISAA Deposit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,790,876.02)	\$4,592,248.85	8. EUISAA & EMER US RELIEF
9. LOAN Advance	\$16,632,248.54	\$1,266,565.96	\$19,157,152.41	\$2,911,756.61	\$0.00	\$0.00	\$0.00	9. LOAN Advance
10. Treasury Interest Credits	\$0.00	\$0.00	\$130,969.17	(\$130,969.17)	\$0.00	\$376,790.10	(\$376,790.10)	10. Treasury Interest Credits
11. UCX (Military Agencies)	\$60,780.93	\$101,058.68	\$241,379.30	\$62,620.25	\$34,033.89	\$35,297.83	\$27,883.22	11. UCX (Military Agencies)
12. Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12. Temporary Federal Compensation
13. TSFR From Non-Invtst FUA	\$551,028.00	\$487,199.00	\$533,722.00	\$0.00	\$0.00	\$1,545,084.00	\$0.00	13. TSFR From Non-Invtst FUA
14. BT to State UI Account	\$33,216,154.26	\$60,569,205.99	\$2,298,045.18	\$176,754.95	\$0.00	\$0.00	\$0.00	14. BT to State UI Account
15. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15. Reed Act Funds
Total Monthly Receipts	<u>\$121,407,178.44</u>	<u>\$160,491,471.06</u>	<u>\$166,656,349.61</u>	<u>#####</u>	<u>\$158,261,915.24</u>	<u>\$97,054,348.70</u>	<u>\$47,555,707.57</u>	Total Monthly Receipts
Less Disbursements:								Less Disbursements:
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	15,348,649.59	19,045,655.31	\$20,128,363.46	\$14,739,536.45	\$13,621,629.56	\$13,352,598.99	\$9,884,075.16	Regular Benefits:
Federal Emergency Compensation - PEUC	\$21,948,551.10	\$21,135,008.52	\$21,154,685.43	\$17,196,646.68	\$19,961,959.10	\$12,702,709.80	\$806,951.75	Federal Emergency Compensation - PEUC
Federal Additional Compensation - FPUC	\$56,452,056.20	\$57,243,031.85	\$55,050,843.51	\$43,107,979.41	\$46,513,946.82	\$32,993,467.02	\$3,581,356.93	Federal Additional Compensation - FPUC
Pandemic Unemployment Assistance PUA	\$4,893,977.20	\$4,525,040.00	\$4,843,341.00	\$4,020,730.49	\$3,790,322.29	\$3,954,614.00	\$369,555.00	Pandemic Unemployment Assistance PUA
Federal Emergency Benefits (EUC08)	(\$498.00)	\$0.00	\$0.00	(\$240.00)	\$0.00	(\$30.00)	\$0.00	Federal Emergency Benefits (EUC08)
Federal Extended - EB	\$265,127.89	\$92,942.02	\$75,260.00	\$20,268.00	\$39,979.94	\$33,022.00	\$19,506.69	Federal Extended - 2112
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	\$212,202.00	\$208,411.26	\$350,438.95	\$170,283.65	\$124,204.90	\$132,158.27	\$112,169.77	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$107,538.29	\$72,030.76	\$232,154.43	\$57,156.36	\$38,849.06	\$33,062.81	\$30,315.04	UCX (Military Workers) Benefits
Title IX Funds- Special Legislation EUISAA								Title IX Funds- Special Legislation EUISAA Withdraw
Withdrawals	\$0.00	\$0.00	\$111,508.36	\$390,270.42	\$0.00	\$0.00	\$0.00	Temp Fed Comp
Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Monthly Disbursements	<u>\$132,469,089.89</u>	<u>\$162,917,328.29</u>	<u>\$152,698,252.23</u>	<u>#####</u>	<u>\$149,664,548.49</u>	<u>\$98,146,445.11</u>	<u>\$38,271,882.73</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$9,537,585.37</u>	<u>\$7,111,728.14</u>	<u>\$21,069,825.52</u>	<u>\$71,339,652.82</u>	<u>\$79,937,019.57</u>	<u>\$78,844,923.17</u>	<u>\$88,128,748.02</u>	Trust Fund Balance

FOR RELEASE: August 17, 2021

Contact: Andy Malinoski

Andy.E.Malinoski@wv.gov

304-957-9318

State Unemployment Rate drops to 5.0 Percent in July

West Virginia's seasonally adjusted unemployment rate dropped three-tenths of a percentage point to 5.0 percent in July 2021, the lowest seasonally adjusted unemployment rate for the state since January 2020. The number of unemployed state residents decreased by 2,100 to 39,900. Total employment grew 1,700 over the month. The national unemployment rate declined five-tenths of a percentage point to 5.4 percent in July.

Total nonfarm payroll employment increased 3,600 in July, with gains of 3,000 in the service-providing sector and 600 in the goods-producing sector.

Within the goods-producing sector, employment increased 600 in mining and logging and 200 in manufacturing. Construction employment declined 200 over the month. Within the service-providing sector, employment gains included 2,200 in government, 500 in financial activities, 300 in professional and business services, 300 in education and health services, 100 in leisure and hospitality, and 100 in other services. Employment declines included 300 in trade, transportation, and utilities and 200 in information.

Since July 2020, total nonfarm payroll employment has increased 27,100. Employment gains included 5,700 in government, 5,700 in leisure and hospitality, 4,000 in mining and logging, 3,000 in professional and business services, 2,400 in manufacturing, 2,000 in trade, transportation, and utilities, 1,700 in construction, 1,200 in education and health services, 1,000 in financial activities, and 400 in other services. Information employment was unchanged over the year.

West Virginia's not seasonally adjusted unemployment rate fell six-tenths of a percentage point to 4.5 percent in July 2021, the lowest not seasonally adjusted unemployment rate for the state since November 2019.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
July 2021

	Prelim. Jul 2021	Revised Jun 2021	Revised Jul 2020	Change from:	
				Jun 2021	Jul 2020
Civilian Labor Force	793.1	793.5	787.4	-0.4	5.7
Total Employment	753.2	751.5	713.1	1.7	40.1
Total Unemployment	39.9	42.0	74.3	-2.1	-34.4
Unemployment Rate	5.0	5.3	9.4	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	691.3	687.7	664.2	3.6	27.1
Total Private	540.2	538.8	518.8	1.4	21.4
Goods Producing	96.1	95.5	88.0	0.6	8.1
Mining and Logging	20.4	19.8	16.4	0.6	4.0
Construction	29.7	29.9	28.0	-0.2	1.7
Manufacturing	46.0	45.8	43.6	0.2	2.4
Durable Goods	26.4	26.3	25.4	0.1	1.0
Non-Durable Goods	19.6	19.5	18.2	0.1	1.4
Service-Providing	595.2	592.2	576.2	3.0	19.0
Private Service-Providing	444.1	443.3	430.8	0.8	13.3
Trade, Transportation, and Utilities	122.5	122.8	120.5	-0.3	2.0
Wholesale Trade	18.9	18.9	19.0	0.0	-0.1
Retail Trade	79.0	79.3	76.5	-0.3	2.5
Transportation, Warehousing, and Utilities	24.6	24.6	25.0	0.0	-0.4
Information	7.1	7.3	7.1	-0.2	0.0
Financial Activities	30.0	29.5	29.0	0.5	1.0
Finance and Insurance	23.4	23.0	22.8	0.4	0.6
Real Estate and Rental and Leasing	6.6	6.5	6.2	0.1	0.4
Professional and Business Services	66.8	66.5	63.8	0.3	3.0
Professional, Scientific & Technical Services	26.1	26.0	25.0	0.1	1.1
Administrative and Support and Waste Mgmt	33.0	32.7	31.3	0.3	1.7
Educational and Health Service	129.2	128.9	128.0	0.3	1.2
Educational Services	8.0	8.3	7.8	-0.3	0.2
Health Care and Social Assistance	121.2	120.6	120.2	0.6	1.0
Leisure and Hospitality	66.8	66.7	61.1	0.1	5.7
Arts, Entertainment, and Recreation	8.3	8.2	6.5	0.1	1.8
Accommodation and Food Service	58.5	58.5	54.6	0.0	3.9
Other Services	21.7	21.6	21.3	0.1	0.4
Government	151.1	148.9	145.4	2.2	5.7
Federal Government	25.3	25.3	26.5	0.0	-1.2
State Government	48.1	47.4	46.5	0.7	1.6
Local Government	77.7	76.2	72.4	1.5	5.3

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

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	796,500	796,100	795,700	796,000	794,700	793,500	793,100						
Employment	744,900	746,400	748,400	750,100	750,900	751,500	753,200						
Unemployment	51,600	49,700	47,300	45,900	43,700	42,000	39,900						
Rate	6.5	6.2	5.9	5.8	5.5	5.3	5.0						
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	805,300	805,700	805,700	768,200	780,900	784,600	787,400	789,500	791,400	793,300	795,100	796,600	792,200
Employment	765,000	764,300	763,100	648,700	688,100	701,900	713,100	722,100	729,100	734,500	739,100	742,900	726,000
Unemployment	40,300	41,400	42,700	119,500	92,800	82,800	74,300	67,400	62,300	58,800	56,000	53,700	66,100
Rate	5.0	5.1	5.3	15.6	11.9	10.5	9.4	8.5	7.9	7.4	7.0	6.7	8.3
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	795,100	794,500	794,000	794,100	795,000	796,500	798,300	800,000	801,600	803,000	803,900	804,700	798,300
Employment	755,000	755,000	755,200	755,900	757,000	758,300	759,500	760,600	761,800	763,300	764,500	765,000	759,000
Unemployment	40,100	39,500	38,800	38,200	38,000	38,200	38,800	39,400	39,800	39,700	39,500	39,600	39,300
Rate	5.0	5.0	4.9	4.8	4.8	4.8	4.9	4.9	5.0	4.9	4.9	4.9	4.9
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,700	789,300	791,300	793,100	794,200	794,800	794,900	794,900	794,900	795,100	795,400	795,400	793,400
Employment	744,900	746,300	748,400	750,600	752,300	753,500	754,300	754,700	755,000	755,000	755,000	755,000	752,200
Unemployment	42,800	42,900	42,900	42,500	41,900	41,300	40,600	40,100	40,000	40,100	40,300	40,400	41,200
Rate	5.4	5.4	5.4	5.4	5.3	5.2	5.1	5.0	5.0	5.0	5.1	5.1	5.2
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	781,300	780,800	780,600	780,800	781,500	782,700	784,200	785,500	786,300	786,700	786,800	787,000	783,800
Employment	738,900	739,800	740,600	741,200	742,100	743,000	743,900	744,500	744,800	744,800	744,500	744,400	742,700
Unemployment	42,400	41,000	40,000	39,500	39,400	39,700	40,300	41,000	41,500	42,000	42,300	42,600	41,000
Rate	5.4	5.3	5.1	5.1	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800	57,000	57,900	58,900	59,600	59,900	59,800	59,600	59,200	58,700	57,900	58,400
Rate	7.1	7.0	7.1	7.2	7.3	7.4	7.4	7.4	7.4	7.3	7.3	7.2	7.2
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	807,800	806,800	805,500	804,300	803,500	803,500	804,500	806,100	807,700	808,800	809,100	808,700	806,600
Employment	739,700	739,900	740,100	740,100	740,100	740,600	741,800	743,600	745,700	747,700	749,400	750,400	743,300
Unemployment	68,100	66,800	65,400	64,200	63,300	62,900	62,700	62,500	62,000	61,100	59,800	58,400	63,200
Rate	8.4	8.3	8.1	8.0	7.9	7.8	7.8	7.8	7.7	7.5	7.4	7.2	7.8
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	807,700	809,100	810,200	810,800	811,100	811,000	810,700	810,500	810,300	809,900	809,400	808,700	810,100
Employment	735,300	737,000	738,800	740,500	741,700	742,400	742,300	741,700	740,900	740,100	739,700	739,600	739,900
Unemployment	72,400	72,100	71,400	70,400	69,300	68,600	68,400	68,800	69,400	69,800	69,700	69,100	70,200
Rate	9.0	8.9	8.8	8.7	8.5	8.5	8.4	8.5	8.6	8.6	8.6	8.5	8.7

West Virginia Labor Force Statistics by Calendar Year
Not Seasonally Adjusted

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	783,500	790,200	783,200	792,500	790,300	802,600	800,300						
Employment	727,900	735,900	735,100	747,200	751,000	761,400	764,000						
Unemployment	55,600	54,300	48,000	45,300	39,300	41,100	36,300						
Rate	7.1	6.9	6.1	5.7	5.0	5.1	4.5						
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	799,700	805,200	795,000	763,200	786,800	795,500	794,000	793,800	794,300	794,000	792,100	792,600	792,200
Employment	754,500	758,800	745,800	644,300	690,200	715,000	718,700	728,000	736,800	743,800	740,500	735,800	726,000
Unemployment	45,200	46,300	49,200	118,900	96,600	80,500	75,300	65,800	57,500	50,100	51,600	56,700	66,100
Rate	5.6	5.8	6.2	15.6	12.3	10.1	9.5	8.3	7.2	6.3	6.5	7.2	8.3
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,100	792,300	785,700	790,000	794,600	809,400	806,400	804,400	803,700	807,300	799,000	797,600	798,300
Employment	740,700	744,300	742,600	754,600	758,800	768,500	767,300	765,000	770,600	772,000	763,100	760,400	759,000
Unemployment	48,400	48,000	43,100	35,300	35,800	41,000	39,100	39,400	33,100	35,300	35,900	37,200	39,300
Rate	6.1	6.1	5.5	4.5	4.5	5.1	4.9	4.9	4.1	4.4	4.5	4.7	4.9
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	778,500	788,200	783,400	791,100	795,600	808,400	804,000	795,400	795,900	800,100	791,200	789,600	793,400
Employment	730,800	736,500	735,500	749,200	756,900	764,200	762,700	756,100	762,100	765,100	756,600	751,400	752,200
Unemployment	47,700	51,700	47,900	42,000	38,700	44,300	41,300	39,300	33,800	35,000	34,600	38,200	41,200
Rate	6.1	6.6	6.1	5.3	4.9	5.5	5.1	4.9	4.3	4.4	4.4	4.8	5.2
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	774,400	778,300	774,000	780,800	779,800	794,700	791,000	789,800	791,800	788,600	782,800	779,300	783,800
Employment	725,200	729,100	729,900	742,200	743,900	752,600	750,100	746,800	756,500	753,400	744,100	739,100	742,700
Unemployment	49,100	49,200	44,100	38,600	35,900	42,100	40,900	42,900	35,300	35,200	38,700	40,200	41,000
Rate	6.3	6.3	5.7	4.9	4.6	5.3	5.2	5.4	4.5	4.5	4.9	5.2	5.2
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782,200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment	730,400	730,400	727,800	741,200	744,400	750,700	744,400	741,500	743,100	745,900	738,400	735,300	739,500
Unemployment	56,600	59,300	57,100	52,600	53,300	56,200	55,400	52,400	45,000	44,400	45,500	47,100	52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	795,300	800,800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment	734,500	734,900	733,800	747,400	752,100	758,400	754,200	749,400	752,500	749,100	744,500	739,200	745,800
Unemployment	64,300	63,100	57,100	51,800	50,300	55,800	53,500	52,700	48,100	49,000	48,400	49,600	53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,500	802,500	799,100	806,600	815,200	822,700	815,800	809,500	811,600	813,000	802,600	800,200	808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500	60,200	56,100	58,000	62,300	61,500	60,200	54,100	53,600	53,200	56,100	58,400
Rate	7.7	8.0	7.5	7.0	7.1	7.6	7.5	7.4	6.7	6.6	6.6	7.0	7.2
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	799,900	801,500	798,100	803,700	806,900	816,100	810,100	810,100	812,200	812,200	805,300	802,700	806,600
Employment	725,700	726,800	728,600	741,100	745,400	750,700	747,900	747,200	753,700	756,200	750,800	746,100	743,300
Unemployment	74,200	74,700	69,500	62,600	61,500	65,500	62,100	62,900	58,500	56,000	54,500	56,600	63,200
Rate	9.3	9.3	8.7	7.8	7.6	8.0	7.7	7.8	7.2	6.9	6.8	7.0	7.8
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	799,300	805,500	801,600	811,900	814,800	822,200	819,100	816,400	814,100	810,800	804,700	801,000	810,100
Employment	720,800	722,100	724,900	743,100	747,700	752,800	750,000	746,500	749,800	747,900	739,400	733,900	739,900
Unemployment	78,500	83,400	76,800	68,800	67,100	69,400	69,100	69,900	64,300	62,900	65,300	67,100	70,200
Rate	9.8	10.4	9.6	8.5	8.2	8.4	8.4	8.6	7.9	7.8	8.1	8.4	8.7

BRIM

PEIA

REAL ESTATE REPORT

BRIM

August 2021

Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Fiscal Year Ending June 30, 2021

Talking Points for August 2021 Joint Committee on Government and Finance

Note: The balance sheet and income statement presented reflects preliminary results for the fiscal year ending June 30, 2021. BRIM's financial statements for FY'21 are pending final review and the completion of the year-end external audit.

- Net premium revenue for FY'21 is \$3.1 million higher than FY'20. Premiums increased by \$0.7 million for FY'21. A reduction in excess reinsurance programs expense resulted by eliminating the boards of education's (BOE) excess liability coverage from BRIM's excess program costs to internally funding the actuarially estimated costs of the BOE excess coverage. This increased the current year trust funding costs by approximately \$2.1 million due to retaining the risk instead of transferring the risk via reinsurance.
- Claims expense for FY'21 was \$4.9 million more than FY'20 primarily due to additional payments made in FY'21 vs. the prior year.
- Investment earnings for FY'21 are \$6.0 million higher than for FY'20. Equity returns provided BRIM's improved investment earnings for FY'21.
- During FY'21, \$13.5 million of funds were transferred to the General Revenue Fund from the Mine Subsidence Insurance Fund because of the passage of HB2804 on March 22, 2021. This transfer had a direct negative impact on BRIM's net position for the current fiscal year.
- BRIM's overall financial results increased its net position by \$19.0 million for FY'21 versus a net increase of \$28.1 million for FY'20. Higher net premium revenue of \$3.1 million was more than offset by the higher claims expenses of \$4.9 million. The transfer of \$13.5 million from the Mine Subsidence Insurance Fund exceeded the year over year increase in investment earnings of \$6.0 million, resulting in the overall increase in position for FY'21 that was \$9.2 million less than the increase for FY'20.
- BRIM has no unfunded liability.
- BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June 30th

	2021	2020
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,911	\$ 21,271
Advance deposits with insurance company and trustee	251,189	264,014
Receivables	1,672	3,052
Restricted cash and cash equivalents	11,220	20,808
Premiums due from other entities	1,184	1,134
Total current assets	284,176	310,279
Noncurrent assets:		
Equity position in internal investments pools	123,512	104,382
Restricted investments	71,328	60,280
Total noncurrent assets	194,839	164,662
Total assets	479,015	474,942
Deferred Outflows of Resources	438	215
Deferred Outflows of Resources - OPEB	84	84
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	61,326	69,336
Unearned premiums	10,079	1,486
Agent commissions payable	1,462	9,664
Accrued expenses and other liabilities	751	832
Total current liabilities	73,617	81,318
Estimated unpaid claims and claims adjustment expense net of current portion		
Compensated absences	128,270	135,460
Net pension liability	172	150
Total noncurrent liabilities	533	214
	128,975	135,824
Total liabilities	202,592	217,142
Deferred Inflows of Resources	35	145
Deferred Inflows of Resources - OPEB	171	171
Net position:		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	18,957	28,112
Net position	\$ 276,740	\$ 257,782

Unaudited

PEIA

August 2021

Interim Packet

PEIA

August Interim Talking Points

- **PEIA and RHBT year end preliminary financial statements for June 30, 2021 are available for your review.**
- **PEIA statements indicate PEIA finished ahead of plan by \$5 million. This is due to higher than forecast investment income.**
- **RHBT statements indicate RHBT finished ahead of plan by \$296 million. This is due to higher than forecast investment income.**
- **The 2021 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$188, \$53 and \$68 million respectively.**
- **These reserve levels represent 32%, 38% and 32% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

	2021	2020
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 83,238	\$ 82,567
Less coverage/reinsurance programs	(4,438)	(6,915)
Net operating revenues	<u>78,800</u>	<u>75,652</u>
Operating expenses		
Claims and claims adjustment expense	70,259	65,349
General and administrative	4,929	5,032
Total operating expenses	<u>75,188</u>	<u>70,382</u>
Operating income (loss)	3,612	5,270
Nonoperating revenues		
Investment income	28,845	22,818
Legislative Appropriation	(13,500)	0
OPEB Non Operating Income	0	24
Net nonoperating revenues	<u>15,345</u>	<u>22,842</u>
Changes in net position	18,957	28,112
Total net position, beginning of year	257,783	229,670
Total net position, end of period	<u><u>\$ 276,740</u></u>	<u><u>\$ 257,782</u></u>

Unaudited

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Twelve Months Ending Wednesday, June 30, 2021
In Thousands
PRELIMINARY

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$2,203	\$3,044	\$2,874	Health premiums - Non Par	(\$841)	(28%)	(\$671)	(23%)
12,680	13,348	14,021	Health Premiums - RLC Health, Life	(668)	(5%)	(1,341)	(10%)
137,260	135,000	141,510	Pay Go Premiums	2,260	2%	(4,250)	(3%)
30,000	30,000	35,000	State appropriation - OPEB	-	0%	(5,000)	(14%)
182,143	181,392	193,405	Total Employer Premiums	751	0%	(11,262)	(6%)
Other Additions:							
733	1,000	643	Retiree Drug Subsidy	(267)	(27%)	90	14%
360,443	89,122	29,921	Investment Income	271,321	304%	330,522	1,105%
543,319	271,514	223,969	TOTAL ADDITIONS	271,805	100%	319,350	143%
DEDUCTIONS							
105,107	121,717	82,445	Payments to Managed Care Org.	16,610	14%	(22,662)	(27%)
27,354	26,020	25,685	Life Insurance Expense	(1,334)	(5%)	(1,669)	(6%)
50,840	55,990	49,318	Medical Claims Expense	5,150	9%	(1,522)	(3%)
25,077	29,301	21,799	Pharmacy Claims Expense	4,224	14%	(3,278)	(15%)
1,655	2,136	1,986	Administrative Service Fees (External)	481	23%	331	17%
(67,030)	(69,619)	(67,776)	Member Health premiums	(2,589)	4%	(746)	1%
(27,237)	(26,158)	(24,970)	Member Life Insurance Premiums	1,079	(4%)	2,267	(9%)
2,822	3,478	2,486	Other Operating Expenses	656	19%	(336)	(14%)
118,588	142,865	90,973	TOTAL DEDUCTIONS	24,277	17%	(27,615)	(30%)
424,731	128,649	132,996	NET POSITION INCREASE (DECREASE)	296,082	230%	291,735	219%
Net Position Restricted for Post Employment Benefits							
1,224,641	1,224,641	1,091,661	Beginning of Period Total Net Position	-	0%	132,980	12%
1,581,265	1,285,183	1,186,550	End of Period Net Position - Restricted	296,082	23%	394,715	33%
68,107	68,107	38,107	End of Period Net Position - PSR	-	0%	30,000	79%
\$1,649,372	\$1,353,290	\$1,224,657	End of Period Total Net Position	\$296,082	18%	\$424,715	35%

DRAFT 2 Alternative Rx Rebate-(Unaudited-For Internal Use Only)

8/11/2021 8:04 AM

Real Estate Division

August 2021

Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of July 1 - 31, 2021

There are 8 leasing changes for this period, and they are as follows:

- 1 – Straight Renewal
- 1 – Renewal with Decrease in Square Feet and Increase in Rent – DOA Owned
- 2 – Cancellation – DOA Owned
- 3 – Cancellation
- 1 – Non-Renewal

Department of Administration Real Estate Division Leasing Report

For the period of July 1 - 31, 2021

STRAIGHT RENEWAL

DEPARTMENT OF VETERANS ASSISTANCE

VET-007 Renewal for 2 years consisting of 739 square feet of office space at the current annual per square foot rate of \$1.62, annual cost \$1,200.00, full service, 1500 Main Street, in the City of Princeton, Mercer County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET AND INCREASE IN RENT – DOA OWNED

WEST VIRGINIA OFFICE OF TECHNOLOGY

OOT-006 Renewal for 3 years with a decrease of square feet from 22,711 square feet of 20,864 square feet of office and common area space at the current annual per square foot rate of in the annual per square foot rate from \$11.00 to \$229,504.00 for year one (1), with an increase in the annual per square foot rate to \$12.10, annual cost \$252,454.40 for year two (2), and an increase in the annual per square foot rate to \$12.91, annual cost \$269,354.24 for year three (3), full service, Building #6, 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION – DOA OWNED

OFFICE OF TECHNOLOGY

OOT-002 Lease cancellation consisting of 2,682 square feet of square feet of office and storage space, at the annual per square foot rate of \$11.00 annual cost \$29,502.00, full service, Building #4, Capitol Complex, 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

OFFICE OF ADMINISTRATIVE HEARINGS

OA-002-D21 Lease cancellation consisting of 7,633 square feet of office space, at the annual per square foot rate of \$12.00 annual cost \$91,596.00, Building #86 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

WV BOARD OF HEARING AID DEALERS

BHD-001 Lease cancellation consisting of 234 square feet of office space, at the annual per square foot rate of \$13.49 annual cost \$3,156.00, full service, 179 Summersville Street, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-116 Lease cancellation consisting of 2,500 square feet of office space, at the annual per square foot rate of \$15.60 annual cost \$39,000, 24939 Northwestern Pike, in the City of Romney, Hampshire County, West Virginia.

CANCELLATION - Continued

ATTORNEY GENERAL OFFICE

AGO-015 Lease cancellation consisting of 13,712 square feet of office space, at the annual per square foot rate of \$13.50 annual cost \$185,112.00, 812 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

NON-RENEWAL

DIVISION OF REHABILITATION SERVICES

DRS-131 Lease non-renewal consisting of 236 square feet of office space, at the annual per square foot rate of \$18.65, annual cost \$4,401.96, full service, #13 New Martinsville Plaza Shopping Center, in the City of New Martinsville, Wetzel County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
July 1 - 31, 2021

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Veterans Assistance	VET-007	Mercer	739	1.62	1,200	2.00	2,400
2	West Virginia Office of Technology	OOT-006	Kanawha	20,864	11.00	229,504	1.00	229,504
	West Virginia Office of Technology	OOT-006	Kanawha	20,864	12.10	252,454	1.00	252,454
	West Virginia Office of Technology	OOT-006	Kanawha	20,864	12.91	269,354	1.00	269,354

37.63

Total Rentable Square Feet 63,331

Average Annual Rental Rate 9.41

Total Annual Rent 752,513

TERMINATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	West Virginia Office of Technology	OOT-006	Kanawha	2,682	11.00	29,502
2	Office of Administrative Hearings	OAH-002	Kanawha	7,633	12.00	91,596
3	West Virginia Board of Hearing Aid Dealers	BHD-001	Kanawha	234	13.49	3,156
4	Division of Rehabilitation Services	DRS-116	Hampshire	2,500	15.60	39,000
5	Attorney General Office	AGO-015	Kanawha	13,712	13.50	185,112
6	Division of Rehabilitation Services	DRS-131	Wetzel	236	18.65	4,402

Total Rentable Square Feet 26,997

MEDICAID REPORT

Joint Committee on Government and Finance

July 2021

Department of Health and Human Resources

**MEDICAID REPORT
April 2021 Data**

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

MONTH OF APRIL 2021

EXPENDITURES:

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 4/30/21	Current Month Ended 4/30/21	Year To-Date Thru 4/30/21	5/1/21 Thru 6/30/21
Inpatient Hospital - Reg. Payments	97,985,843	95,665,585	3,651,354	7,653,247	62,378,368	33,287,217
Inpatient Hospital - DSH	53,450,766	53,789,156	-	4,303,132	39,860,643	13,928,513
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	12,183,004	12,365,473	-	989,238	7,845,701	4,519,772
Mental Health Facilities	33,613,909	39,241,399	411,334	3,139,312	5,462,625	33,778,774
Mental Health Facilities - DSH Adjustment Payments	17,503,899	19,301,726	-	1,544,138	12,797,772	6,503,954
Nursing Facility Services - Regular Payments ⁽³⁾	759,691,830	817,702,404	65,988,852	65,416,192	641,630,688	176,071,716
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	67,715,431	71,050,398	4,870,050	5,684,032	57,704,500	13,345,898
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	38,140,554	36,066,892	2,483,915	2,885,351	24,781,106	11,285,786
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	49,740,650	46,526,655	3,311,893	3,722,132	32,039,704	14,486,951
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	735,519,694	777,516,648	65,650,196	62,201,332	648,603,202	128,913,445
Drug Rebate Offset - National Agreement	(440,398,418)	(427,000,000)	(65,546,322)	(34,160,000)	(413,298,026)	(13,701,974)
Drug Rebate Offset - State Sidebar Agreement	(41,823,225)	(42,000,000)	(14,444,523)	(3,360,000)	(52,541,872)	10,541,872
Drug Rebate Offset - MCO National	(11,386,339)	(11,200,000)	(3,312,845)	(896,000)	(13,077,336)	1,877,336
Drug Rebate Offset - MCO State Sidebar Agreement	86,361	-	(4,967)	-	(3,421)	3,421
Dental Services	9,762,746	6,210,738	215,685	496,859	3,443,070	2,767,668
Other Practitioners Services - Regular Payments	6,025,073	4,422,966	1,512,040	353,837	5,028,076	(605,110)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,563,783	865,094	49,765	69,207	920,424	(55,330)
Lab & Radiological Services	8,138,831	7,418,689	567,958	593,495	5,454,154	1,964,534
Home Health Services	25,693,171	31,257,836	815,352	2,500,627	19,815,732	11,442,105
Hysterectomies/Sterilizations	22,630	25,931	6,904	2,074	43,097	(17,166)
Pregnancy Terminations ⁽²⁾	38,707	39,472	1,583	3,158	22,390	17,082
EPSDT Services	1,334,847	666,189	70,074	53,295	611,644	54,545
Rural Health Clinic Services	4,730,991	4,065,304	206,316	325,224	1,791,240	2,274,063
Medicare Health Insurance Payments - Part A Premiums	23,063,910	24,524,802	2,062,517	1,961,984	20,788,155	3,736,647
Medicare Health Insurance Payments - Part B Premiums	119,556,978	136,070,782	10,940,243	10,885,663	106,609,385	29,461,397
120% - 134% Of Poverty	9,831,477	10,028,107	978,912	802,249	8,792,457	1,235,650
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	13,187,270	13,339,616	1,121,850	1,067,169	9,802,451	3,537,165

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

MONTH OF APRIL 2021	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 4/30/21	Current Month Ended 4/30/21	Year To-Date Thru 4/30/21	5/1/21 Thru 6/30/21
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,765,544,532	2,253,564,298	249,033,273	180,285,144	1,837,564,712	415,999,586
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	1,235,935	1,337,776	145,486	107,022	1,814,034	(476,258)
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	312,481,404	392,436,958	26,544,815	31,394,957	256,357,370	136,079,588
Home & Community-Based Services (Aged/Disabled)	130,111,456	131,821,069	9,978,737	10,545,686	108,879,724	22,941,345
Home & Community-Based Services (Traumatic Brain Injury)	1,917,668	2,226,182	181,142	178,095	1,557,896	668,287
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	71,088,070	68,891,478	5,778,856	5,511,318	60,920,416	7,971,062
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,418,259	2,042,897	224,983	163,432	2,146,329	(103,431)
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	29,567,073	29,607,479	2,052,558	2,368,598	23,583,145	6,024,334
Emergency Services Undocumented Aliens	609,969	486,513	27,775	38,921	449,856	36,657
Federally Qualified Health Center	22,224,540	21,842,947	519,110	1,747,436	5,333,227	16,509,720
Non-Emergency Medical Transportation	37,037,744	39,243,822	3,773,417	3,139,506	36,580,293	2,663,529
Physical Therapy	1,076,333	923,190	98,140	73,855	865,407	57,783
Occupational Therapy	652,703	367,951	49,361	29,436	379,004	(11,053)
Services for Speech, Hearing & Language	380,426	157,709	24,641	12,617	179,108	(21,399)
Prosthetic Devices, Dentures, Eyeglasses	825,415	448,928	33,631	35,914	287,967	160,961
Diagnostic Screening & Preventive Services	86,339	98,702	6,918	7,896	61,402	37,300
Nurse Mid-Wife	139,130	162,976	8,921	13,038	73,901	89,075
Emergency Hospital Services	-	80	-	-	-	80
Critical Access Hospitals	28,488,629	25,164,390	1,622,897	2,013,158	17,507,362	7,657,028
Nurse Practitioner Services	4,338,088	3,556,142	383,633	284,491	3,061,928	494,214
School Based Services	31,425,256	19,999,864	182,881	1,599,989	2,052,466	17,947,398
Rehabilitative Services (Non-School Based)	52,436,190	7,593,781	2,429,567	632,815	23,346,088	(15,752,307)
2a Opioid Treatment Program (OTP) - Methadone services	10,931,763	18,000,000	1,366,910	1,500,000	11,164,266	6,835,734
2a Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,411,620	-	134,736	-	1,276,174	(1,276,174)
2a Opioid Treatment Program (OTP) - Residential Adult Services	6,354,000	-	354,725	-	2,977,800	(2,977,800)
2a Opioid Treatment Program (OTP) - Other	114,837	-	2,178	-	85,328	(85,328)
Private Duty Nursing	5,385,431	3,355,085	543,731	268,407	5,492,231	(2,137,146)
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,287,345	2,128,164	230,311	170,253	2,030,673	97,491
Other Care Services	30,261,541	31,324,045	2,159,996	2,505,924	19,464,844	11,859,200
Less: Recoupments	-	-	(3,030,900)	-	(3,030,900)	3,030,900
NET EXPENDITURES:	4,145,806,068	4,784,744,287	386,470,565	382,864,856	3,659,767,981	1,124,976,306

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

MONTH OF APRIL 2021

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
SFY2020	SFY2021	Current Month Ended 4/30/21	Current Month Ended 4/30/21	Year To-Date Thru 4/30/21	5/1/21 Thru 6/30/21
(3,693,035)	-	-	-	(6,976,347)	6,976,347
(1,951,369)	-	-	-	(138,900)	138,900
(4,476)	-	-	-	(13,796)	13,796
(17,727,403)	-	-	-	(7,754,225)	7,754,225
4,122,429,785	4,784,744,287	386,470,565	382,864,856	3,644,884,715	1,139,859,572
39,118,976	32,995,413	2,276,567	2,639,633	25,091,579	7,903,834
335,451	393,746	39,088	31,500	309,603	84,143
1,015,192	1,035,496	94,880	82,840	1,045,318	(9,822)
\$ 4,162,899,405	\$ 4,819,168,942	\$ 388,881,100	\$ 385,618,828	\$ 3,671,331,215	\$ 1,147,837,727
5,840,605	-	411,361	-	4,325,790	(4,325,790)
368,501	77,507	73,155	6,201	1,830,600	(1,753,093)
64,034	250,000	8,500	20,000	(190,898)	440,898
\$ 4,169,172,545	\$ 4,819,496,449	\$ 389,374,116	\$ 385,645,029	\$ 3,677,296,707	\$ 1,142,199,742

(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 \$20,307,951 is the amount paid to State Facilities year to date.

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

	10 Months Actuals			2 Months Remaining	
MONTH OF APRIL 2021	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2020	Current Month Ended 4/30/2021	Year-To-Date Thru 4/30/2021	5/1/2021 Thru 6/30/2021	SFY2021
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	54,359,368	28,967,555	25,964,129		25,964,129
MATCHING FUNDS					
General Revenue (0403/189)	260,292,248	36,462,924	203,223,021	94,632,243	297,855,264
IDD Waiver (0403/466)	90,253,483	11,939,591	84,662,554	23,879,182	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,163,333	432,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	5,296,667	1,059,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	624,000	176,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,495,298	10,603,023	2,990,597	13,593,620
Medical Services Surplus (0403/633)	30,247,035	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	-	3,011,628	1,003,875	4,015,503
Lottery Waiver (0420/539)	29,950,955	-	22,463,217	7,487,738	29,950,955
Lottery Transfer (5405/871)	16,400,070	-	12,300,054	4,100,016	16,400,070
Excess Lottery (5365/189)	53,202,960	-	17,000,000	49,302,960	66,302,960
Lottery Surplus (5405/68199)	16,000,000	-	-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	-	-	-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	82,227,707	-	50,802,583	25,021,515	75,824,099
Provider Tax (5090/189)	213,594,315	11,932,816	207,807,921	175,055,361	382,863,282
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	5,360,000	-	-	-	-
Certified Match	13,081,553	534,629	5,086,621	4,778,504	9,865,125
Reimbursables - Amount Reimbursed	6,724,797	26,229	5,025,030	(5,025,030)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	568,267	(53)	81	699,919	700,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	713,612	-	22,273	(22,273)	-
TOTAL MATCHING FUNDS	\$ 900,337,493	\$ 92,192,988	\$ 656,056,135	\$ 418,572,608	\$ 1,074,628,742
	-				
FEDERAL FUNDS	3,292,552,765	346,407,383	3,069,509,717	820,986,063	3,890,495,780
TOTAL REVENUE SOURCES	\$ 4,192,890,258	\$ 438,600,372	\$ 3,725,565,852	\$ 1,239,558,670	\$ 4,965,124,522
TOTAL EXPENDITURES:					
Provider Payments	\$ 4,169,172,545	\$ 389,374,116	\$ 3,677,296,707	\$ 1,142,199,742	\$ 4,819,496,449
TOTAL	\$ 23,717,713	\$ 49,226,256	\$ 48,269,145		\$ 145,628,073

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

**Legislative Oversight Commission on
Health and Human Resources Accountability**

July 2021

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
April 2021**

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

Aged & Disabled Waiver: APRIL 2021		FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar-21	Apr 21	May 21	Jun 21	FY2021 YTD
Slots Approved By CMS (1)		7,026	7,026	7,026	7,026	7,672	7,672	7,672	7,672	7,672	7,672	7,672			7,672
-Slots Available for Traditional (ADW-WV) enrollees		6,950	6,950	6,950	6,950	7,598	7,598	7,598	7,598	7,598	7,598	7,598			7,598
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76	76	76	76	76	76	76	76	76	76			76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees															
Total number of members served YTD (unduplicated slots used) (2)		6,939	6,498	6,669	6,701	6,799	6,926	7,013	7,116	7,336	7,529	7,599			7,599
YTD Column reflects most recent month's count															
Applicants determined eligible this month and added to MEL (3)		1,731	102	106	117	124	138	388	292	412	250	244			2,173
Applicants determined ineligible		76	2	6	3	6	3	2	35	20	14	14			105
ACTIVE MEMBERS															
Active Traditional Members at the end of the month		6,110	6,415	6,541	6,547	6,550	6,561	6,564	6,617	6,787	6,707	6,849			6,849
Active Take Me Home Members at the end of the month		46	46	48	48	48	51	53	55	61	66	60			60
Active Money Follows the Person Members at the end of the month															
Total Active members at the end of the month (unduplicated slots active)		6,156	6,461	6,589	6,595	6,598	6,612	6,618	6,696	6,787	6,852	6,909			6,909
YTD Column reflects most recent month's count															
Active members enrolled during the calendar month		1,301	383	204	111	109	96	107	189	187	184	163			1,733
-Total Active Traditional members enrolled during the calendar month		1,250	375	193	107	105	92	102	183	180	173	161			1,671
-Total Active TMH-WV members enrolled during the calendar month		51	3	6	4	3	5	2	4	7	10	1			45
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,044	78	76	105	106	82	101	111	96	119	106			980
ADW Members whose case was closed by reason	Member is deceased	574	58	57	74	68	58	74	79	65	87	75			695
	Other (4)	470	20	19	31	38	24	27	32	31	32	31			285
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,042	105	116	93	144	107	220	151	99	203	211			1,449
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,676	84	99	65	67	79	143	111	66	107	98			919
	Applicant became deceased	125	6	9	9	9	11	23	19	21	19	17			143
	Other (5)	241	15	8	19	68	17	54	21	12	77	96			387
Applicants on the MEL who are in a nursing facility		16	1	1	0	0	0	1	2	2	2	0			0
YTD Column reflects average # members in setting															
Applicants on the MEL receiving Personal Care		35	0	0	3	6	2	5	3	0	2	0			0
YTD Column reflects average # members in setting															
Applicants on the MEL at the end of the month		37	34	24	48	28	59	48	43	27	47	31			31
Days -Longest time spent on the MEL to date (6)		308	435	405	435	466	496	527	558	586	617	647			517
YTD Column reflects average # of days															
Days -Longest time spent on the MEL to date Minus MFP Applicants (7)		54	60	89	119	150	180	211	242	270	301	331			331
Days -Average time spent on the MEL to date Minus MFP Applicants		28	14	61	25	16	35	20	32	45	61	73			38

YTD Column Reflects average number of days minus MFP Applicants

(1) Of the 7,672 slots approved by CMS, 76 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees. *Note: October 2020 Amendment Approved = 646 Additional Slots for FY2021, which increases the FY2021 Slots to a total of 7,672.*

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

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

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

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

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

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

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

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

Intellectual/Developmental Disabilities Waiver Reported April 30, 2021		FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY 2021 YTD
Slots approved by CMS		5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964	5,964			5,964
Total number of members served YTD (unduplicated slots used) (1)		5,446	5,506	5,614	5,707	5,744	5,783	5,821	5,852	5,870	5,892	5,904			5,904
Total number of members served YTD in Traditional Slots		5,437	5,497	5,605	5,698	5,735	5,774	5,765	5,843	5,860	5,882	5,894			5,894
Total number of members served YTD in Adult Ben H. slots (Active)		6	6	6	6	6	6	6	6	6	6	6			6
Total number of members served YTD in Children Ben H. slots (Active)		3	3	3	3	3	3	3	3	4	4	4			4
Applicants determined eligible (2)		264	19	43	38	36	30	29	18	22	35	34			304
Applicants determined ineligible (3)		292	22	36	31	39	41	32	32	25	45	45			348
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		5,336	5,495	5,594	5,678	5,698	5,726	5,753	5,765	5,772	5,780	5,775			5,775
Discharged members at the end of the calendar month		126	15	9	14	20	11	16	21	13	17	16			152
Discharged members who were discharged by reason	Deceased	62	4	5	3	7	2	7	9	6	10	3			56
	Left program to enter a facility	21	2	0	3	2	4	4	6	4	0	4			29
	a. Hospital	0	0	0	0	0	0	0	0	0	0	0			0
	b. ICF/IID	13	2	1	2	0	2	1	1	1	0	3			13
	c. Nursing Facility	14	0	0	1	2	2	3	5	2	0	1			16
	d. Psychiatric Facility	0	0	0	0	0	0	0	0	0	0	0			0
	e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0	0	0			0
	f. Other Facility	0	0	0	0	0	0	0	0	0	0	0			0
Other (6)		36	9	3	6	11	5	5	6	3	4	9			61
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		523	343	273	210	195	181	163	144	137	140	160			160
Number of applicants added to the MEL (4)		264	19	43	38	36	30	29	18	22	35	34			304
Applicants enrolled (removed from the MEL)		703	174	108	98	40	39	43	33	20	25	11			591
Applicants removed from the MEL due to Death (5)		15	1	0	0	0	0	0	0	0	0	0			1
Applicants removed from the MEL due to Other (6)		141	24	5	3	11	5	4	4	9	7	3			75
Applicants on the MEL who are in a Nursing Facility (9)		0	0	0	1	1	1	1	2	1	1	1			1
Applicants on the MEL who are in an ICF/IID Group Home (9)		8	6	6	3	4	4	4	3	5	4	4			4
Applicants on the MEL receiving Personal Care Services each month (8) (9)		9	8	8	3	3	5	5	1	2	1	3			3
Longest on the MEL to date (7)		433	464	495	525	556	586	617	648	676	707	737			737

(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 April 30, 2021		FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY 2021 YTD
Slots Approved By CMS (1)		90	90	90	90	90	90	90	90	90	90	90			90
-Slots Available for Traditional (non TMH-WV) enrollees		89	86	86	86	86	86	86	86	86	88	89			89
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		1	4	4	4	4	4	4	4	4	2	1			1
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		89	78	78	78	80	80	84	85	85	87	88			88
Applicants determined eligible this month and added to MEL (3)		11	0	1*	2*	0	4*	1*	0	1*	2*	1			1
Applicants determined ineligible		0	0	0	0	0	0	0	0	0	0	0			0
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		78	77	76	76	78	75	79	80	80	82	83			83
Active members enrolled during the calendar month		16	0	0	0	2	0	4	1	0	2	1			10
-Total Active Traditional members enrolled during the calendar month		15	0	0	0	2	0	4	1	0	2	1			10
-Total Active TMH-WV members enrolled during the calendar month		1	0	0	0	0	0	0	0	0	0	0			0
Members discharged during the calendar month		13	1	1	0	0	3	0	0	0	0	0			5
TBIW Members whose case was closed by reason	Member is deceased	6	0	0	0	0	0	0	0	0	0	0			0
	Other (4)	7	1	1	0	0	3	0	0	0	0	0			5
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		12	1	0	0	0	0	0	0	0	0	0			1
TBIW Applicants removed from the MEL	Applicant offered a slot	12	1	0	0	0	0	0	0	0	0	0			1
	Applicant became deceased	0	0	0	0	0	0	0	0	0	0	0			0
	Other (5)	0	0	0	0	0	0	0	0	0	0	0			0
Applicants on the MEL who are in a nursing facility		2	0	0	0	0	0	0	0	0	0	0			0
Applicants on the MEL receiving Personal Care		2	0	0	0	0	0	0	0	0	0	0			0
Applicants on the MEL at the end of the month		1	0	0	0	0	0	0	0	0	0	1			1
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		110	0	0	0	0	0	0	0	0	0	4			4

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

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

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

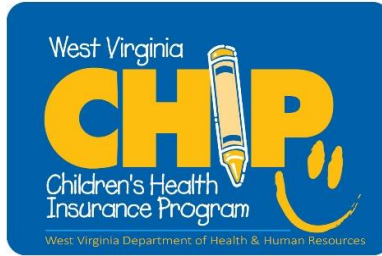
(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

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

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

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

CHIP



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

*AUGUST 2021
Report*

to

Joint Committee on
Government and Finance

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Twelve Months Ending June 30, 2021 and June 30, 2020

	Annual Budget 2021	Budget Year-to-Date	Actual June 30, 2021	Actual June 30, 2020	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$6,218,611	\$5,262,949	\$955,662	18%		
Revenues								
Federal Grants			\$46,645,067	\$52,042,651	(\$5,397,584)	-10%		
State Appropriations			\$6,992,924	\$0	\$0	0%		
Premium Revenues	\$1,243,837	\$1,243,837	\$79,621	\$1,129,537	(\$1,049,916)	-93%	(\$1,164,216)	-94%
Investment Earnings (Interest)			\$91,367	\$187,745	(\$96,378)	-51%		
Total Operating Fund Revenues			\$53,808,979	\$53,359,934	\$449,046	1%		
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$18,844,776	\$0	\$18,844,776	0%		
Prescribed Drugs			\$9,579,290	\$11,218,055	(\$1,638,765)	-15%		
Physicians & Surgical			\$7,635,542	\$13,172,915	(\$5,537,373)	-42%		
Dental			\$4,432,891	\$6,843,113	(\$2,410,222)	-35%		
Outpatient Services			\$3,897,807	\$8,584,482	(\$4,686,675)	-55%		
Inpatient Hospital Services			\$2,808,685	\$3,620,492	(\$811,807)	-22%		
Other Services			\$1,628,984	\$3,312,420	(\$1,683,436)	-51%		
Therapy			\$1,003,430	\$2,047,610	(\$1,044,180)	-51%		
Vision			\$392,277	\$569,995	(\$177,718)	-31%		
Inpatient Mental Health			\$387,621	\$545,328	(\$157,707)	-29%		
Durable & Disposable Med. Equip.			\$221,125	\$342,267	(\$121,142)	-35%		
Medical Transportation			\$212,685	\$423,551	(\$210,866)	-50%		
Outpatient Mental Health			\$171,776	\$440,321	(\$268,545)	-61%		
Less: Other Collections**			(\$103,623)	(\$66,972)	(\$36,651)	55%		
Drug Rebates	(\$2,517,954)	(\$2,517,954)	(\$2,131,643)	(\$2,421,110)	\$289,467	-12%	(\$282,688)	11%
Total Claims Expenses	\$56,575,040	\$56,575,040	\$48,981,623	\$48,632,467	\$349,156	1%	(\$7,593,417)	-13%
Administrative Expenses:								
Salaries and Benefits	\$575,350	\$575,350	\$547,749	\$23,864	\$523,885	2195%	(\$27,601)	-5%
Program Administration	\$3,080,108	\$3,080,108	\$2,755,542	\$3,552,617	(\$797,075)	-22%	(\$324,566)	-11%
Eligibility			\$0	\$0	\$0	0%	\$0	0%
Outreach & Health Promotion	\$100,000	\$100,000	\$0	\$0	\$0	0%	(\$100,000)	-100%
Health Service Initiative	\$225,000	\$225,000	\$225,000		\$225,000	0%	\$0	0%
Current	\$175,000	\$175,000	\$100,393	\$165,528	(\$65,135)	-39%	(\$74,607)	-43%
Total Administrative Expenses in Operating Fund	\$4,155,458	\$4,155,458	\$3,628,684	\$3,742,009	(\$113,325)	-3%	(\$526,774)	-13%
Total Operating Fund Expenditures	\$60,730,498	\$60,730,498	\$52,610,307	\$52,374,475	\$235,832	0%	(\$8,120,191)	-13%
Adjustments			\$1,426	(\$29,796)				
Ending Operating Fund Balance			\$7,418,708	\$6,218,611	\$1,200,097	19%		
Money Market			\$13,069	\$1,011,736				
Bond Pool			\$3,792,700	\$3,696,121				
Cash on Deposit			\$3,612,940	\$1,510,754				
Unrealized Gain/Loss on Investment			(\$34,923)	\$36,747				
Ending Fund Balance (Accrued Basis)			\$7,383,785	\$6,255,358	\$1,128,427	18%		
Revenues Outside of Operating Funds:								
Federal Grants			\$414,404	\$1,602,173	(\$1,187,769)	-74%		
Total WVCHIP Revenues			\$54,223,383	\$54,962,107	(\$738,723)	-1%		
Program Expenses outside of Operating Funds:								
Salaries and Benefits			\$0	\$551,487	(\$551,487)	-100%		
Eligibility	\$500,000	\$500,000	\$1,277,417	\$1,090,552	\$186,865	17%	\$777,417	155%
Total Administrative Expenses	\$4,655,458	\$4,655,458	\$4,906,101	\$5,384,048	(\$477,947)	-9%	\$250,643	5%
Total WVCHIP Expenditures	\$61,230,498	\$61,230,498	\$53,887,724	\$54,016,514	(\$128,790)	0%	(\$7,342,774)	-12%

Footnotes:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on June 30, 2021 is \$670,000. The June 30, 2020 estimate was \$3,133,658 (restated).
- 3) Administrative Accounts Payable balance on June 30, 2021 was \$814,806. The June 30, 2020 balance was \$251,928.
- 4) 2021 and 2020 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) during SFY21 was 98.3% starting 01/01/20 and 85.00% starting 10/01/20.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) In SFY21, all Salaries and Benefits were paid from the Operating fund. During SFY20, the federal share for Salaries and Benefits were paid outside the operating fund.
- 10) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH). Operating fund costs represent those directly billed to WVCHIP.

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

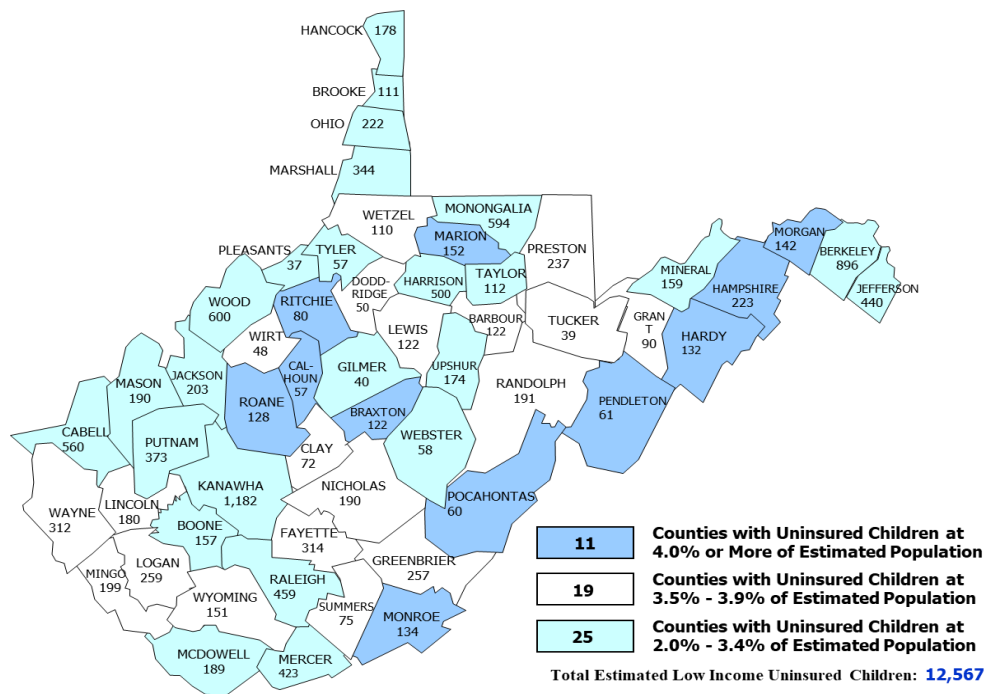
JULY 2021

County	County Pop.	MATERNITY					Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2018	2018
	2018 Est. (0-18 Yrs)	BLUE Jul-21	GOLD Jul-21	PREM Jul-21	BLUE Jul-21	PREM Jul-21	Enrollment Jul-21	Enrollment Jul-21	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,332	102	25	85	1	0	213	2,016	2,229	66.9%	122	3.7%
Berkeley	27,917	973	262	547	5	14	1,801	13,640	15,441	55.3%	896	3.2%
Boone	4,775	118	40	39	0	0	197	3,156	3,353	70.2%	157	3.3%
Braxton	2,784	71	14	34	0	1	120	1,630	1,750	62.9%	122	4.4%
Brooke	4,065	0	0	0	0	0	0	67	67	1.6%	111	2.7%
Cabell	18,770	455	142	217	5	2	821	10,402	11,223	59.8%	560	3.0%
Calhoun	1,393	47	15	16	0	0	78	953	1,031	74.0%	57	4.1%
Clay	1,961	45	9	41	0	2	97	1,469	1,566	79.9%	72	3.7%
Doddridge	1,308	43	19	21	0	0	83	759	842	64.4%	50	3.8%
Fayette	9,011	288	70	173	1	4	536	5,601	6,137	68.1%	314	3.5%
Gilmer	1,184	43	3	20	0	0	66	696	762	64.4%	40	3.4%
Grant	2,331	45	9	37	0	0	91	1,393	1,484	63.7%	90	3.9%
Greenbrier	6,860	273	67	160	2	3	505	4,105	4,610	67.2%	257	3.7%
Hampshire	4,388	122	40	79	0	3	244	2,568	2,812	64.1%	223	5.1%
Hancock	5,674	246	78	141	4	1	470	4,414	4,884	86.1%	178	3.1%
Hardy	2,862	118	20	49	0	0	187	1,667	1,854	64.8%	132	4.6%
Harrison	14,835	405	132	264	3	4	808	7,296	8,104	54.6%	500	3.4%
Jackson	6,264	148	39	94	0	1	282	3,403	3,685	58.8%	203	3.2%
Jefferson	13,200	355	71	211	2	2	641	4,173	4,814	36.5%	440	3.3%
Kanawha	36,965	1,021	219	619	10	16	1,885	21,542	23,427	63.4%	1182	3.2%
Lewis	3,480	91	30	55	2	4	182	2,222	2,404	69.1%	122	3.5%
Lincoln	4,638	105	29	69	0	0	203	3,188	3,391	73.1%	180	3.9%
Logan	6,835	168	51	101	2	2	324	4,803	5,127	75.0%	259	3.8%
Marion	3,764	318	89	198	3	4	612	5,882	6,494	172.5%	152	4.0%
Marshall	11,544	140	28	76	0	1	245	2,890	3,135	27.2%	344	3.0%
Mason	6,140	117	46	71	0	1	235	3,081	3,316	54.0%	190	3.1%
Mercer	12,368	435	100	237	0	5	777	8,788	9,565	77.3%	423	3.4%
Mineral	5,476	143	48	80	1	0	272	2,517	2,789	50.9%	159	2.9%
Mingo	5,369	83	64	68	0	2	217	4,239	4,456	83.0%	199	3.7%
Monongalia	17,965	474	99	240	4	1	818	6,338	7,156	39.8%	594	3.3%
Monroe	2,687	86	30	90	0	0	206	1,298	1,504	56.0%	134	5.0%
Morgan	3,320	129	26	64	0	1	220	1,592	1,812	54.6%	142	4.3%
McDowell	5,708	85	27	33	0	0	145	3,102	3,247	56.9%	189	3.3%
Nicholas	5,199	161	67	89	2	2	321	3,190	3,511	67.5%	190	3.7%
Ohio	8,098	236	59	117	3	1	416	4,367	4,783	59.1%	222	2.7%
Pendleton	1,304	46	15	25	0	0	86	635	721	55.3%	61	4.7%
Pleasants	1,457	25	13	13	0	0	51	756	807	55.4%	37	2.5%
Pocahontas	1,495	38	20	33	0	1	92	900	992	66.4%	60	4.0%
Preston	6,586	239	61	145	0	3	448	3,199	3,647	55.4%	237	3.6%
Putnam	13,145	337	78	198	0	1	614	4,725	5,339	40.6%	373	2.8%
Raleigh	15,751	480	115	307	3	6	911	10,055	10,966	69.6%	459	2.9%
Randolph	5,474	214	49	118	5	1	387	3,342	3,729	68.1%	191	3.5%
Ritchie	1,972	36	2	22	0	0	60	1,204	1,264	64.1%	80	4.1%
Roane	2,970	101	37	90	0	0	228	1,890	2,118	71.3%	128	4.3%
Summers	2,160	72	19	35	0	0	126	1,632	1,758	81.4%	75	3.5%
Taylor	3,493	92	25	63	1	0	181	1,784	1,965	56.3%	112	3.2%
Tucker	1,063	52	15	39	0	0	106	586	692	65.1%	39	3.7%
Tyler	1,792	41	10	18	0	0	69	889	958	53.5%	57	3.2%
Upshur	5,076	172	37	121	1	3	334	3,133	3,467	68.3%	174	3.4%
Wayne	8,373	199	76	112	2	1	390	5,108	5,498	65.7%	312	3.7%
Webster	1,690	54	12	30	0	0	96	1,334	1,430	84.6%	58	3.4%

WVCHIP Enrollment Report

JULY 2021

County	County Pop. 2018 Est. (0-18 Yrs)	BLUE Jul-21	GOLD Jul-21	PREM Jul-21	MATERNITY BLUE Jul-21	MATERNITY PREM Jul-21	Total CHIP Enrollment Jul-21	Total Medicaid Enrollment Jul-21	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2018 SAHIE Uninsured Est.	2018 SAHIE % Uninsured
Wetzel	3,126	60	15	31	0	0	106	1,999	2,105	67.3%	110	3.5%
Wirt	1,269	26	2	15	0	1	44	775	819	64.5%	48	3.8%
Wood	18,016	502	107	243	1	7	860	9,742	10,602	58.8%	600	3.3%
Wyoming	<u>4,317</u>	<u>123</u>	<u>48</u>	<u>96</u>	<u>6</u>	<u>4</u>	<u>277</u>	<u>2,906</u>	<u>3,183</u>	<u>73.7%</u>	<u>151</u>	<u>3.5%</u>
Totals	372,999	10,598	2,823	6,189	69	105	19,784	205,041	224,825	60.3%	12,567	3.4%



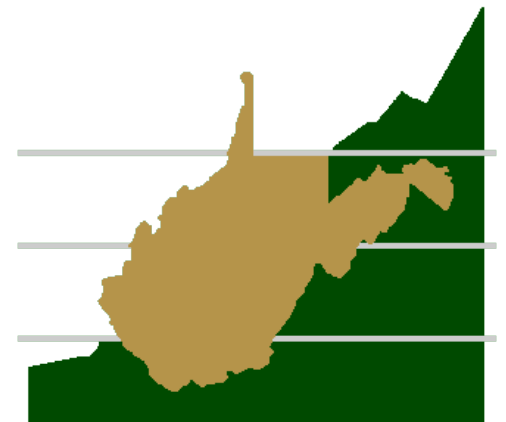
The above map shows the most recent 2018 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.4%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer-sponsored insurance and should be a more accurate way to target outreach than in previous years.

INVESTMENT MANAGEMENT BOARD

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

June 30, 2021



Participant Plans Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2021

	6/30/2020		6/30/2021		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	20,136,091	100.0	25,052,030	100.0								
Pension Assets	16,181,269	80.4	20,348,253	81.2								
Public Employees' Retirement System	6,899,129	34.3	8,691,096	34.7	1.7	7.4	30.3	30.3	12.6	12.6	9.8	8.0
Teachers' Retirement System	7,820,075	38.8	9,756,889	38.9	1.7	7.4	30.3	30.3	12.5	12.6	9.7	7.8
EMS Retirement System	88,627	0.4	117,209	0.5	1.7	7.4	30.3	30.3	12.6	12.6	9.7	
Public Safety Retirement System	675,608	3.4	840,382	3.4	1.7	7.4	30.3	30.3	12.5	12.6	9.8	8.1
Judges' Retirement System	215,698	1.1	276,987	1.1	1.7	7.4	30.4	30.4	12.6	12.7	9.8	8.0
State Police Retirement System	220,921	1.1	297,217	1.2	1.7	7.4	30.4	30.4	12.6	12.6	9.7	8.0
Deputy Sheriffs' Retirement System	239,121	1.2	310,510	1.2	1.7	7.4	30.3	30.3	12.6	12.6	9.8	8.0
Municipal Police & Firefighter Retirement System	14,669	0.1	23,511	0.1	1.7	7.3	29.9	29.9	12.5	12.5	9.7	
Natural Resources Police Office Retirement System	0	0.0	24,736	0.1	1.7	7.4						
Municipal Model A (I)	5,851	0.0	7,378	0.0	1.7	7.4	30.8	30.8	12.8	12.8		
Municipal Model B (I)	1,570	0.0	2,338	0.0	0.7	4.7	24.2	24.2				
Insurance Assets	2,910,807	14.5	3,503,516	14.0								
Workers' Compensation Old Fund	1,013,189	5.0	1,086,608	4.3	0.6	3.8	17.6	17.6	8.7	7.9	5.9	
Workers' Comp. Self-Insured Guaranty Risk Pool	34,115	0.2	39,772	0.2	0.5	3.8	18.3	18.3	8.7	8.0	6.1	
Workers' Comp. Self-Insured Security Risk Pool	50,505	0.3	56,201	0.2	0.5	3.8	18.3	18.3	8.7	8.0		
Workers' Comp. Uninsured Employers' Fund	14,005	0.1	16,909	0.1	0.5	3.7	18.1	18.1	8.4	7.8	5.9	
Pneumoconiosis	223,717	1.1	247,663	1.0	0.5	3.8	18.4	18.4	8.7	8.0	6.1	6.0
Board of Risk & Insurance Management	164,662	0.8	194,839	0.8	0.5	3.8	18.3	18.3	8.7	8.0	6.1	
Public Employees' Insurance Agency	260,386	1.3	270,948	1.1	0.6	3.7	16.0	16.0	8.3	7.7	6.1	
WV Retiree Health Benefit Trust Fund	1,150,228	5.7	1,590,576	6.3	1.7	7.4	30.1	30.1	12.6	12.6	9.7	
Endowment Assets	1,044,015	5.1	1,200,261	4.8								
Berkeley County Development Authority	6,378	0.0	8,317	0.0	1.7	7.4	30.4	30.4	12.6	12.6		
Wildlife Fund	62,699	0.3	77,254	0.3	1.7	7.4	30.2	30.2	12.5	12.6	9.7	8.2
WV State Parks and Recreation Endowment Fund	0	0.0	6,465	0.0								
Revenue Shortfall Reserve Fund	272,021	1.4	293,538	1.2	0.7	1.8	2.2	2.2	4.7	3.4	3.3	
Revenue Shortfall Reserve Fund - Part B	492,955	2.4	557,458	2.2	0.7	3.5	13.1	13.1	8.3	7.4	5.8	
WV DEP Trust	9,053	0.0	11,837	0.1	0.6	5.5	31.9	31.9	11.5	11.7	8.8	
WV DEP Agency	200,909	1.0	245,392	1.0	0.6	4.3	22.1	22.1	9.6	9.2		

Composite Asset Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2021

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
Investment Pools Composite	25,061,897	100.00								
Portable Alpha Composite +/- S&P 500 Index	5,086,642	20.29	2.26 (0.07)	9.35 0.80	43.01 2.22	43.01 2.22				
Large Cap Domestic Equity Composite +/- S&P 500 Index	372,898	1.49	2.33 0.00	8.53 (0.02)	40.72 (0.07)	40.72 (0.07)	18.39 (0.28)	17.24 (0.41)	14.75 (0.09)	8.55 (0.06)
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	926,822	3.70	(0.54) (1.72)	4.87 (0.57)	54.01 (3.78)	54.01 (3.78)	12.91 (2.33)	16.32 (0.03)	12.25 (0.61)	10.28 0.18
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	5,588,747	22.29	(0.48) 0.13	5.87 0.11	43.13 5.39	43.13 5.39	10.53 0.62	12.62 0.93	7.24 1.14	8.00 0.99
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (c)	4,382,841	17.49	0.77 0.04	2.08 0.12	4.52 3.40	4.52 3.40	6.31 0.67	4.79 1.31	4.31 0.57	5.34 0.55
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	1,316,327	5.25	0.83 0.13	1.96 0.13	1.35 1.68	1.35 1.68	6.14 0.80	3.63 0.60	3.99 0.60	
Total Return Fixed Income Composite (j) +/- Bloomberg Barclays Capital Universal	3,066,514	12.24	0.74 0.01	2.14 0.18	5.90 4.78	5.90 4.78	6.35 0.71	5.28 1.80	4.44 0.70	5.77 0.91
TIPS Composite +/- Bloomberg Barclays Capital U.S. TIPS	478,962	1.91	0.61 0.00	3.28 0.03	6.61 0.10	6.61 0.10	6.64 0.11	4.25 0.08	3.43 0.03	
Cash Composite +/- FTSE 3 Month US T-Bill (d)	192,232	0.77	0.00 0.00	0.00 (0.01)	0.03 (0.05)	0.03 (0.05)	1.19 (0.12)	1.08 (0.06)	0.61 (0.03)	1.42 (0.04)
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,725,649	10.88	8.60 5.89	22.02 13.04	45.58 (1.58)	45.58 (1.58)	27.30 5.57	24.52 3.64	18.62 0.41	
Real Estate Composite +/- NCREIF + 1% (e)	2,196,952	8.77	2.33 1.68	5.10 3.13	9.90 6.27	9.90 6.27	5.78 (0.11)	7.01 0.20	8.53 (1.30)	
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,403,222	9.59	(0.14) (0.67)	2.89 (0.15)	18.55 (0.65)	18.55 (0.65)	6.74 (0.55)	6.47 (0.64)	5.19 0.30	
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	706,930	2.82	0.68 0.11	3.35 1.41	9.77 (3.90)	9.77 (3.90)	6.30 (0.06)	5.74 (1.38)		

Participant Plans Allocation vs. Strategy - Preliminary

Period Ending: June 30, 2021

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

Pension Assets

Public Employees' Retirement System	50.8	50.0	14.2	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.3	10.0	0.1	0.0
Teachers' Retirement System	50.5	50.0	14.0	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.2	10.0	0.7	0.0
EMS Retirement System	50.8	50.0	14.3	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.2	10.0	0.1	0.0
Public Safety Retirement System	49.7	50.0	13.7	15.0	12.3	10.0	9.9	10.0	3.2	5.0	9.2	10.0	2.0	0.0
Judges' Retirement System	50.9	50.0	14.2	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.2	10.0	0.1	0.0
State Police Retirement System	50.6	50.0	14.3	15.0	12.3	10.0	9.9	10.0	3.2	5.0	9.1	10.0	0.6	0.0
Deputy Sheriffs' Retirement System	50.7	50.0	14.3	15.0	12.3	10.0	9.9	10.0	3.2	5.0	9.2	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	49.3	50.0	13.8	15.0	12.1	10.0	9.7	10.0	3.1	5.0	8.7	10.0	3.3	0.0
Natural Resources Police Office Retirement System	50.2	50.0	14.1	15.0	12.3	10.0	9.9	10.0	3.2	5.0	9.1	10.0	1.2	0.0
Municipal Model A	50.7	50.0	13.5	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.3	10.0	0.9	0.0
Municipal Model B	55.2	55.0	42.3	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0

Insurance Assets

Workers' Compensation Old Fund	31.1	30.0	49.8	50.0	0.0	0.0	0.0	0.0	0.0	0.0	14.8	15.0	4.3	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	31.2	30.0	44.8	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.4	20.0	4.6	5.0
Workers' Comp. Self-Insured Security Risk Pool	31.1	30.0	45.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	20.0	4.3	5.0
Workers' Comp. Uninsured Employers Fund	31.1	30.0	39.7	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2	20.0	10.0	10.0
Pneumoconiosis	31.3	30.0	45.1	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.7	20.0	3.9	5.0
Board of Risk & Insurance Mgmt.	31.1	30.0	44.7	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	4.9	5.0
Public Employees' Insurance Agency	26.0	25.0	54.7	55.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	50.8	50.0	14.4	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.2	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	50.8	50.0	14.4	15.0	12.4	10.0	10.0	10.0	3.2	5.0	9.2	10.0	0.0	0.0
Wildlife Fund	50.4	50.0	14.2	15.0	12.3	10.0	10.0	10.0	3.2	5.0	9.2	10.0	0.7	0.0
WV State Parks and Recreation Endowment Fund	0.0	50.0	0.0	15.0	0.0	10.0	0.0	10.0	0.0	5.0	0.0	10.0	100.0	0.0
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	66.3	65.0	14.7	15.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0	20.0	0.0	0.0
WV DEP Agency	41.3	40.0	39.5	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2	20.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Barclays Capital Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (d) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (e) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (f) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (g) Prior to January 2014, the index was Libor plus 400 basis points.
- (h) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (i) Prior to April 2008, the index was a custom index.
- (j) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (k) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (l) In July 2020 the municipal plan potential investment models were condensed to Model A and Model B. The June 30, 2020 asset values for Model C and Model D are included in Model A. Model B was formerly Model F.
- (m) Prior to January 2021, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points.

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

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WORKERS' COMPENSATION



WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

James A. Dodrill
Insurance Commissioner

Status Report: **Workers' Compensation**

Joint Committee on Government & Finance

August 2021

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Introduction

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

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

As of January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. In December 2020, the number of active claims fell to less than 10,000 for the first time and, as of July 2021, there were 8,973 active claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Insurance Commissioner by the Legislature.

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

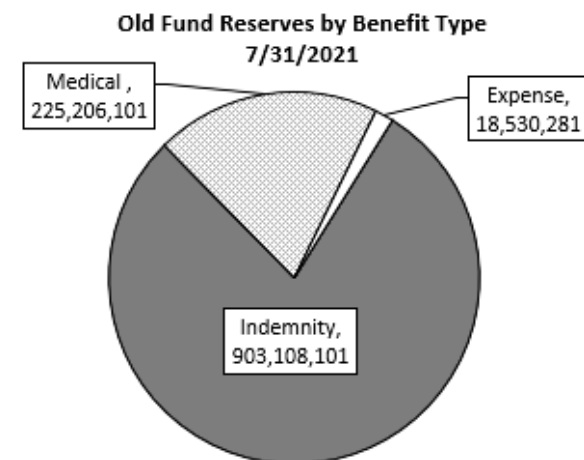
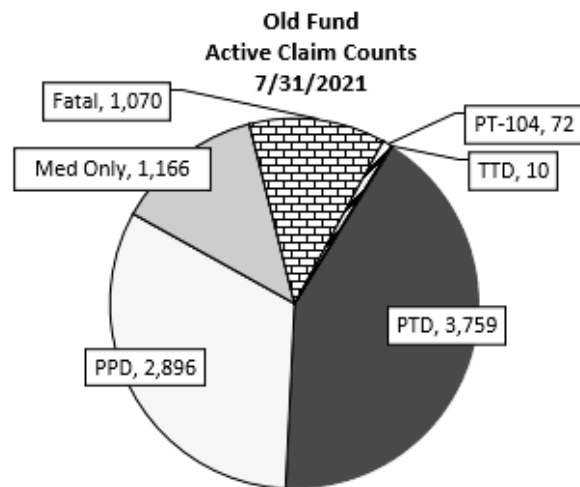
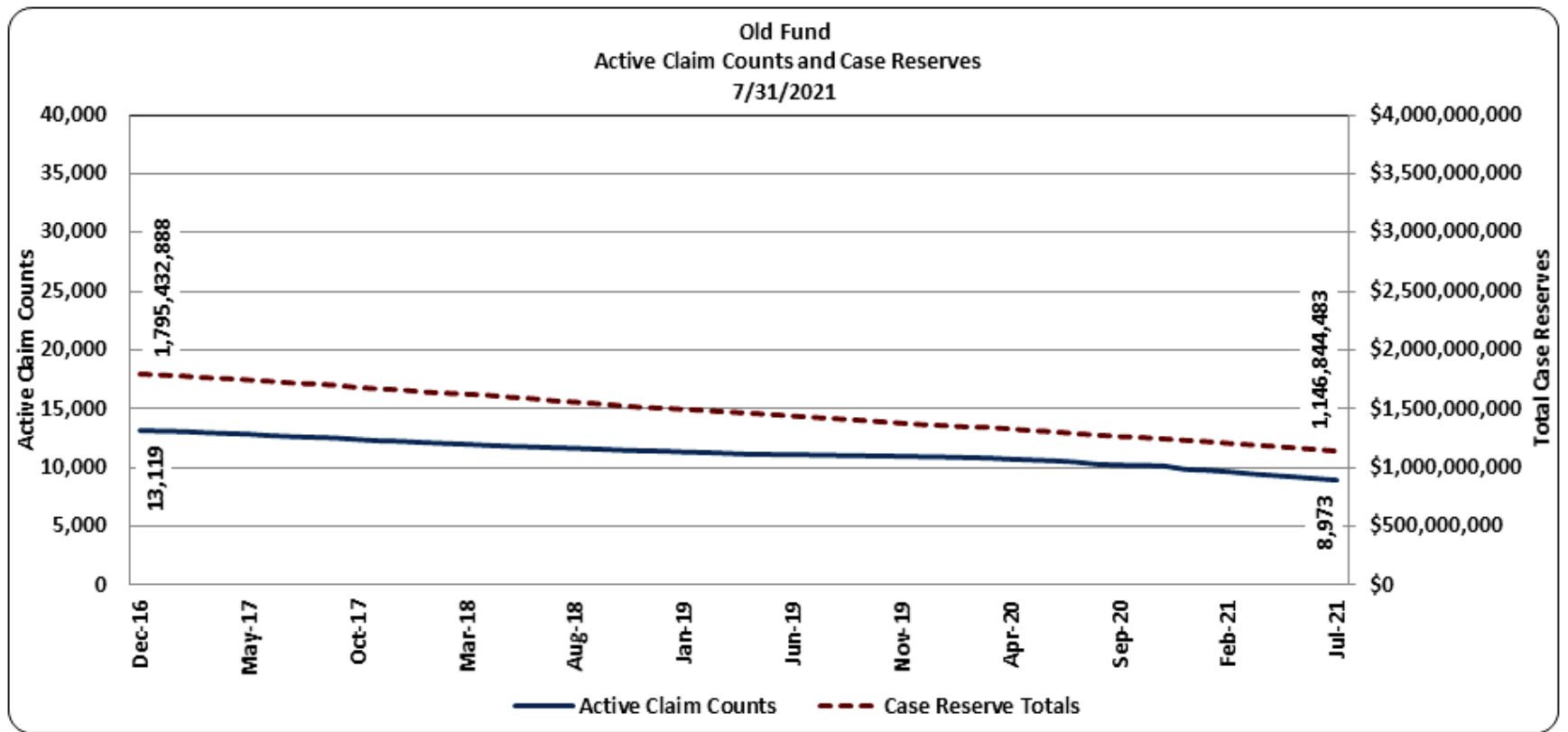
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

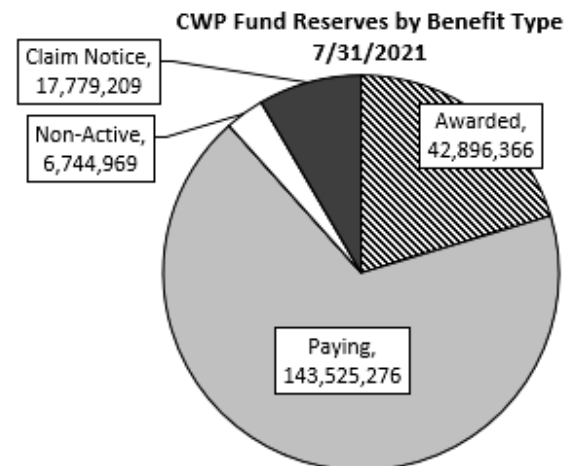
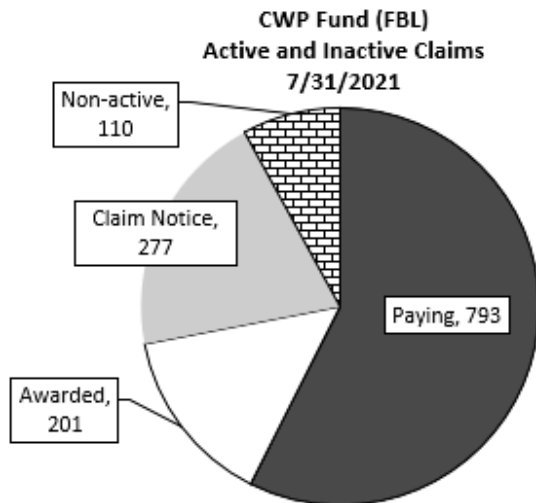
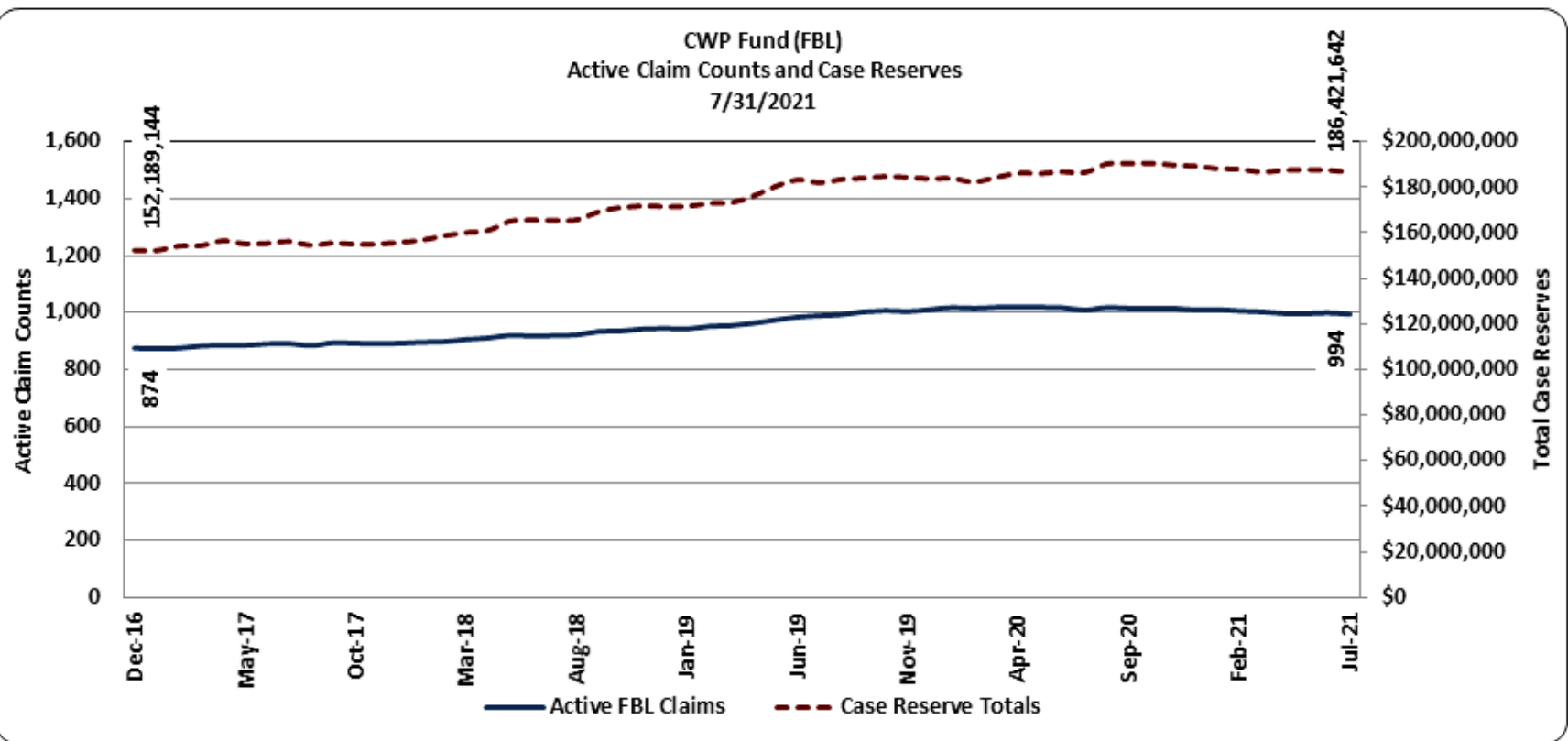
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

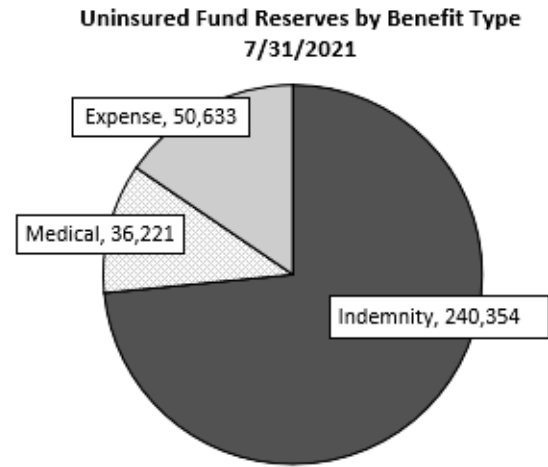
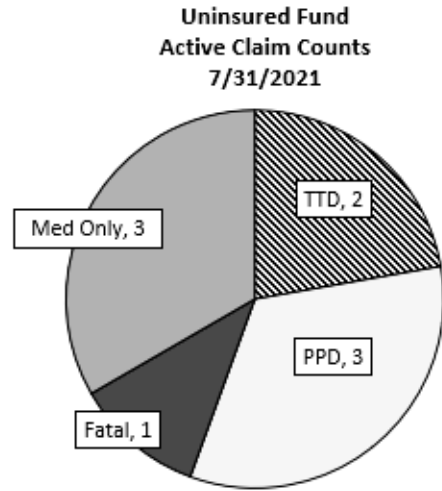
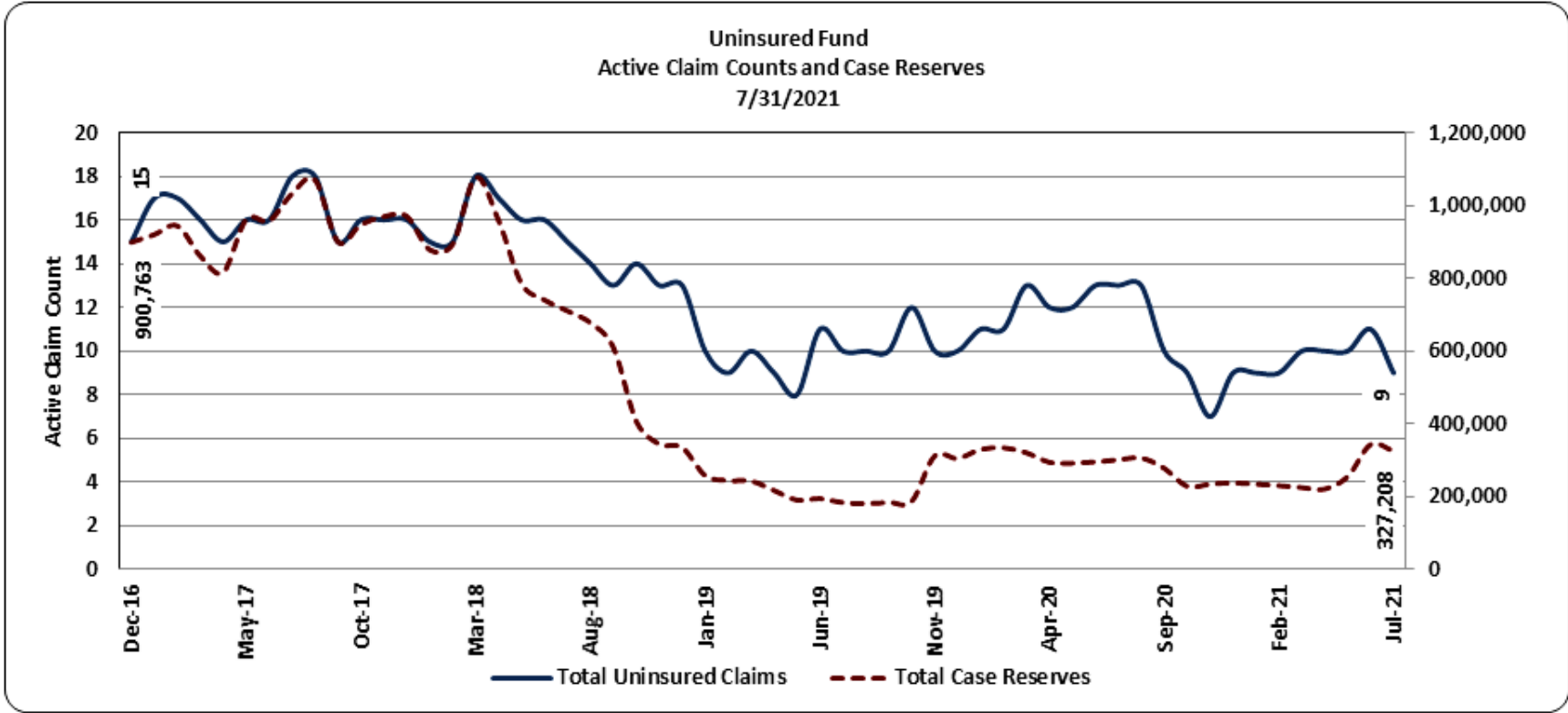
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

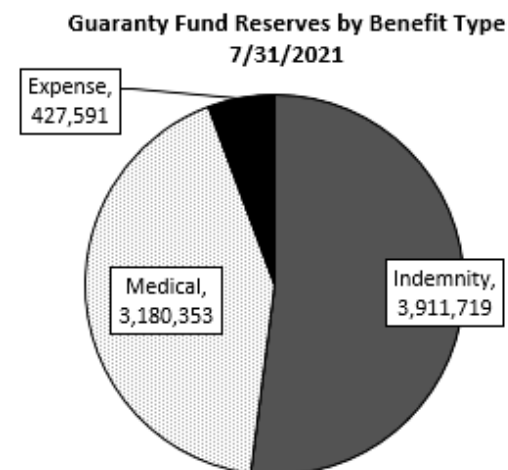
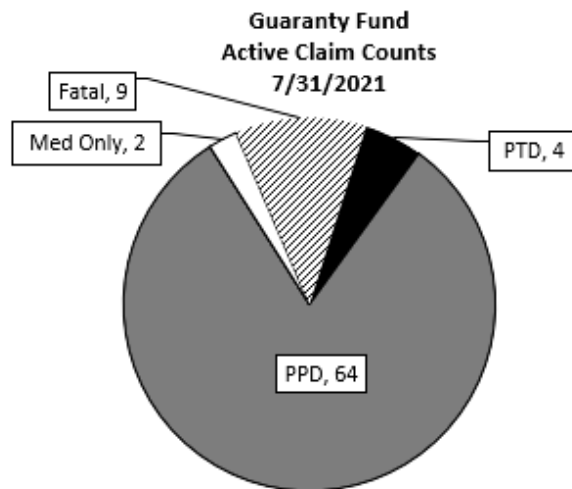
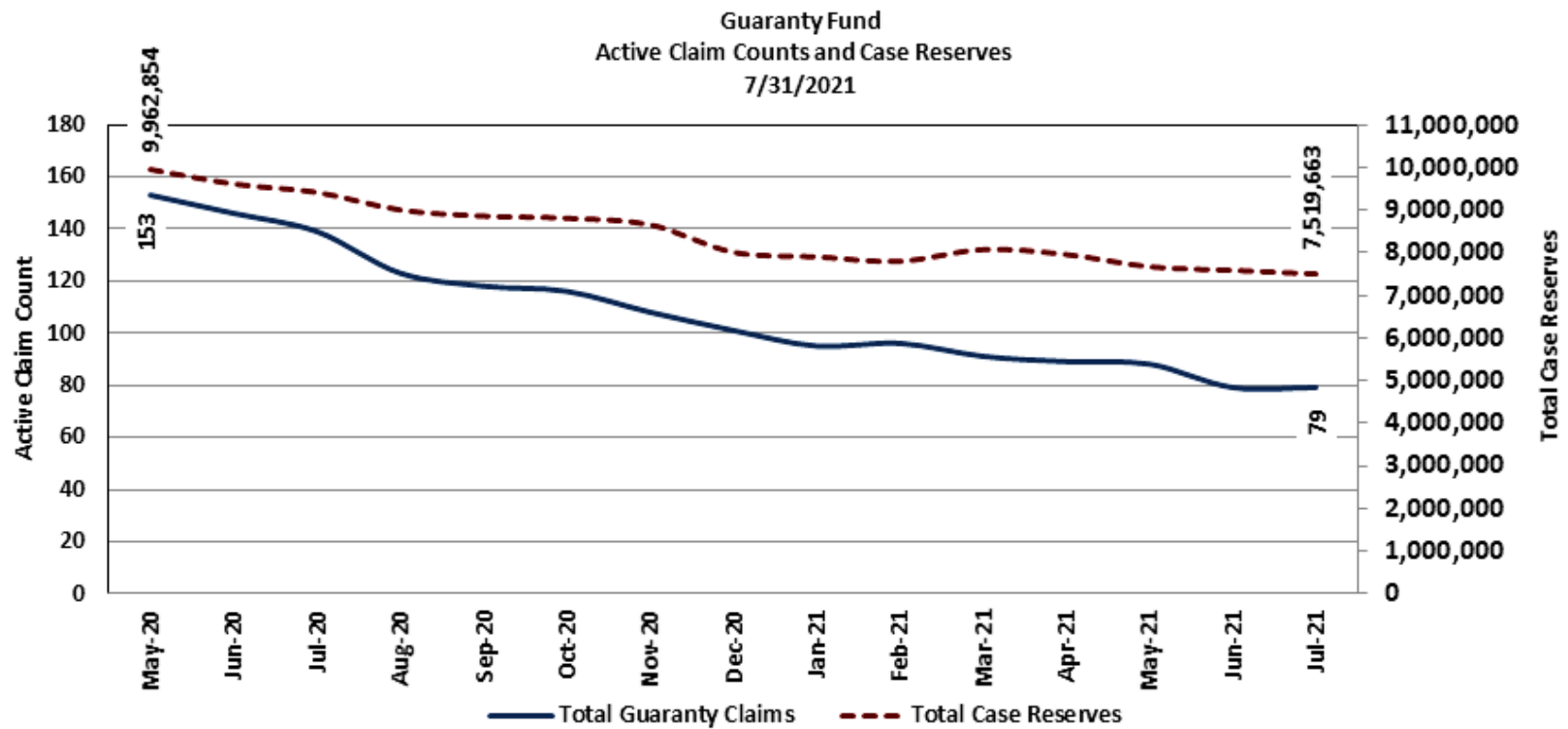
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

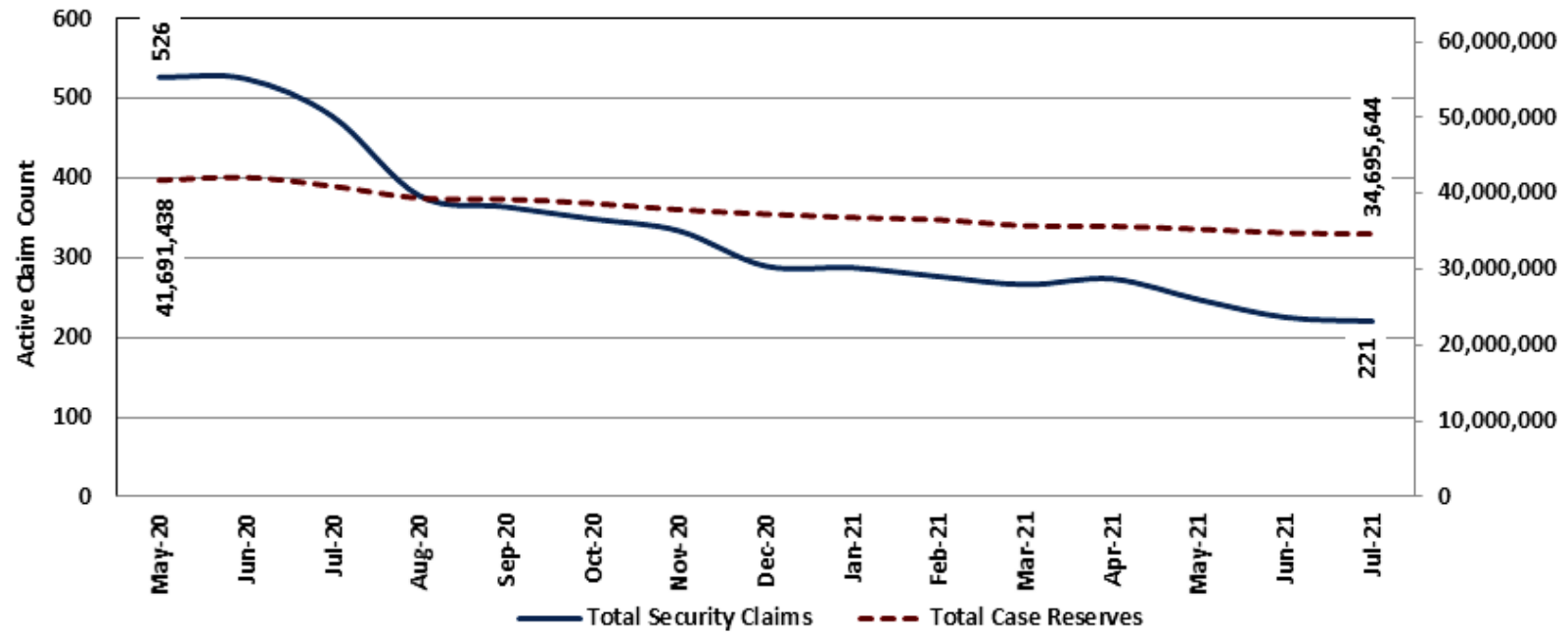




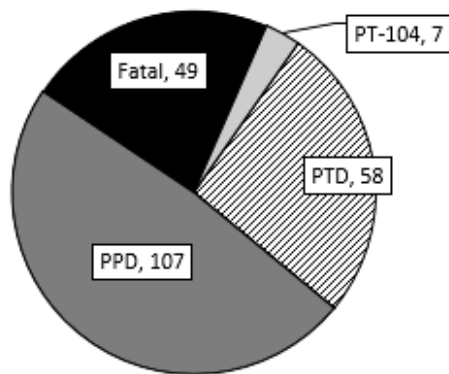




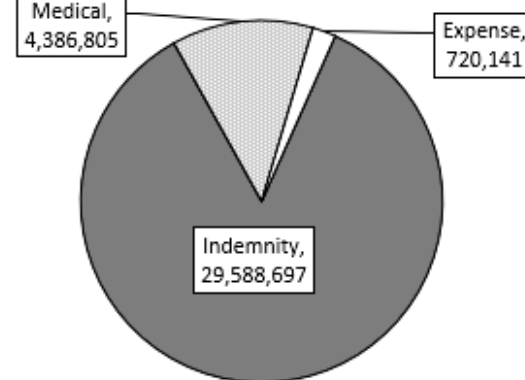
**Security Fund
Active Claim Counts and Case Reserves
7/31/2021**



**Security Fund
Active Claim Counts
7/31/2021**



**Security Fund Reserves by Benefit Type
7/31/2021**



OLD FUND CASH STATEMENT
JULY 31, 2021

Three Year History for years ended:

	Cash Beginning Balances	YTD FY2022 1,080,592,100	YTD FY2021 993,229,138	Change 87,362,963	FY2021 993,229,138	FY2020 1,077,104,966	FY2019 1,190,163,510
Revenues							
Personal Income Tax		-	-	-	-	-	-
Severance Tax		-	-	-	-	-	812,164
Debt Reduction Surcharge		-	-	-	-	-	4,078,894
Self-Insured Debt Reduction Surcharge		-	-	-	-	-	1,628,881
Video Lottery		-	-	-	-	-	-
Employer Premium		175,930	113,483	62,447	189,298	138,119	70,302
Other Income - Return of Unclaimed Property		-	-	-	-	-	-
Operating Revenues		175,930	113,483	62,447	189,298	138,119	6,590,241
Investment / Interest Earnings (Losses)		6,156,358	22,618,469	(16,462,110)	187,370,470	48,614,936	17,915,993
Total Revenues		6,332,288	22,731,952	(16,399,664)	187,559,768	48,753,055	24,506,234
Expenditures							
Claims Benefits Paid:							
Medical		1,496,265	1,810,267	(314,002)	16,509,277	21,141,087	21,861,068
Permanent Total Disability		5,547,235	6,052,926	(505,691)	69,561,392	75,310,561	81,018,639
Permanent Partial Disability		13,632	8,130	5,503	112,956	70,989	120,930
Temporary Disability		-	-	-	-	(486)	49,001
Fatals		1,455,632	1,553,503	(97,871)	18,386,146	19,297,908	20,440,045
104 weeks death benefit		387,814	411,990	(24,176)	6,353,928	5,474,959	4,630,636
Settlements		76,014	211,780	(135,766)	2,708,581	4,452,419	3,688,819
Loss Adjustment Expenses		71,012	136,659	(65,647)	1,095,241	1,603,551	1,400,225
Total		9,047,604	10,185,255	(1,137,651)	114,727,520	127,350,987	133,209,364
Less: Claims credits and overpayments		9,486	10,276	(790)	334,334	982,782	2,443,869
Total Benefits Paid		9,038,118	10,174,979	(1,136,861)	114,393,187	126,368,205	130,765,495
Administrative Expenses		55,729	353	55,376	5,803,619	6,260,679	6,799,283
Total Expenditures		9,093,846	10,175,332	(1,081,485)	120,196,805	132,628,883	137,564,778
Excess (Deficiency) of Revenues over Expenditures		(2,761,558)	12,556,620	(15,318,178)	67,362,963	(83,875,828)	(113,058,544)
Transfer from Operating Fund		-	-	-	20,000,000		
Cash Ending Balances		1,077,830,542	1,005,785,758	72,044,784	1,080,592,100	993,229,138	1,077,104,966

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
JULY 31, 2021

				Three Year History for years ended:		
	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	246,613,162	220,914,521	25,698,641	220,914,521	232,485,887	246,768,365
Revenues						
Investment Earnings (Losses)	1,303,531	4,839,686	(3,536,155)	43,567,242	9,366,126	3,546,660
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Total Revenues	1,303,531	4,839,686	(3,536,155)	43,567,242	9,366,126	3,546,660
Expenditures						
Claims Benefits Paid:						
Medical	530,095	281,624	248,471	5,107,159	7,541,269	4,623,840
PTD and Fatal Indemnity	757,259	671,249	86,010	8,726,207	8,899,722	8,683,360
Loss Adjustment Expenses	229,590	262,263	(32,673)	3,343,071	3,933,266	3,620,512
Total	1,516,944	1,215,136	301,808	17,176,438	20,374,258	16,927,711
Less: Claims Credits and Overpayments	2,291	243	2,048	94,896	360,474	85,884
Total Benefits Paid	1,514,652	1,214,893	299,760	17,081,541	20,013,784	16,841,827
Administrative Expenses	135,650	30	135,620	787,060	923,707	987,312
Total Expenditures	1,650,302	1,214,923	435,380	17,868,601	20,937,491	17,829,139
Excess (Deficiency) of Revenues over Expenditures	(346,771)	3,624,763	(3,971,534)	25,698,641	(11,571,365)	(14,282,479)
Cash Ending Balances	246,266,391	224,539,284	21,727,108	246,613,162	220,914,521	232,485,887

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
JULY 31, 2021

				Three Year History for years ended:		
	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	39,659,496	33,724,356	5,935,140	33,724,356	33,373,873	34,042,831
Revenues						
Guaranty Risk Pool Assessments	-	-	-	-	-	(354)
Collateral Proceeds	-	-	-	-	-	252,925
Investment Earnings (Losses)	208,753	749,561	(540,808)	6,763,880	1,367,274	523,349
Total Revenues	208,753	749,561	(540,808)	6,763,880	1,367,274	775,921
Expenditures						
Claims Benefits Paid:						
Medical	10,687	20,885	(10,198)	280,185	346,473	496,368
Permanent Total Disability	5,310	8,532	(3,223)	89,242	102,389	102,389
Permanent Partial Disability	10,677	10,718	(41)	91,922	225,842	260,557
Temporary Disability	-	-	-	-	-	13,148
Fatals	17,250	17,250	-	206,996	223,506	226,808
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	14,000	8,000	6,000	39,699	10,000	125,000
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	1,170	6,118	(4,948)	52,455	76,110	112,306
Total	59,093	71,503	(12,410)	760,498	984,319	1,336,576
Less: Claims Credits and Overpayments	24,429	-	24,429	150	45,480	205
Total Benefits Paid	34,664	71,503	(36,839)	760,348	938,840	1,336,371
Administrative Expenses	4,547	-	4,547	68,392	77,951	108,508
Total Expenditures	39,211	71,503	(32,292)	828,740	1,016,791	1,444,879
Excess (Deficiency) of Revenues over Expenditures	169,543	678,058	(508,515)	5,935,140	350,483	(668,958)
Cash Ending Balances	39,829,039	34,402,414	5,426,625	39,659,496	33,724,356	33,373,873

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
JULY 31, 2021

Three Year History for years ended:

	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	55,995,948	49,568,499	6,427,449	49,568,499	50,905,481	53,404,259
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	243,007
Investment Earnings (Losses)	293,985	1,109,822	(815,837)	9,805,453	2,087,341	770,092
Total Revenues	293,985	1,109,822	(815,837)	9,805,453	2,087,341	1,013,099
Expenditures						
Claims Benefits Paid:						
Medical	44,187	19,930	24,257	531,814	549,908	527,648
Permanent Total Disability	100,616	109,850	(9,233)	1,250,688	1,379,159	1,519,062
Permanent Partial Disability	-	-	-	4,243	(60)	5,702
Temporary Disability	-	-	-	-	-	-
Fatals	71,832	74,483	(2,651)	918,152	979,631	1,090,855
104 Weeks Death Benefit	9,641	12,139	(2,498)	171,468	78,073	8,932
Settlement Agreements	16,000	29,047	(13,047)	315,463	162,665	19,065
Loss Adjustment Expenses	1,147	6,493	(5,346)	73,223	118,818	96,587
Total	243,424	251,942	(8,518)	3,265,052	3,268,194	3,267,851
Less: Claims Credits and Overpayments	-	-	-	84,004	102,299	54,962
Total Benefits Paid	243,424	251,942	(8,518)	3,181,048	3,165,895	3,212,889
Administrative Expenses	13,957	-	13,957	196,956	258,428	298,987
Total Expenditures	257,381	251,942	5,439	3,378,004	3,424,323	3,511,876
Excess (Deficiency) of Revenues over Expenditures	36,604	857,880	(821,276)	6,427,449	(1,336,982)	(2,498,778)
Cash Ending Balances	56,032,553	50,426,379	5,606,174	55,995,948	49,568,499	50,905,481

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
JULY 31, 2021

Three Year History for years ended:

	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	16,844,759	13,817,714	3,027,045	13,817,714	13,211,915	12,989,971
Revenues						
Fines and Penalties	12,357	23,715	(11,358)	322,680	385,577	588,767
Investment Earnings (Losses)	82,492	293,394	(210,902)	2,767,995	517,439	179,479
Total Revenues	94,849	317,109	(222,259)	3,090,675	903,016	768,246
Expenditures						
Claims Benefits Paid:						
Medical	126	708	(582)	2,096	7,169	129,612
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	533	-	533	-	15,617	30,633
Temporary Disability	-	-	-	3,048	22,059	35,751
Fatals	2,133	2,133	-	25,601	37,816	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	44,276	82,000	106,000
Loss Adjustment Expenses	3,260	2,479	780	26,492	46,867	52,714
Total	6,053	5,321	732	101,513	211,528	404,740
Less: Claims Credits and Overpayments	2,389	599	1,791	42,742	7,535	50,676
Total Benefits Paid	3,663	4,722	(1,059)	58,770	203,993	354,064
Administrative Expenses	-	-	-	4,860	93,224	192,238
Total Expenditures	3,663	4,722	(1,059)	63,630	297,217	546,302
Excess (Deficiency) of Revenues over Expenditures	91,186	312,387	(221,201)	3,027,045	605,799	221,944
Cash Ending Balances	16,935,945	14,130,101	2,805,844	16,844,759	13,817,714	13,211,915

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

BOARD OF TREASURY
INVESTMENTS

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 28, 2021

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Vacant,
Appointed by the
Governor

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

Executive Staff

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

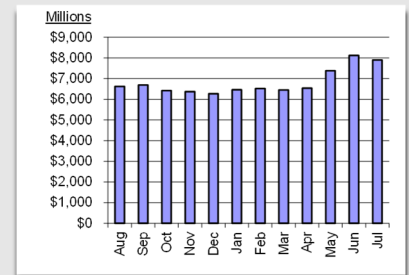
OPERATING REPORT JULY 2021

Total Net Assets Under Management

\$7,901,268,000

Last Month
\$8,119,584,000

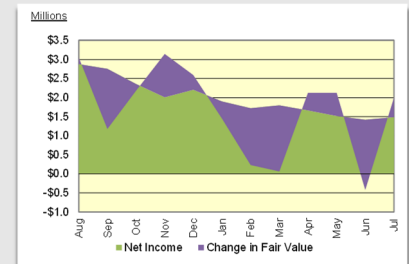
Beginning of Fiscal Year
\$8,119,584,000



**Net Assets for the Past
12 Months**

Total Net Income & Changes in Fair Value

Fiscal Year
\$2,000,000



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

Money Market Pools As of July 31, 2021

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.0681%	54 Days	\$6.6 Billion
WV Gov't Money Market	0.0070%	41 Days	\$229.2 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

JULY 2021

Delta Variant Latest Economic Hurdle

Equity Markets

July marked the sixth straight month of positive returns for the S&P 500 (up 2.4%), bringing the index to 18.0% year-to-date. Strong overall headline performance masked an eventful month, one marked by skittish investors and industry segment volatility. Large cap growth stocks were up 2.8% in July, despite a selloff in a number of the mega cap names during the final week of the month. Despite producing strong earnings results, Apple, Microsoft, Facebook and Amazon all finished on a weak note. In all, the S&P was actually down 0.4% for the last five trading days of the month. Small cap stocks had a tough month (down 3.6%), with growth and value styles suffering equally.

The June earnings season is about 60% complete. According to Factset, close to 90% of companies showed positive surprises and strong increases in earnings both year over year (easy comparison), but also quarter over quarter. Importantly, revenue growth for the S&P 500 companies increased 23% year over year.

Meanwhile, developed international stocks were up 0.8%. Emerging markets, on the other hand, were thoroughly rocked by the latest instance of government intervention by China, this time directly targeting for-profit tutoring companies. This is the government's latest demonstration of power that began with implementing constraints on certain technology companies last year, and continued with the increased regulation of the recently IPO'd DIDI ride sharing company in June. China comprises between 35-40% of the MSCI Emerging Markets Index, so these types of events largely explain why the index was down 6.7% overall for the month (now flat year-to-date). Concerns over COVID variants, under-vaccinated populations and a potential deceleration in global growth likely also factored into underperformance for EM.

Fixed Income Markets

Bonds had another strong month in July. The 10-year U.S. Treasury yield fell from 1.45% to 1.24% producing strong results for core and long maturity issues. The Bloomberg Barclays U.S. Aggregate Index (up 1.1% in July) is now only down 0.5% year-to-date. Long Treasury issues returned 3.6% for the month, while still-tight credit spreads continue to benefit investment grade and high yield. U.S. TIPS (up 4.4%) and high yield (up 4.0%) remain the top fixed income performers year-to-date.

Summary

The Delta variant presents the latest hurdle for the global economy, but the GDP release last week showed a strong 6.5% for the second quarter despite labor shortages and supply chain disruptions. This was, however, a below consensus result.

Certain market prognosticators are looking at the "failed" Robinhood IPO as a sign of a top in the market. Only time will tell if we are looking at the summer doldrums, the concerns regarding a COVID surge or other factors. In the meantime, we continue to advocate for actively rebalancing to within range of policy targets.

West Virginia Board of Treasury Investments Financial Highlights as of July 31, 2021

WV Short Term Bond Pool

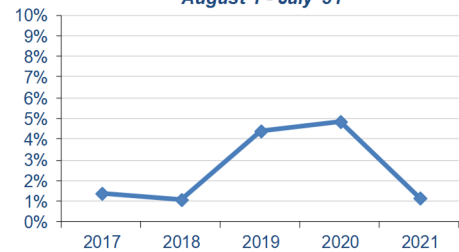
Rates of Return for the Past 12 Months *Net of All Fees*

<u>Aug 1 - July 31</u>	<u>Return</u>	<u>Net Assets At Jul 31 (In Millions)</u>
2021	1.2%	\$ 819.7
2020	4.9%	\$ 815.2
2019	4.4%	\$ 829.6
2018	1.1%	\$ 710.9
2017	1.4%	\$ 752.3

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

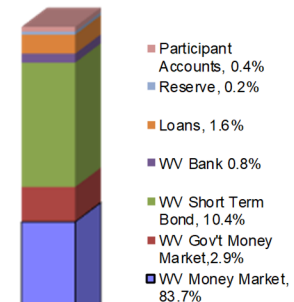
*Past 12 Months
August 1 - July 31*



Summary of Value and Earnings *(In Thousands)*

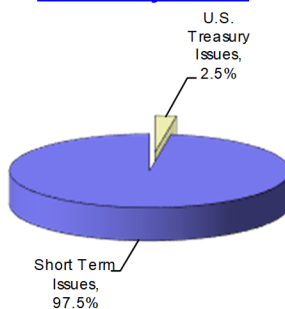
<u>Pool</u>	<u>Net Asset Value</u>	<u>Jul Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 6,615,627	\$ 405	\$ 405
WV Gov't Money Market	229,212	1	1
WV Short Term Bond	819,660	1,396	1,396
WV Bank	60,253	10	10
Loans	124,868	140	140
Reserve	19,945	3	3
Participant Accounts	31,703	45	45
	<u>\$ 7,901,268</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

Percent of Total Net Asset Value

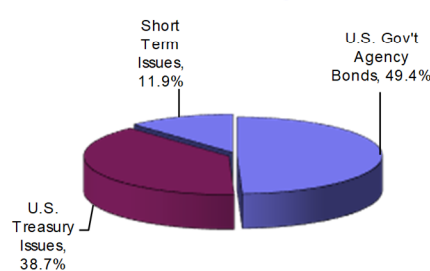


Securities by Type for Operating Pools *(Percentage of Asset Value)*

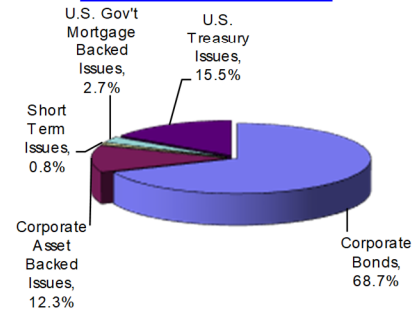
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JULY 31, 2021
(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	\$ 6,616,299	\$ 230,253	\$ -	\$ 60,225	\$ 144,677	\$ -	\$ 7,051,454
At fair value	-	-	821,539	-	-	31,539	853,078
Other assets	399	8	24,687	33	145	165	25,437
Total assets	6,616,698	230,261	846,226	60,258	144,822	31,704	7,929,969
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	1,071	1,049	26,566	5	9	1	28,701
Total liabilities	1,071	1,049	26,566	5	9	1	28,701
Net Position							
Held in trust for investment pool participants	6,615,627	229,212	819,660	-	-	-	7,664,499
Held in trust for individual investment account holders	-	-	-	60,253	144,813	31,703	236,769
Total net position	<u>\$ 6,615,627</u>	<u>\$ 229,212</u>	<u>\$ 819,660</u>	<u>\$ 60,253</u>	<u>\$ 144,813</u>	<u>\$ 31,703</u>	<u>\$ 7,901,268</u>
Additions							
Investment income:							
Interest and dividends	\$ 225	\$ 5	\$ 1,373	\$ 11	\$ 145	\$ 51	\$ 1,810
Net (amortization) accretion	460	4	(440)	-	-	(2)	22
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	685	9	933	11	145	49	1,832
Investment expenses:							
Investment advisor, custodian bank & administrative fees	280	8	53	1	2	-	344
Total investment expenses	280	8	53	1	2	-	344
Net investment income	405	1	880	10	143	49	1,488
Net realized gain (loss) from investments	-	-	523	-	-	-	523
Net increase (decrease) in fair value of investments	-	-	(7)	-	-	(4)	(11)
Net increase (decrease) in net position from operations	405	1	1,396	10	143	45	2,000
Participant transaction additions:							
Purchase of pool units by participants	874,687	21,472	-	-	-	-	896,159
Reinvestment of pool distributions	405	1	1,385	-	-	-	1,791
Contributions to individual investment accounts	-	-	-	10	1,502	-	1,512
Total participant transaction additions	875,092	21,473	1,385	10	1,502	-	899,462
Total additions	875,497	21,474	2,781	20	1,645	45	901,462
Deductions							
Distributions to pool participants:							
Net investment income	405	1	880	-	-	-	1,286
Net realized gain (loss) from investments	-	-	523	-	-	-	523
Total distributions to pool participants	405	1	1,403	-	-	-	1,809
Participant transaction deductions:							
Redemption of pool units by participants	1,102,085	15,693	-	1	-	-	1,117,779
Withdrawals from individual investment accounts	-	-	-	9	181	-	190
Total participant transaction deductions	1,102,085	15,693	-	10	181	-	1,117,969
Total deductions	1,102,490	15,694	1,403	10	181	-	1,119,778
Net increase (decrease) in net position from operations	(226,993)	5,780	1,378	10	1,464	45	(218,316)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	(226,993)	5,780	1,378	10	1,464	45	(218,316)
Net position at beginning of period	6,842,620	223,432	818,282	60,243	143,349	31,658	8,119,584
Net position at end of period	<u>\$ 6,615,627</u>	<u>\$ 229,212</u>	<u>\$ 819,660</u>	<u>\$ 60,253</u>	<u>\$ 144,813</u>	<u>\$ 31,703</u>	<u>\$ 7,901,268</u>

OFFICES OF THE
INSURANCE COMMISSIONER



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

James A. Dodrill
Insurance Commissioner

August 26, 2021



SCANNED

RECEIVED

AUG 31 2021

Legislative Manager

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

Re: Commissioner's Annual Report on Insurance Innovation

Honorable Committee Members:

House Bill 2221, relating to the establishment of an insurance innovation process, passed the Legislature during the 2021 Regular Session and became effective on July 9, 2021. The bill requires that, on or before September 1, 2021, and annually thereafter, the Insurance Commissioner submit a written report to the Joint Committee on Government and Finance that contains certain information on applicants to the Regulatory Sandbox. Accordingly, I am providing you with this first annual report to update the Legislature on the Insurance Commissioner's actions since House Bill 2221 (2021) was enacted.

Pursuant to the newly enacted W.Va. Code §§33-60-10, the Insurance Commissioner was given authority to propose Legislative Rules to assist in administering the article. Currently, I do not feel that a rule is necessary to establish this code in the West Virginia market.

As required in W.Va. Code §§33-60-10(b), my agency is in the process of developing application forms for admission to the Regulatory Sandbox. Additionally, my agency has been contacted by one insurance company expressing a desire to introduce a product, however we have not yet received an application. We anticipate receiving an application from this company in the next several months.

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

Very truly yours,

James A. Dodrill
Insurance Commissioner

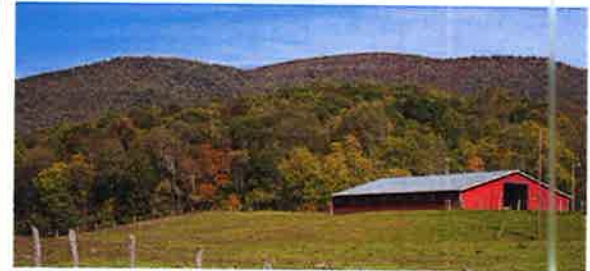


DHHR LTC REPORT

State-Owned and Operated Long-Term Care Facilities

Hopemont Hospital
Jackie Withrow Hospital
John Manchin Sr. Healthcare Center
Lakin Hospital

September 14, 2021



Agenda

- **Critical Issues**

- Patient/resident care culture – facilities are very outdated
- Maintenance costs – increasing capital expenditures
- Reimbursement – primarily Medicaid and general revenues
- Workforce shortages – costs are increasing significantly

- **Potential Solutions for Consideration**

- Closure
- Acquisition by a for-profit nursing home corporation
(i.e., selling licenses to the beds)
- Acquisition/merger with a health care network/university/medical school
- Management contract
- Facility replacement

Hospital Metrics

<u>Hospital</u>	<u>Location</u>	<u>Established</u>	<u>Type</u>	<u>Bed Capacity</u>
Hopemont Hospital	Terra Alta Preston County	1911	Long-Term Care Nursing Home	98 Licensed Beds 52 Bed Capacity 49 Current Census
Jackie Withrow Hospital	Beckley Raleigh County	1927	Long-Term Care Nursing Home	199 Licensed Beds 75 Bed Capacity 61 Current Census
John Manchin Sr. Healthcare Center	Fairmont Marion County	1899	Long-Term Care Nursing Home & Outpatient Clinic	41 Licensed Beds 38 Bed Capacity 28 Current Census
Lakin Hospital	West Columbia Mason County	1926	Long-Term Care Nursing Home	114 Licensed Beds 70 Bed Capacity 62 Current Census

Patient/Resident Care Culture

- State-owned and operated long-term care facilities are often considered “facilities of last resort” and serve as a safety net for West Virginia’s vulnerable, disadvantaged, and elderly population.
- Many of the patients admitted to the state-owned nursing facilities are identified by the private sector nursing homes as “HIGH RISK” due to lack of financial resources, mental and/or physical challenges.
- Typical conditions/diagnoses of state hospital patients:
 - Difficult to care for, often prone to anger and physical altercations
 - Some psychiatric and behavioral disorders
 - Traumatic brain injuries
 - Intellectual and developmental disabilities
 - Geri-psychiatric and Alzheimer’s disease with combative behaviors

Capital Expenditures and Maintenance Costs

- Due to the age of our long-term care buildings, capital expenditures/maintenance costs are an enormous liability to all state-owned and operated nursing facilities.
- All buildings have been remodeled to some extent through the years, but due to the age of the buildings, the changes are a Band-Aid fix. All four long-term care facilities would have been replaced years ago in the private sector with newly constructed buildings.
- The average life of a long-term care facility in the private sector is approximately 40 years.
- The facilities have an increased number of maintenance workers and maintenance expenses due to the age and outmoded condition of the buildings, infrastructure, and equipment.

Reimbursement

- Reimbursement for nursing home services in the private sector is made up primarily of Medicaid, Medicare, and private pay funding.
- Medicaid payments are made by the West Virginia Department of Health and Human Resources (DHHR), Bureau for Medical Services to nursing homes based upon a payment methodology that includes size of the facility, patient acuity, etc.
- These payments consist of state appropriated dollars that are used to match federal dollars based upon West Virginia's current federal match. The ratio between these payments generally approximates a 75/25 split but will vary based upon changes in the match rate.
- The state facilities, however, are primarily funded by Medicaid and general revenue dollars. There is no required match of state to federal dollars for Medicaid payments to state facilities. The Centers for Medicare and Medicaid Services allows West Virginia to use a certified match to draw down federal dollars because West Virginia expends general revenue to operate the facilities, thus draws down federal dollars without additional state matching dollars as in the private sector.

Workforce Issues

- State-owned facilities are experiencing a significant problem, as is the rest of the health care industry, with workforce shortages. These shortages, which are being experienced in West Virginia and nationwide, have only worsened during the pandemic.
- Lower state wage rates create critical manpower shortages and higher than normal turnover rates than what is experienced in the private sector.
- Due to the shortage of clinical personnel and the more complicated state hiring process, the state facilities must hire many of its health care workforce from temporary staffing agencies. It is not just clinical staff, however, that is a problem. We utilize staffing agencies for many disciplines, including administrative, food service, housekeeping/laundry, etc. The staffing agency costs are more than double the cost of retaining state employees.
- The cost of hiring staff from staffing agencies for our long-term care facilities has grown from \$5.7 million in 2019 to \$12.4 million in 2021.

Solutions Under Consideration

- Privatization is a strategy to move these facilities into the private sector and to eliminate future financial risks and liability to the state.
- Although cost reduction is one motivation for privatization, there are other positive motives including:
 - Replacement of unsafe and aged facilities
 - Better living conditions for the patients
 - Competitive wage rates and benefit for employees

Solutions Under Consideration (Continued)

Selling the License to the Beds

- In such event, DHHR would explore the option of selling the licensed beds to an existing skilled nursing provider in the private sector.
- This type of acquisition involves the sale of licensed beds only and not the facility (building, real property, or other assets remains property of the state).
- With this option, we anticipate the construction of new facilities where existing patients would be transferred once built, and all operations would be moved to the private sector operator. The existing employees would be employed by the new operator and transition to the private sector.
- Another approach to this transition to the private sector is to enter into a management contract with a private provider as the first step in the sale of the licensed beds. The ultimate goal of this approach is that these facilities are owned and operated by the private sector and no longer a part of state government.

Contact Information

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