



JOINT COMMITTEE
ON GOVERNMENT & FINANCE
INTERIM BOOK

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September 7, 2023

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
September 7, 2023

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

American Rescue Plan Act (ARPA) Funding

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

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

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

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

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

The WVBIP includes three separate programs for projects that can be awarded funding from Capital Projects Fund or State and Local Fiscal Recovery Fund (SLFRF), each designed to meet West Virginia's broadband development needs through efficient utilization of state and federal funding streams. The programs were developed to align with ARPA rules and guidance and contains three well defined infrastructure grant initiatives. All three programs focus on last mile connections to locations without access to reliable wireline service of 25/3 Mbps. Deployed networks will deliver a minimum of 100/20 Mbps and are scalable to symmetrical 100 Mbps. The programs of the WVBIP encourages networks owned or affiliated with local governments, ensure participation in federal affordability programs, and promotes the availability of a low-cost service.

2023 ARPA Progress

As of July 26, 2023, Governor Justice has awarded over \$156 million in ARPA funds to 36 last-mile broadband infrastructure projects. With the deployment of approximately 4,306 miles of fiber and cable plant, these projects will bring connectivity to 49,171 unserved locations.

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

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

Table 1: Key metrics for projects awarded under SLFRF.

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

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

Table 2: Key metrics for projects awarded under CPF.

ARPA Project Dashboard Launched August 2023

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

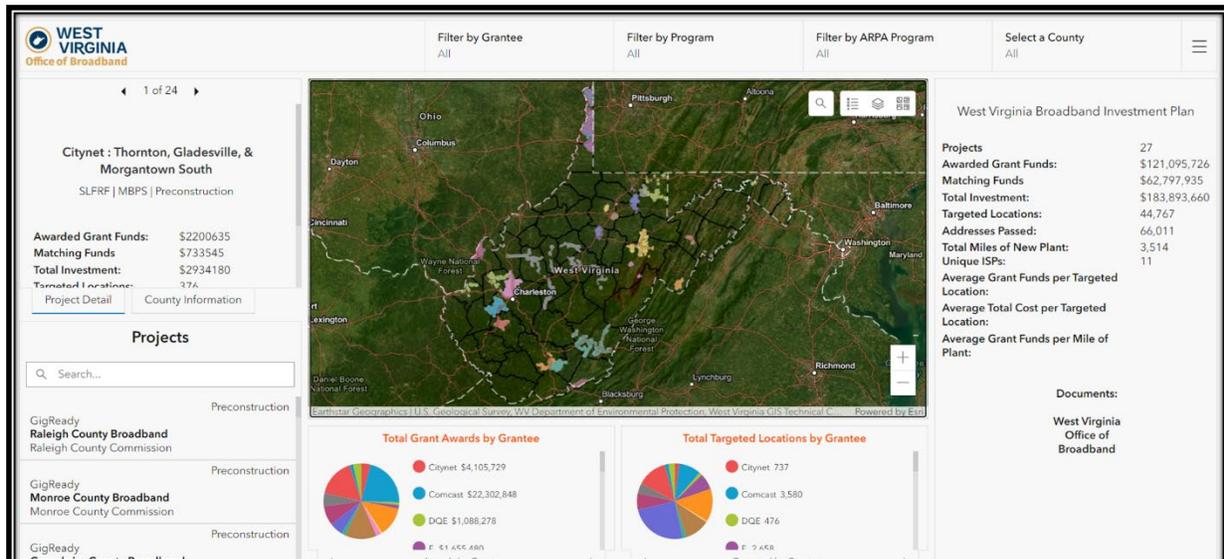


Figure 1: West Virginia ARPA Dashboard

Internal Controls

The WVDED has established strong internal controls that include network validation, field inspections and field verifications to ensure that networks perform as designed.

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

Grantees may not begin construction until all permitting, and network design planning is completed. Essential items for receiving a NTPC include:

- Submit Budget Amendment Form
- Submit Project Information to WVDOH District Office for Prior Review
- Preliminary Pole Attachment Data submitted to Pole Owner(s)
- Preliminary Engineering Design submitted to WVDOH and applicable jurisdictions, including counties and/or municipalities
- Final Engineering Design Submitted to WVDOH, Include Bridge Alternatives Analysis as applicable
- Final Engineering Design Submitted to WVDED
- Complete Environmental Review for WVDOH ROW Access

- Begin Acquisitions and Easements as applicable
- Complete Dig Once Notifications as applicable
- Contractor Debarment Review Certification - Sam.gov
- Complete all Easements, Land Acquisitions, ROWs, and Pole Attachment Agreements as applicable
- Submit WVDOH MM109 Permit Application and Applicable Bonds:
 - Bid Bond
 - Performance Bond
 - Payment Bond
- Submit copies of all applicable permits, agreements, and clearances to WVDED (WVDOH Permit and Local Permit(s) Required).

Grantees are required to spend matching funds in entirety prior to receiving a grant disbursement. At this time, CPF program funds have not yet been disbursed to grantees.

TIMELINE TO PROJECT COMPLETION

EVENT SEQUENCE

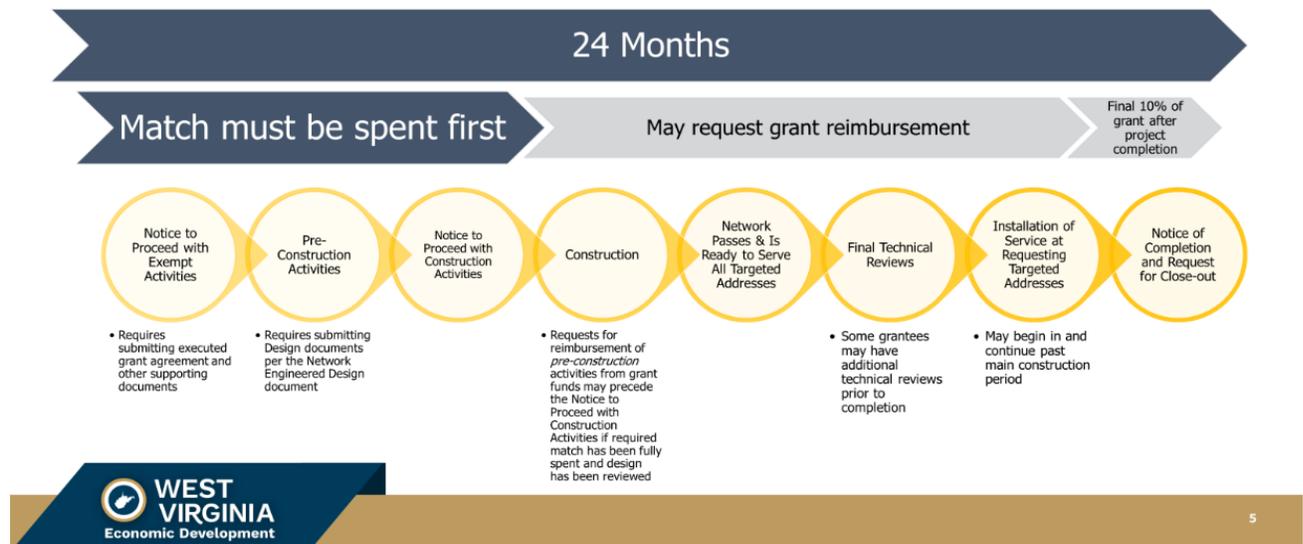


Figure 2: Timeline model for ARPA projects.

Pole Attachments

Pole attachments continue to pose significant concern and delay among West Virginia’s Internet Service Providers as the State’s broadband expansion initiatives move forward.

The West Virginia Broadband Enhancement Council and the West Virginia Department of Economic Development, Office of Broadband, continue to follow the West Virginia Public Service Commission (WVPSC) Show Cause Petition, Case No. 22-0885- E-T-SC: FRONTIER WEST VIRGINIA, INC. and MONONGAHELA POWER COMPANY THE POTOMAC EDISON COMPANY Petition to the Commission

to required Frontier West Virginia, Inc. to show cause why the Commission Should not prohibit Frontier from requiring duplicative Pole attachment applications, timelines, and fees.

<http://www.psc.state.wv.us/WebDocket/default.htm>

Integral to broadband network expansion, pole attachment regulations can provide a defined process to attach poles owned by electric or telecommunications utilities. As noted by NTIA, pole attachment regulations “...are a potential barrier to entry if they make a proposed project economically nonviable, particularly in unserved rural areas.”¹

Over the years, attachers have sought to improve this process. At the federal level, the FCC issued the One Touch Make Ready (OTMR) order in 2018, which set out rules to streamline the make-ready and attachment processes.² However, FCC regulations only apply to so-called “FCC states.”³ States are permitted to reverse-preempt federal regulations and adopt comparable regulations. West Virginia’s Public Service Commission has adopted rules addressing the pole attachment application process, including detailed deadlines for distinct steps, and a complaint process modeled on the FCC’s pole attachment complaint process. Under the West Virginia Public Service Commission’s pole attachment complaint process, an attacher can have the Public Service Commission adjudicate the reasonableness of a pole owner’s decision to approve, reject, or approve subject to conditions a pole attachment application, and the reasonableness of the charge proposed by the pole owner. The Public Service Commission made revised Rules for the Government of Pole Attachments effective as of January 13, 2023.

The Public Service Commission of West Virginia opened a “show cause” proceeding on its own initiative in 2022 to eliminate the practice of the State’s largest electric utility and its largest incumbent local exchange carrier which had been requiring pole attachers to make applications to both entities separately for poles that were jointly used by the ILEC and the electric utility. In June, 2023, the Public Service Commission approved a Joint Stipulation by the electric utility, the ILEC, and several intervening broadband providers which eliminated the dual application process, replacing it with a single application to be made to the electric utility, and establishing distinct deadlines for steps to be taken by the electric utility in responding to an application to attach.

W. Va. Code §31G also addresses pole access., W.Va. Code §31G-6-2 preempts local government pole attachment ordinances in favor of broadband service for pole attachments. Furthermore, §31G-6-2(b) states explicitly that the pole attachment policies of Investor-Owned Utilities, Incumbent Local Exchange Carriers, and Competitive Exchange Carriers will be “strictly construed in favor of encouraging and assisting broadband installation and deployment.”⁴

¹ NTIA, Broadband Policies & Mechanisms, A Guide for States and Localities, <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-04/Broadband%20Policies%20Mechanisms%20PDF.pdf>.

² FCC, <https://docs.fcc.gov/public/attachments/FCC-18-111A1.pdf>.

³ FCC, Public Notice, DA 22-630 (06.13.2022), <https://www.fcc.gov/document/states-have-certified-they-regulate-pole-attachments-3> (last visited 2.10.2023).

⁴ W. Va. Code §31G-6-2.

West Virginia’s pole attachment regulations are comparable to those at the FCC and have similar OTMR timeframes.⁵ Regarding make-ready charges, pole owners must provide detailed estimates on a pole-by-pole basis and:

“...may not charge a new attacher to bring poles, attachments, or third-party equipment into compliance with current published safety, reliability, and pole owner construction standards guidelines if such poles, attachments, or third-party equipment were out of compliance because of work performed by a party other than the new attacher prior to the new attachment.”⁶

While pole attachment regulations set a framework for attaching, companies must negotiate pole attachment agreements directly with pole owners. These agreements must comply with state regulations, and if a pole owner refuses to negotiate in good faith and/or follow the regulations, a company may file a complaint with the Public Service Commission, even before it has an agreement with the pole owner.⁷

Best Practices and Gaps

While West Virginia’s current statutes and rules addressing pole attachments are conducive to the deployment of broadband infrastructure, in practice there are still potential roadblocks. One of these areas relates to make-ready cost recovery: West Virginia’s Pole Attachment Rule is explicit that new attachers should not be responsible for the costs to replace an already failing pole. There is a mechanism to address disputes like these via the Public Service Commission’s FCC-modeled dispute resolution process under the Public Service Commission’s Pole Attachment Rules.⁸ The Public Service Commission’s Pole Attachment Rules require that pole owners provide a “detailed, itemized estimate” of make ready charges to attachers.⁹

Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

The IIJA includes three major programs:

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

Each program is briefly detailed below:

1. **Broadband, Equity, Access, and Deployment (BEAD)**
 - a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities.

⁵ W.VA Code R. §150-38-10.

⁶ 150 CSR 38 §10.4.4.

⁷ 150 CSR 38 §4.4, see also, 150 CSR 1 §6.

⁸ <https://regulations.justia.com/states/west-virginia/agency-150/title-150/series-150-01/section-150-1-10/> (last visited 2.6.2023)

⁹ W.VA Code R. §150-38-10(4)

- b. On June 26, 2023, the National Telecommunications Information Administration announced that West Virginia will receive \$1,210,800,969.15 in BEAD funding.
 - c. **West Virginia’s Five Year Action Plan has been submitted to NTIA and is posted at <https://broadband.wv.gov/>.**
 - d. West Virginia’s Initial Proposal Volume 1 is available for public comment through September 30, 2023, and is posted at <https://broadband.wv.gov/>.
2. **State Digital Equity Planning Grant Program**
- a. The State Digital Equity Planning Grant (<https://broadbandusa.ntia.doc.gov/resources/grant-programs/digital-equity-programs>) will be awarded to States and territories to develop State Digital Equity Plans designed to identify barriers to digital equity and implement strategies to overcome these barriers.
 - b. West Virginia’s draft version of the [Digital Equity Plan](#) for a 30-day public comment period ending on August 21, 2023. The plan can be found at broadband.wv.gov.

BEAD Initial Proposal Volume 1 Published for Public Comment

West Virginia is taking another step forward in the process to secure a historic investment in broadband infrastructure. The WVDED has published the BEAD Initial Proposal Volume 1 for review and comment. Comments will be accepted for 30 days, beginning Wednesday, August 30 through Monday, September 30, 2023. The document is available [here](#).

The BEAD application requires several steps: a Five-Year Action Plan, Initial Proposal Volume I, and the forthcoming Initial Proposal Volume II, followed by a Final Proposal. Additionally, the BEAD Program requires states to coordinate efforts with Digital Equity planning, capacity building, and workforce development. West Virginia’s Initial Proposal Volume 1 builds upon the goals, objectives, and strategies outlined in West Virginia’s BEAD Five-Year Action Plan and meets four of the 21 BEAD program requirements:

1. **Existing broadband funding** available to WVDED;
2. **Unserved and underserved locations** eligible for BEAD funding;
3. **Definitions and locations of Community Anchor Institutions (CAIs)** in West Virginia; and
4. Plans for an evidence-based, transparent, fair, and expeditious BEAD **challenge process**, as well as the **process to de-duplicate funding** in West Virginia.

Public Comment Sought

WVDED seeks public comment to ensure that this document reflects the needs of West Virginians. Individuals may provide:

- 1.) Comments on the document in general,
- 2.) Comments about the location or categories of Community Anchor Institutions.

To provide comments on the document: All members of the public are encouraged to provide feedback on the contents of the Initial Proposal Volume 1 via:

- [Online Comment Form](#)
- Printable Comment Form, which can be printed [here](#) and mailed to the WVDED at 1900 Kanawha Boulevard, East, Building 3, Room 600, Charleston, West Virginia 25305. Comments must be postmarked by September 30, 2023.
- Copies of the Initial Proposal Volume 1 will be available at each of the State’s 11 Regional Planning and Development Councils.

To provide comments on location or categories of Community Anchor Institution locations:

Community Anchor Institutions are places that facilitate greater use of broadband service by vulnerable populations. Some of the types of Community Anchor Institutions detailed in the Initial Proposal include schools, libraries, health centers, courthouses, job training facilities, and institutions of higher education. WVDED has posted a CAI map, found [here](#) that contains the locations of all the Community Anchor Institutions listed in the Initial Proposal. WVDED seeks feedback on both the locations of Community Anchor Institutions, as defined in the document, and any recommendations for additional categories of such entities that members of the public wish to include. Feedback on both topics can be provided [here](#).

The BEAD program will support West Virginia’s universal broadband access vision to, “Achieve universal broadband coverage and digital equity throughout the State through aggressive broadband deployment goals and a commitment to closing the digital divide through robust equity and inclusion initiatives.”

West Virginia’s Digital Equity Initiative

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

To accurately understand the state of broadband deployment and digital equity in West Virginia, WVDED collected both quantitative and qualitative data from a wide range of independent sources, including information derived from the FCC’s BDC efforts, surveys, and listening sessions. Data collection and analysis include three categories:

1. Quantitative and tabular data, such as data from the FCC, U.S. Census Bureau, and internet service providers operating in West Virginia
2. Stakeholder data using an asset inventory approach as recommended by NTIA
3. Information and feedback from citizens

West Virginia Digital Equity Plan Public Comment

West Virginia’s Draft Digital Equity Plan is found here: <https://broadband.wv.gov/wp-content/uploads/2023/07/West-Virginia-NTIA-DE-Draft-2023.7.12.pdf>

Public comments were accepted through August 21, 2023 through online and printable comment forms found here: [Online Version](#), [Printable Version](#). Residents who lack connectivity, could visit their local library to review the plan and provide comments. The comment period has concluded and responses are under review. A total of 82 responses were submitted to the WVDED.

West Virginia Digital Equity Outreach Meetings

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

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

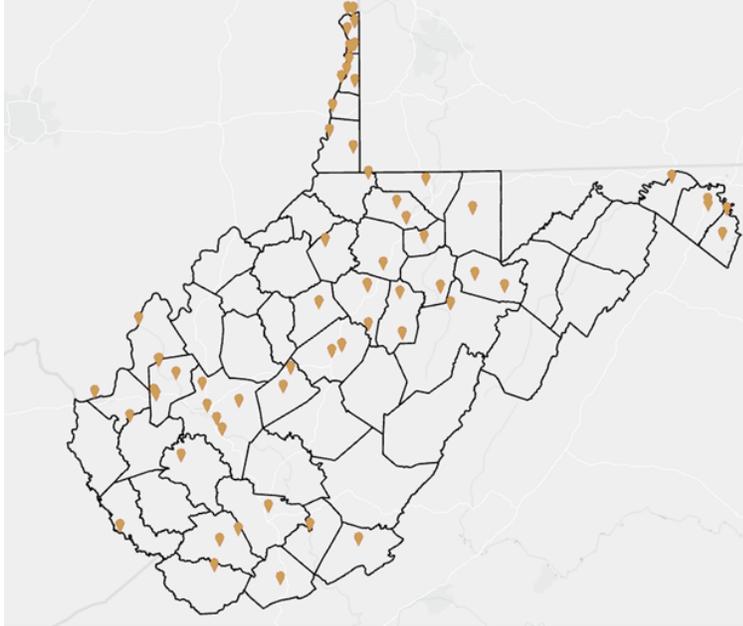


Figure 3: Digital Equity listening session locations.

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

Figure 4: Preliminary listening session locations for the Digital Equity.

West Virginia Statewide Broadband Survey

In addition to listening sessions, WVDED procured a professional survey firm to execute the West Virginia Broadband Survey, a randomized survey of at least 1,000 citizens across the State. The survey sample was weighted to reflect the digital equity target populations. The selected firm and WVDED worked collaboratively to create the survey, which launched on June 30, 2023, and closed on July 30. Final survey analysis will extend beyond the August 11, 2023, due date of the Five-Year Action Plan. This survey will complement the findings of the RPDC listening sessions. The survey responses are currently under review; however, the following preliminary results were collected from the online survey:

2032 responses through <https://broadband.wv.gov/survey/> (these numbers are preliminary estimates):

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

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

BEAD Allocation and the FCC National Broadband Map

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

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

Governor Justice directed the West Virginia Department of Economic Development, Office of Broadband, to ensure that all West Virginians are accurately counted on the National Broadband Map. Through a series of FCC challenges, input from the public, direct consultation with Internet Service Providers, and field verification, West Virginia gained 86,833 unserved locations in the May 2023 release of Version 2 of the National Broadband Map. West Virginia's gain of 86,833 unserved locations is the second highest in the Nation, following North Carolina's gain of 114,718. Between May and June 15 of 2023, West Virginia gained an additional 26 unserved locations. The increase in unserved locations now totaling 86,860 resulted in a higher allocation of funds through the IIJA BEAD program.

- Fixed and Fabric Bulk Challenges
- Public Availability Challenges/Public Outreach
- Direct Consultation with ISPs
- Improvement of ISP Reporting by fixed wireless providers
- Physical Field Verification by the Office of Broadband

Mapping and Data Quick Facts

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

The National Broadband Map is improving and continuously changing. The map now reflects broadband availability as of July 25, 2023. Nationwide, the FCC has designated approximately 8.5 million homes and businesses as unserved by high-speed internet. This number represents about 7 percent of all locations included in the current map. FCC filings are updated twice per year; however, the National Broadband

Map is updated bi-weekly due to availability and location challenges. Served and Unserved locations are being identified during every update.

Challenges via public or bulk (submitted by agencies) are having a meaningful impact. West Virginians can still submit challenges to the National Broadband Map at <https://broadbandmap.fcc.gov/home>. More information about the BEAD program is available [here](#).

Wireless Internet Networks (WIN) Program

The next round of the Wireless Internet Networks (WIN) program will be announced in September 2023. This round of WIN will focus on the implementation of Wi-Fi connectivity systems within West Virginia state parks to create wireless accessibility coverage for areas such as day-use facilities, campsites, and emergency access points. The WVDED will publish program procedures and host a webinar detailing this program.

FCC Affordable Connectivity Program (ACP)

The West Virginia Broadband Enhancement Council and West Virginia Office of Broadband website prominently features the Affordable Connectivity Program at <https://broadband.wv.gov/> and <https://internetforallwv.wv.gov/>. The West Virginia Office of Broadband has received a \$400,000 grant from the FCC to promote the ACP in West Virginia.

As of September 4, 2023, nearly 117,000 West Virginians have enrolled in ACP benefits. A household is eligible if one member of the household meets at least *one* of the criteria below:

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

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

Steps to Enroll:

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

Support Contact

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

FCC ACP Information

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

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

May 7, 2023

Huntington, WV

2:30 p.m. – 4:00 p.m.

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

Speaker Hanshaw: “It appears that we do have a quorum present. The Chair will ask that the clerk please make note of that. We do have the minutes of our April 18th, 2023, meeting available for inspection and review by the members in the committee packet today. So, please take a moment and familiarize yourself with the draft minutes. Chair recognize the President.”

President Blair: “Mr. Speaker, I move the minutes of the April 18th, 2023, the meeting of the Joint Committee on Government and Finance as contained in the member packets be approved.”

Speaker Hanshaw: “Question is on the President’s motion that the draft of the April 18th, 2023, meeting minutes be approved as distributed. Is there discussion on the motion? If not, those in favor of the motion will please say aye, opposed will please say no, the ayes have it, Chair declares the motion adopted.

Let’s move on to our regular reports. On the agenda today is a broadband update from Secretary Carmichael. Before we invite the Secretary to the podium, we do have Mr. Muchow with us today. So, if there is no objection from any of the committee members, we’ll start the meeting today with our financial report. Okay...Mark, welcome.”

Secretary Muchow: “Mark Muchow, Department of Revenue, and the April numbers...I believe everybody has the April numbers before them. In April, we collected \$825.9 million dollars...first time we’ve gone over \$800 million dollars in a month of collections...estimate was \$506.9 million, we are \$319 million above estimate, compared to last year we are ahead by 4.4%. For year to date, we’ve collected \$5.427 billion, that’s \$1.585 billion above estimate and 14.1% ahead of last year...solid performance. The numbers are slowing down gradually over time but there’s a whole number of reasons why that’s going on that’s (...inaudible...) economic (...inaudible...).

In terms of the individual components, the sales tax in April, we collected \$129.2 million, that is almost \$18.8 million above estimate, and 5.3% ahead of last year. Year to date \$1.398 billion, \$189.6 billion above estimate, 6.6% ahead of last year. Personal income tax, we collected \$472.6 million in April, of course April is when all the annual returns are due. That was \$192.8 million above estimate and 5.4% ahead of last year. April was a bit of a transition month, there was some legislation that was (...inaudible...) during regular session. One was to cut income tax rates and for the most part...most of

that is going to be in future months...and then there was...although we saw a little bit of that effect in April....and the other thing was there was a Senate Bill 151 that passed which was made retroactive to 2022 which resulted in a number of pass through entities making a return payment that they would not otherwise make in April and then ultimately the individual owners will get credit for that return payment when they file their individual income tax...file individual income tax returns for 2022. So, we had a little bit of that impact in April. Year to date for personal income tax 2.27...almost two seven eight billion, \$439 and a half million above estimate and 9% ahead of last year. Corporate income tax was very strong in April, almost \$98 million dollars in collections, that was \$64.9 million above estimate, 9 and a half percent ahead of last year...and for the year to date we've now collected \$330.8 million, that's \$205.8 million above the official estimate, 17.8% ahead of last year. So, pretty strong on the corporate income side. The severance side is beginning to show the effects of the lower prices, we're seeing significantly lower energy prices, particularly for natural gas products. Recently natural gas is down about 70 plus percent from a year ago in price and those price decreases really started in earnest around January and it takes a while for that to flow through the pipeline. We're beginning to see a little bit of that in April. We've collected \$35.6 million dollars, that was still seventeen and a half million above estimate but it was 35.1% below last year. Year to date we've collected \$822.5 million, that's six hundred twenty-two and a half million above estimate, 48.1% ahead of last year. Moving on to the state road fund, state road fund collections in April with the federal reimbursements included total \$116.2 million, that was a little bit below estimate, \$4.6 million below estimate but 13.8% ahead of last year. Year to date

we've collected \$1.42 billion, \$79.9 million above estimate and 4.1...and 26.2% ahead of last year.

Two items of note on the road fund. One, is federal reimbursements...federal reimbursements year to date are twenty-nine and a half percent higher than last year. We collected \$525.9 million in federal reimbursements and believe we'll probably set a...as far as I know...a record of federal reimbursements for this year. The other thing is, the legislature appropriated \$150 million dollars in federal revenue to the road fund early in the fiscal year, that's actually \$150 million dollars (...inaudible...) overall (...inaudible...) \$150 million of that is the one-time appropriation and another \$120 million is federal reimbursement. Gasoline taxes...motor fuel taxes, for the year to date we're running 1% ahead of last year and \$1.8 million above estimate. Registration fees are still recovering from the pandemic, we're at 4.4% over last year. Registration fees...motor vehicle sales tax year to date we're also at 4.4% over last year. Are there any questions?"

Speaker Hanshaw: "Thank you, Mark. Questions for Mr. Muchow from any of the members? Yes, Senator Tarr."

Senator Tarr: "What's driving the increase in the federal reimbursement, I may have missed just a second on that last piece, sorry."

Secretary Muchow: "I believe it's all the bond monies and monies that we're spending on the highways. A lot of those monies are matched against federal reimbursements on projects, purchases, and so forth. So, the more money we have to match, the better the impact because of the rate of return from the feds...and also there have been some federal appropriation acts that have passed that have also enhanced

the availability of the funds (...inaudible...) that Highways has tried to take advantage of. In terms of getting more specific than that, that's probably going to be a Jimmy Wriston question."

Senator Tarr: "Okay, thank you."

Speaker Hanshaw: "Others? Okay if not, Mark, thank you very much. So, at our last meeting we requested an update on the status of broadband deployment in West Virginia. Secretary Carmichael is here today to update us. Mr. Secretary, welcome!"

Secretary Carmichael: "Thank you! I am Mitch Carmichael, Cabinet Secretary for Economic Development, which includes broadband deployment and expansion. Now, I have with me today, Kelly Workman, who will go over many of the details of the program but I wanted to just brief on an eye level and then turn it over to Kelly.

So, at a summary level, West Virginia has...well let me just start by saying, we stood up all these programs within what? Eighteen months? Eighteen months. That never existed, the legislature had never put any money into broadband in the past. You have allocated such...the federal government has provided funding streams and mechanisms, as well as local county governments, (...inaudible...) and RDOF, if you're familiar with the Rural Digital Opportunity Fund. So, we're coordinating all of those fund streams, as well CAP2, ARC power grant funding, many other programs...USDA programs...all those are coming together through our office and we're making sure from a mapping perspective that we use all those funds to not overbuild an existing area. So, you're going...you know...in your districts and so forth you may hear pushback from someone saying hey I don't like the price of my internet or I don't like the particular speed of my internet. Our

focus, as you have told us, is to go to those who do not have it...and so that's the entire focus of our programs as we coordinate the rollout of these programs. A byproduct of doing that is that you will create competition in some areas. As you can imagine, think of a concentric circle, circles...and if you've got broadband in this area and then there's an area out here that does not have it, you will traverse through the inner circle to get to the outer circle. At which point, those providers can do connections off that link...so, you necessarily create competition. We are funding though, those houses in that smallest concentric circle. If a provider says we want to apply for this area and we know that they already have broadband as defined by the FCC, we will not fund that connection. We will fund the middle-mile...so to speak...link that gets to the outer circle. So, just to set it at...our goals and objectives, that's the goal and objective of the program...to reach those who do not have broadband.

So, as you can see, at this point with ARPA funds we have funded twenty-four different projects and there is an extensive evaluation process that these projects undertake...undergo as they're awarded the funds. It's not only components that our office has structured but the U.S. Treasury and other entities that created...you know...criteria, that we must comply with...and we do...and we make sure that we do and then we fund the project and move forward. We also check to make sure that everything that I just said about making sure that they do not have broadband...all those components are in place and then we...then and only then do we fund the project, and it's evaluated by our third-party consultant, Tilson.

So, we've funded twenty-four projects that hit thirty-eight counties, over 3,000 miles of infrastructure (...inaudible...) and I know you can all read...and then over 38,000

targeted locations. Now, that doesn't mean that every one of those targeted locations will connect. So, you can't say...necessarily say that there is...you know...going to be 38,000 new connections as a result of this. What we're saying is there is 38,000 passings and the company has to comply with our criteria, that if a customer orders the product, it must be available to them within ten days...I think it is? Kelly?"

Kelly Workman: "Yes."

Secretary Carmichael: "Yeah. So, it must be available to them within ten days. So, we don't get that...you know...somebody, a provider can say oh yeah, I see I have an order here, I'll get to it in like...you know...two months. In which case, then we know they didn't fund their infrastructure, right? And we're also going out and doing...and Kelly will talk more about that...tests to make sure...compliance tests, to make sure that they are all there.

So, you can see...maybe...on the LEAD program...the blue...the LEAD, as you know, is line extensions. So, if a...you know...a customer at the end of a line says, my neighbor has it but I can't get it...the provider is telling me I can't get it. That's our program to extend those lines. We've had lots and lots of applications for that but it's oversubscribed...and we're doing another round...but it's really really been a successful program.

The GigReady program, we've had one that has been approved, another one in the works that will be shortly approved. You can see just from our color scheme where these locations are. The major broadband expansion programs as well.

So...and then Kelly I'll call on you....so, from an ARPA highlights perspective, these are the different providers that have come into play. We have these on...I'll print these out and get them to you Craig and Roger...or Speaker and President...33 million state and local recovery funds, \$70 million dollars in Capital Projects Funds which is very important from the perspective...we've already received our funds because we were out front on the Capital Projects Fund. Other states haven't even received them yet. So, that's how...you know...we're out in front on this. We've got \$44 million dollars in private investment. In total, at this point...connections, new connections...we've got, with your funds that have been provided...about 350 connections, many more passings...but in coordination with the private sector, RDOF funds, and so forth...over the last two years, eighteen months to two years...about 120,000 new fiber optic connections. Now, that's not to say that some of those connections didn't already have broadband, they could have already had broadband and gotten upgraded with private sector funds...they can do what they want with their private sector funds, right? So...but we are helping coordinate those rollouts with the individual providers. So, that's a massive number...120,000 new fiber connections...and you already heard me reiterate these twenty-four projects...3,000 miles of fiber...3,000 miles of fiber. That stuff is not cheap to put on the poles and...which brings me to one final point before I turn it over to Kelly...getting this stuff on the...connecting it to the existing pole infrastructure is an impediment in the northern part of the state...it is. We are not...the provider...those people that own those poles are not being forthcoming and we're having difficulty in that...our providers are. So, just throwing that out to let you know we're continuing to work on it. Public Service Commission has had a hearing and Kelly will elaborate on it a little bit. So, again 38,000 targeted homes

have been passed, that's another massive number. So, we are very fortunate, all of us in the state, to have Kelly Workman coordinating these programs. She's done a fantastic job. You'll see as she goes through some of the details of the program. She has all the answers.

I'll turn it over to her after I mention this. I hope everyone has gotten one of these flyers in the mail from the federal government that tells you...free internet. The FCC's new Affordable Connectivity Program...which is a great thing for the citizens of West Virginia. It provides, you know, essentially if you're on SNAP, Supplemental Security Income, Medicaid, public...federal public housing or WICK, and there's some other income...I don't know why I received this...actually, now that I look at it...it came to my mom. So, but at any rate it provides...and we need to promote this like crazy because one of the things in West Virginia is...and all the providers will tell you...they can build the infrastructure but a lot of times people will not connect and we collectively...and we're going to do...really turn up a program within our office to promote this Affordable Connectivity Program. It's a great program, particularly for the people of West Virginia, and the more connections that we have...the higher percentage of connections that we have, the more connections we will have. It'll begin to expand and...you know, expand upon itself. So, with that, I'm obviously here to answer questions and so forth but if I could turn it over to Kelly.”

Kelly Workman: “Thank you. I might keep that little printout. I'm going to scoot this forward just a little bit. I wanted to say also...yeah, thank you...thank you, Secretary. You know, members of AARP are probably receiving that postcard. So...”

Secretary Carmichael: “That may be why I got it.”

Kelly Workman: “Yeah, I know that AARP is a partner in helping us promote that program so...thank you. So, I’m going to pick up where our Secretary left off and just thank you for the opportunity to talk with you this morning. I do have my Marshall green on today, I’m a graduate student of Marshall. I have a master’s degree from this fine institution and I’m very proud to be here today.

So, as the Secretary mentioned, we are in full swing with our ARPA funding. Currently, we have three projects near completion. So, we have completed three projects in West Virginia within twelve months. So, if you compare that to the pace of other federally funded infrastructure projects...like your water, sewer, housing, sidewalks, roads, bridges, everything else...we feel like twelve months is a pretty good pace and we’re looking to keep that up. So, we have other projects which the Secretary mentioned. We have twenty-four projects funded to date. We’re hoping that all of those go to construction in 2023 if not by early 2024 because the clock is ticking on ARPA funding. All of the funding needs to be expended by the end of December 2026.

So, with that...for our three projects that are completed, we have field visits scheduled in the month May. We do go out and verify that the infrastructure has been properly installed and that service is available and ready...and that it performs at the level that Treasury requires. We report to Treasury on a quarterly basis. So, these are actual reported data points that we have submitted to Treasury as of March 31. So, 79 miles of fiber constructed, 1,585 targeted addresses that are passed, 364 customer connections. So, those customer connections are always going to lag the infrastructure. We feel that we are providing something to residents of West Virginia that they have never had before. When their friends and neighbors subscribe to this new service, that is going to continue

to grow. Also, under the Infrastructure Act as part of the Digital Equity Program...and the Secretary mentioned...we have an obligation to promote the benefits of broadband to West Virginians that have never had this availability before. So, we'll talk a little bit more about that in a moment but the connections are going to continue to increase and that is an indicator of success within these programs. So, as I mentioned additional projects are in permit stage and they're going to move to construction stage later this year.

As the Secretary mentioned, we are tracking all broadband investment...all known broadband investment in West Virginia...some of the private investment, we do not yet have access to...it trails. There is a hub that we can go into and track the RDOF connections...so, we are tracking those. We're also tracking ACAM, USDA, ARC...anything else you can imagine that's out there...we're going to find it because we have all of these address data points and we are required to avoid duplication benefit with those federal funds.

As I mentioned...or the Secretary mentioned...we are in round two of some of the funding streams that you have approved for us. So, our LEAD program, we just closed the second round of LEAD. This is kind of a snapshot of the applications that we received. So, we had ten different applicants, forty projects covering twenty-seven counties, 144 separate communities. The total target addresses passed are almost 20,000. Total addresses passed are about 26,000. These projects, if all funded, would incorporate about 2,700 miles of LEAD fiber infrastructure. The total cost of these committed projects is \$172 million dollars. Total matching funds is \$59 million and the total grant amount requested is \$113 million. For this round, we have about \$30 million dollars left to allocate. So...and I will say the quality of the applications is very very good in this round. We've

been through one round and the second round...a lot of the kinks have been worked out through that first round and providers have really given us quality applications. Also, some providers that did not participate in the first round have now submitted applications in the second round. We're very happy to see that because it's going to take all of our providers working together to cover the rural areas of West Virginia.

We have also just closed a second round of our MBPS Program. Again, that program is oversubscribed as well. The total grant amount requested is about \$48 million dollars and I believe we had \$30 million dollars allocated...and then we have seven different applicants and eight different projects represented in that summary.

Also, as we move out to the more rural areas, we are seeing our costs go up just a little bit. I think that's to be expected. Our GigReady 2 round, this will be the final round of GigReady. We have a webinar scheduled on May 10th...and all of this information is on broadband.wv.gov.

So, I want to talk just a moment about the internal controls that we have in place. We're always balancing speed of deployment with the controls that are there from the federal agencies and the controls that we've implemented at the state level. I think we have a good balance of keeping in mind the need to execute these projects quickly and get this infrastructure out to the residents of West Virginia...but also ensuring that the projects are executed successfully. We want to deliver successful projects to the residents of West Virginia, the federal agencies, and to demonstrate success to the legislature.

The Secretary mentioned just a few factors that can delay deployment. We have at the top of the list, the pole attachment issue. There is a case proceeding at the West Virginia Public Service Commission. This was actually brought by one of our project sponsors...Prologix in Preston County...due to the delays in accessing poles in that project area. We became involved because this is one of the state's projects and we need to see it move and this caused a significant delay. So, that case is ongoing at the Public Service Commission. There is a Joint Stipulation...Settlement...that has been proposed. There are two intervening companies in that case...those are Citynet and Micrologic. So, that is ongoing and I believe the Joint Settlement was issued in April and the parties are going to come back together in May to continue negotiation.”

Secretary Carmichael: “...(inaudible)...”

Kelly Workman: “I don't remember the exact percentages but they are significant due to the new policy that was implemented...it was implemented by FirstEnergy Mon Power in January 2022 and so, the applications for our ARPA programs were based upon previous history and experience with those costs and then the policy was implemented and the cost just increased exponentially...cost and time. So, those are the two factors that are really pressing on our ability to deploy broadband in West Virginia, and what we've conveyed is that...you know...this is just the tip of the iceberg, ARPA is just getting underway. The Infrastructure Act is coming next, which will be a factor times four perhaps. We don't yet know the amount of funding there but those projects are also going to be on a timeline established by the federal government. So, anything that impacts our ability to move quickly is a great concern for our office. We'll just continue to monitor that.

Several of our providers have mentioned (...inaudible...) that involves any time that they are going to a county PSD or a municipal utility for any underground work. They have to work around those water and sewer lines...so, that's a factor as well. Supply chain...that seems to be leveling off a little bit but what we've done is we have instituted a policy whereby we will allow the companies to perform advance purchases with the proper waivers in place and proper documentation from our office. So, where there is an opportunity for us to assist and expedite projects, we will do so. Matching funds is also going to be a concern for our small and regional companies going forward under the Infrastructure Act. The Infrastructure Act BEAD program requires a 25% lever of credit and also a local match. So, the two factors combined there, the lever of credit along with the match are posing as a double obligation and that may impact the small and regional companies more so than the larger companies. Access to capital is also a concern for that very reason and so we continue to work with the West Virginia Economic Development Authority to make sure that funding is in place through the Broadband Loan Insurance Program so that the companies that need to access that funding can do so when it's needed...and that was a tremendous benefit to us in the RDOF cycle. Some of the companies that participated in RDOF could not have done so without that program so thank you for that.

We're going to look forward to...so, that's kind of a review of ARPA and we'll answer any questions you have...but we want to look forward to the Infrastructure Act. Our team is working daily...like pedal to the floor...on the Infrastructure Act. So, we have deadlines here as well. Under the BEAD program, which is Broadband Equity Access and Deployment, the state must submit a five-year action plan by August 12th. So, we are

currently developing that plan. I'll give you the eye level of it but we will know the state allocation in June. We've heard estimates anywhere between \$400 million and \$1 billion. We don't yet know but those allocations are forthcoming. Under the Digital Equity Grant, that's...we also have to do a...complete a plan for that and it is due September 30. So, failure to complete either one of these plans would result in West Virginia not being able to receive the Infrastructure Act funding and that will not happen. So, the Digital Equity Planning Grant speaks to the connections, the adoption. Once the infrastructure is in place...we know that West Virginia has trailed the nation in broadband adoption but point being they've never had access before...most West Virginia consumers are just like other consumers, if a product does not work for them or does not meet their needs, they are not going to spend their hard-earned money to buy it. So, having broadband that is affordable, reliable, and available...we believe will increase that adoption rate. We'll be tracking various data points to make sure that that occurs. The Secretary mentioned that we're also working on a media campaign for Digital Equity to promote enrollment of that benefit. The Middle Mile Grant Program, there are a couple of locations from West Virginia with NTIA right now pending and we anticipated that those announcements would be in March/April and now we're into May and they're still pending but we're hoping for a good outcome on a couple of those applications. Once all of this is done then the state can also compete for this Digital Equity Competitive Grant and we'll work with our nonprofit organizations to make sure that that occurs.

So, I'm going to spend just a moment to talk about BEAD specifically, all of the information about BEAD is on two websites that we are now operating. So, broadband.wv.gov we share with the Broadband Enhancement Council and

internetforallwv.wv.gov is everything related to the Infrastructure Act. So...BEAD, Digital Equity, all of the events that are planned for the Digital Equity Program. The plans will be posted on that internet for all site and for just following the banner of the federal...internet for all...and that's why we went with that phrase, which may change in the future.

As part of BEAD, we're also required to develop a Broadband Workforce Plan for the state of West Virginia. We've created the West Virginia Broadband Workforce Council, we have some of our members here today. The membership of the council includes Higher Education, Department of Ed., internet services providers, nonprofit organizations, Regional Planning and Development Council, our union representation, various suppliers, and anything you can think of that would be related to the broadband industry. We'd really like to model a Broadband Workforce Plan after what we just saw come out from Tourism. So, we believe that when the infrastructure projects roll out, West Virginians should be able to take advantage of those job opportunities. We've conducted (...inaudible...) interviews with maybe twelve or fifteen companies working within the state and our partner in developing the workforce plan includes Marshall University's Center for Business and Economic Research along with West Virginia University's StartUp West Virginia and Data Driven. It's very important to us that this is not the Office of Broadband plan but it needs to be the state of West Virginia's plan and it needs to reflect the needs of the industry and also prepare our high school students, our community college students, for the opportunities to go into this field. We've already done some research that shows ranges in the telecommunications industry are higher than average and they're wielding job opportunities as a result of these projects in West Virginia. So, we want to make sure our high school students are in tune to that. That council meets the

last Monday of each month and the workforce plan will be part of the five-year plan. We're also coordinating with other state agencies. In addition to Education and Higher Ed., those that I mentioned...Veteran's Affairs, Senior Services, Culture and History...a whole list, I just can't think of those right now.

Then also, as part of the BEAD Program, there's a BEAD Model Challenge. So, NTIA has established a framework for West Virginia to conduct the challenge process. Basically, when the new national broadband map is released in June and our final allocations are known...actually it'll be version three of that map...the state will then conduct what we call a challenge process and we will develop our final map, we'll release that. Companies and communities will have an opportunity to say this address is served or this address is not served or this community anchor institution is missing. Our office just submitted comments to NTIA on Friday related to this BEAD process because currently states are not permitted to use speed testing in this challenge process but we feel that that's a very important part of what we would like our challenge process to look like. So, NTIA will be releasing final guidance on the challenge process. Once the challenge process starts, we will have ninety days to complete it and it must be completed before we execute our BEAD funding cycle. We'll stop there and see if there are any questions so far."

Speaker Hanshaw: "Questions of Miss Workman or Mr. Secretary?"

President Blair: "I've got some but I'm going to hold them off."

Speaker Hanshaw: "Okay (...inaudible...)"

Kelly Workman: "I can hurry."

Speaker Hanshaw: “I think we’re fine.”

Kelly Workman: “Okay. So, the Digital Equity Act. We know that West Virginia trails the nation in broadband adoption. The Digital Equity Act is designed to ensure that our residents are prepared to operate in a digital society...in an online society...that they have the tools and the knowledge they need to do so. So, as of today, our team has conducted thirteen listening sessions and an additional thirty are now scheduled. The events are all available on the internetforallwv.wv.gov site. We have partnered with the state’s regional planning and development councils to conduct those listening sessions. They are required under Digital Equity. At the end of this we will have had at least one meeting in each of West Virginia’s 55 counties. As of May, more than 100,000 West Virginians have enrolled in the ACP. We have worked with our...with Commerce communications to develop outreach program related to ACP as the Secretary mentioned. We hope that will get executed in the month of May. We’re really kind of in crunch time...May, June, July...in wrapping up these programs and really increasing those Digital Equity/ACP enrollment numbers. Also...I want to let you know that the website for ACP has changed...ACP enrollment. It is now getinternet.gov.

So, I want to talk just a few moments about the Broadband Data Act and the mapping. Our office has been actively involved in this FCC mapping process. We have gone through two different versions...or two different iterations of challenges. Currently, this is FCC Data Version 2. This version shows that there are 732,000 served locations in West Virginia, 114,231 unserved, and 56,00 underserved. Back in October, our office submitted 138,000 challenges to the FCC...14,000 of those were accepted. Our office has gone through a painstaking exercise of mapping every location in West Virginia.

We're utilizing the state's E911 address data. As you'll see here, the state of West Virginia has 1,094,284 locations on our map. The FCC Version 1 had 902,699...Version 2...following the challenge process...had 900,408 locations. So, there's still a discrepancy in the number of locations that we show versus the number of locations that are known as broadband serviceable locations by the FCC.

This may be a little bit difficult to see but these are the reasons why the FCC rejected some of our challenges. First, the address provided for the challenge could not be validated, that was about 35,000 in our count. The challenge attempted to add another DSL to a single-location parcel, that was about 26,000. So, we also looked at parcel maps and if there were two structures on the parcel, we believe that both locations would be served by broadband. So, that was not accepted by the FCC. So, some of the other reasons were the challenge failed following manual review or the address provided for the challenge is a duplicate...and this is all fine. We understand that the FCC is working through this process. As you know, the Broadband Council...we wrote letter after letter, every opportunity we had to petition the FCC to approve these maps and to change to an address level mapping system, we...the state of West Virginia stepped forward and said this was something that needs to occur. Finally, it is occurring. It will take several iterations of this data to make sure that it matches. So, it's a very intense transition because of BEAD and the funding...the BEAD funding is dependent upon this FCC data. What has also changed is the FCC and the federal agencies recognizing that the states have a role in making sure this data is correct. So, previously it was reported by the internet service provider to the FCC and the states really didn't have an opportunity for input, now we do. So, we think this is all a good thing but we understand that it will take several iterations to

make sure this data is correct. We're also asking the FCC to show as unserved or underserved...certain technologies. So, addresses that are served by certain technologies would be counted in our unserved tally and that includes DSL. So, we did submit a challenge on DSL technology and unlicensed fixed wireless. Some of those challenges were accepted, some were not. So, as you'll see here, everything that the state of West Virginia has submitted for these technologies...fixed wireless, cable...through our desktop review, our field reviews...those were all accepted. So, we feel good about that methodology and we are changing the methodology for the DSL challenge. So, everything else we submitted, aside from DSL, was accepted at 100%. That includes unlicensed fixed wireless, which we do not recognize as served.

So, what are the implications of this inconsistency between the FCC data and the BEAD data? Well, for one, West Virginia won't receive as much funding as we could. So, that's why we're actively engaged in this challenge process. We want to show as many locations as unserved as possible and as accurate as possible. So, these are from our GIS, these implications came from straight from our GIS coordinator Jamie Hoffmann who many of you know. These are Jamie's words...the BDC Data is not a list of addresses, but it's a list of building footprints, centroids, and rooftops. This is why the state is having a difficult time reconciling this data because the FCC wants the dot on top of the house, our E911 data may be at the gate. So, it's almost impossible for us to go out and ...(inaudible)... those changes. The State Addressable Mapping System, that's the SAMS addresses, are not 100% classified correctly. So, the data that we're able to receive from the county 911 offices that are public data sets, they're not 100% correct and that's understandable. So, CostQuest is a contractor to the FCC and they are creating the

national broadband map. So, the CostQuest methodology is not clear on validating challenges and therefore some of the challenges that were rejected, we're not exactly sure why they were rejected but I will say that those conversations are ongoing. All of this feeds into that BEAD allocation which is expected in June 2023.

So, as I mentioned, we have a couple of action items related to the ACP. We are working to get that word out and just do a better job of letting West Virginians know that they can sign up for this benefit. It's \$30 a month toward their internet service or \$100 toward the purchase of equipment. A quick look ahead to 2023, these are some of the things that we're working on. So, we will have additional project announcements this year before the end of the summer. We'll also announce our recommendations for the WIN program, that is our wireless program that was funded by the legislature at \$10 million dollars. We are full steam ahead on Digital Equity planning and BEAD planning and the challenge process. I'll also mention the Infrastructure Act Workforce Council and the Broadband DATA Act. We're also preparing for the FCC Mobility Challenge and we've purchased data sets to get ready for that. We provide all our updates at broadband.wv.gov...and that's the end of our official presentation. So, thank you so much for the opportunity to go through all of that with you."

Speaker Hanshaw: "Thank you, Kelly. Thank you, Mr. Secretary. Let's jump right into it, Mr. President."

President Blair: "Thank you. Kelly, the first one is...is the Workforce Broadband Council, would it be worth having them to come and address this committee to start with...I see several that are standing back there, you mentioned that. Is it...would that be productive for us?"

Kelly Workman: “I think it would be wonderful. So, we have asked Kent Sowards and Diana Long, who are with CBER, to present to the Broadband Council on May 11th. CBER has already published a report they’re calling the West Virginia Broadband Landscape and that is kind of a summary of their interviews with the ISPs, and then we also have baseline data for the Workforce profile related to broadband in West Virginia. So, I think that would be a fabulous opportunity for us to share that information with the legislature.”

President Blair: “The letter of credit...is there anything we can do as a state to (...inaudible...) I know there have been discussions before about this but I don’t know whether we followed through or not on that...as a tool...would that be helpful?”

Secretary Carmichael: “We have money at the Economic Development Authority for Broadband Loan Insurance that was provided two-three years ago. You were very involved in that so...I think we’re adequate in terms of the numbers.”

President Blair: “Well the reason I bring that up is because it is part of this discussion—”

Secretary Carmichael: “Oh yeah absolutely and—”

President Blair: “—and I thought maybe we’ve fallen short or...and to be quite honest with you I can’t remember everything we did.”

Secretary Carmichael: “Yeah...excuse me just one second here. So, what we did before...or what you all did before...was provide a letter of credit for those RDOF programs because that was the requirement of the federal government, that they had to have a letter of credit, which to a small provider is cash in the bank...and most of them

don't have that kind of cash just to put in. So, the WVEDA has the Loan Insurance Program that we (...inaudible...) those letters of credit...the EDA does. You know, it appears to me that there is sufficient...what Kelly was talking about there, what the federal government is requiring is a 25% match from the provider on top of a letter of credit and those are...there's nothing you can do about that but I think maybe there may be some additional funding necessary for the Loan Insurance Program."

President Blair: "So, I confused it."

Kelly Workman: "So, if the state had a matching funds account available, if that's something that the state wanted to make available in some cases...those are two..."

Secretary Carmichael: "Those are two different things, the match and then the letter of credit but...we didn't say this during the presentation...all of our programming require private sector."

Kelly Workman: "Yeah."

Secretary Carmichael: "Yeah."

President Blair: "Understood and that's...they can borrow—"

Secretary Carmichael: "Yeah—"

President Blair: "—that's not an issue—"

Secretary Carmichael: "—I agree."

President Blair: "—because it's in our infrastructure and it has a value."

Secretary Carmichael: “Well, if we could maybe submit a formal response to that question to let you know where we are exactly in terms of the Loan Insurance Program at the EDA because there has been some already allocated and we just need to make sure...with the expectation that there’s enough.”

President Blair: “Right and that was where I was at is that it had been exhausted.”

Secretary Carmichael: “Not yet but let me just get that data to you exactly.”

President Blair: “Okay. Well, I got another one for you then, Mitch.”

Secretary Carmichael: “Yeah.”

President Blair: “As the middle mile is being deployed out there and the fiber is out there. Are there 5G connections going on (...inaudible..).”

Secretary Carmichael: “We don’t monitor the 5G connections. Kelly, you want to elaborate?”

Kelly Workman: “Well....5G, you know, is 5th generation cellular technology. So, it depends on fiber connections. The mobility fund challenge that I mentioned, that is coming up and so our office has purchased data sets from (...inaudible...) related to cellular coverage in West Virginia. So, it’s an area that we have not yet gotten into but it’s coming. So, the middle mile connectivity would be available to cellular companies that are looking to expand in West Virginia.”

Secretary Carmichael: “Without that fiber, there’s no way they can—”

President Blair: “...(inaudible)...”

Secretary Carmichael: “—yeah and now because you funded fiber those providers can come in and see connections.”

President Blair: “And that actually requires a revenue stream to be able to drag more fiber on out and not to mention that you get better connectivity...for lack of a better term, down in the hollow, where you can’t go into. That’s why I brought that question up is that if there was an active way of getting these providers to be able to tie in with this it’s going to help push out further but if there’s no collaboration so to speak or (...inaudible...) then you’re going to go at the pace that we’re going.”

Secretary Carmichael: “Yeah, we haven’t worked in that area yet.”

President Blair: “All right. 2026 ARPA...are we tracking right to be able to utilize every penny of that? By the end of 2026.”

Kelly Workman: “Yes, sir. So, the second rounds are being executed right now and so the second rounds of projects will be announced in 2023 and so that gives them 2024, 2025, 2026, to be finished...and West Virginia’s really leading on the execution of ARPA because we want to be ready for BEAD...for everything that is coming under the Infrastructure Act. So, we feel like we’re on pace to complete that and just the participation in these programs has been really gratifying to know that our private sector partners are stepping up to the plate in these rural areas and seeking that funding.”

President Blair: “So, let’s say that you get to 2025 and you’ve got \$50 million dollars. I don’t know what the number is but somehow or another that money didn’t get utilized. Is there a plan in place for them to be able to...for them to be waiting...say yes,

we want to come in and take this funding? That's...if the answer is yes, then I'll quit asking that question."

Secretary Carmichael: "We're oversubscribed."

Kelly Workman: "Yeah."

President Blair: "You're oversubscribed."

Secretary Carmichael: "Yeah."

President Blair: "ARPA?"

Secretary Carmichael: "Yeah."

President Blair: "That answered my question—"

Secretary Carmichael: "Yeah."

President Blair: "—on that because I don't want to leave a penny on the table. Our taxpayers are going to be paying (...inaudible...) long into the future and so we can actually get that return on the investment for having fiber on those poles...I'll stop."

Speaker Hanshaw: "(...inaudible...) Delegate Criss."

Delegate Criss: "To continue with some of the ARPA, the blend of the state dollars and the ARPA dollars and your infrastructure dollars...obviously, as the President has indicated, we're wanting to make sure as we asked the same of (...inaudible...) Development Council to make sure that our ARPA dollars are out front, out first, committed...and completion. Do we have any other time factors on the infrastructure money that's going to cause us some claw back or obviously there are no claw back

problems with the dollars...surplus dollars that the state has put in...we make sure of that but I want to make sure that we're...we're in a rush to get the ARPA out but are we going to be in trouble on the infrastructure and do we need to look at the thirty...the state dollars that we have left...do we need to make sure that we're doing the match funds wherever we need to? Can you give us maybe something that you could actually produce (...inaudible....) something to give us an update on where all those are at a...say July 1 of this year, the end of the fiscal year, so we know exactly where you are?"

Kelly Workman: "All right...let me make sure I understand your question. So, we report to Treasury at the end of each quarter and we are on track. So, if all of our ARPA funds are committed in 2023, we do plan to hold just a little bit back in case of some unforeseen overruns."

Delegate Criss: "Right. Cost overruns."

Kelly Workman: "Yeah, for contingency...but it is our intent to award all of the funds. The \$90 million dollars in state local fiscal recovery funds and the \$136 million in Capital Projects Funds in 2023 except for that contingency. When we get to early—"

Delegate Criss: "Is that contingency the state dollars or the ARPA—"

Kelly Workman: "No, I'm sorry I'm using that term just...something that we would need to hold back just a little bit in case we have overruns."

Delegate Criss: "I understand but are they...what dollars are you talking about?"

Kelly Workman: "These are ARPA. So—"

Delegate Criss: “Okay. All right, within the rules of ARPA, are you...they have that ability to hold back and not commit those dollars in '23?”

Kelly Workman: “Yes, we do.”

Delegate Criss: “Okay.”

Kelly Workman: “Yes. So, for instance, the Secretary mentioned the state of Kentucky just received their allocation...Pennsylvania as well. So, West Virginia already has three projects completed. So, we feel like our pace is where we need to be and the programs are working well and so we don't have...at this point, we don't have concerns about being able to execute the State Local Fiscal Recovery Fund and the Capital Projects Funds in their entirety. So, ideally all funds would be allocated by early 2024 and so we do have that remaining three-year period to complete those projects.”

Delegate Criss: “And you're going to use state dollars as well as the infrastructure dollars within that...within that time period also?”

Kelly Workman: “Do you mean the \$10 million dollars of—”

Delegate Criss: “Well the IIJA—”

Kelly Workman: “Oh the IIJA.”

Delegate Criss: “Yeah.”

Kelly Workman: “Okay—”

Delegate Criss: “All those...that's what I'm asking is—”

Kelly Workman: “Okay.”

Delegate Criss: “—it’s the blend, the mixture of the dollars...and we all are concerned about the ARPA dollar because we don’t want any claw back. So, now do we have any problem with the state dollars or the other federal monies in case we have penalties involved with ARPA...and that we’re not...making sure that we’re getting those dollars out in a timely fashion? That’s what I’m asking...and your...also your report to Treasury, is it possible that we could see that—”

Secretary Carmichael: “Sure—”

Delegate Criss: “—report too because we don’t...I don’t know that we got that.”

Kelly Workman: “We just put the snapshot in the last report to the committee that...reporting the 79 miles of fiber and the 364 connections but we can expand on that...but to answer your question, so all of the ARPA funding will be committed in a timely manner. Under the Infrastructure Act, for the BEAD program, we will know the state allocation in June. When we submit the five-year plan in August, when it’s approved, NTIA will release 20% of the state’s funding. So, that program, then we will run the challenge process, and execute a funding cycle for BEAD going into 2024. I think that our ability to allocate our ARPA funds in advance of that BEAD process puts West Virginia in a very good position to ensure that we allocate all of the funds in a timely manner, that we’re not giving anything back to the federal government...that everything is being utilized, and that our providers understand the programs and are ready to go.”

Delegate Criss: “Okay.”

Kelly Workman: “There will be some tweaks for BEAD but we intend to use the same delivery methods under ARPA and BEAD, with some modifications. Did you have a comment?”

Secretary Carmichael: “No, I think it’s just...she’s kind of alluded to it...standing these programs up, getting the grant agreements in place with the individual providers, the contractual language, all those things...was like the initial wave...now, those things are coming to fruition and like I said, we’ve got three projects that are already completed. There will be a...like a tidal wave behind those...because it’s already approved now, it’s much easier to go through the process and you’ll see things starting to go and I think Kelly will tell you, every meeting we go to what do I ask?”

Kelly Workman: “When’s this going...when you going to get done?”

Secretary Carmichael: “Yeah, it’s like (...inaudible..).”

Delegate Criss: “I understand.”

Secretary Carmichael: “Yeah.”

Delegate Criss: “It’s just...obviously we’re talking about three of four different groups of money—”

Secretary Carmichael: “Yes we are.”

Delegate Criss: “—so we want to make sure that we’re not going to lose out on any of them.”

Secretary Carmichael: “Right.”

Delegate Criss: “All right, thank you.”

Kelly Workman: “Yeah and just also note that our office...the Office of Broadband...is currently managing eight different federal programs from four different federal agencies. So, I try not to go by memory so I have to look at each and every one of them, they’re all a little bit different but they do have one thing in common. They are all focused on the unserved areas. So, thank you. Thank you for the question.”

Speaker Hanshaw: “Senator Trump.”

Senator Trump: “Thank you, Mr. Speaker. Kelly or Mitch, I know you guys are focused hard on programs that you stood up and are administering but...and I shouldn’t ask you about something that you don’t have primary responsibility for but I’m curious. My memory is that when the FCC RDOF program held their reverse auctions and there were successful bidders, they had timetables for deployment of what they were (...inaudible...) to do and I’m just curious if you...I’m sure you’re monitoring it, because you have to...you have all this non-duplication stuff you have to consider but...do you have any comment on how that’s going and whether or not the providers who were the successful bidders are meeting their benchmarks?”

Secretary Carmichael: “Yeah. Kelly, you want to go with that?”

Kelly Workman: “Yeah, I (...inaudible...) bring my report with me. Yes, we...the providers have to complete 40% of that RDOF field within the first three years and then 20% every year thereafter with a six-year time...with a six-year build out. So, we have access to the USAC hub, that’s where the providers submit their deployment information. So, our GIS folks took a look at that last week and we are pulling those numbers. So, we’ve seen that Prodigy and Frontier are now reporting in the RDOF...in the USAC hub.

We're also looking at the reports for ACAM which is Alternative Cost Allocation Model...I think...and CAF2, Connect America Fund, CAF2. So, as those providers report to the FCC that they have now served that location, we're able to incorporate that into our data and then when this third version of the FCC map comes out, that data should be reflected in the map that we use for the BEAD program. So, we are monitoring that and it's all...it's all part of this. So, this listing of programs, these are all the programs that we are currently monitoring. So, we've got USGIG, Unity Connect, USDA ReConnect...our programs which is WV VIP, those are in blue. ACAM is in dark purple, that's in (...inaudible...) and here in Hardy County and then RDOF is light purple and that's everything else."

Senator Trump: "Wasn't there...wasn't it contemplated that there was going to be a second phase to that RDOF program?"

Secretary Carmichael: "Yeah."

Senator Trump: "Is that...as far as you know...still contemplated?"

Secretary Carmichael: "I don't know."

Kelly Workman: "We haven't heard anything about that—"

Secretary Carmichael: "Yeah."

Kelly Workman: "—for a while...but there is money remaining. There was money remaining after the auction."

Secretary Carmichael: "Yeah and those programs were all stood up prior to the ARPA funds and all that."

Senator Trump: “Right. Mr. Speaker, just one other thing...if maybe...if Mitch or Kelly could get their PowerPoint to Aaron and we could shoot it out to the members of the committee or something? That’d be great.”

Secretary Carmichael: “Yes.”

Senator Trump: “Thank you. Thank you.”

Speaker Hanshaw: “Delegate Howell.”

Delegate Howell: “Thank you, Mr. Speaker. Question, it’s kind of like a two-part question...I think I know the answer to the first. On the federal program to provide internet to those with government assistance, is that one where if I’m on a street and it’s already there I’m added on to it or does that contemplate spending some money to run it like a thousand feet down the road or?”

Secretary Carmichael: “Well...the federal programs that subsidize internet...payment of internet fees, services...are available to more than just low-income people. I mean it’s through the Affordable Connectivity Program. So, that’s separate than extending the service. The extending the service would fall under our LEAD program.”

Delegate Howell: “Yeah, that was the second part of my question. If we’ve got those people seeking the federally assisted internet and they’re of that...my neighbor has it—”

Secretary Carmichael: “Yeah.”

Delegate Howell: “—but I can’t get it. Do we have a way to match those (...inaudible...)?”

Secretary Carmichael: “Yeah.”

Kelly Workman: “Yeah, that is really what the LEAD program is all about but I will say...and that program is very successful and it’s quick because it’s an extension of an existing network to get to the next group of homes or the next community. So, that’s why that program has been very successful and some other states have modeled a LEAD program after our program. I will say the state of Virginia has a program that we would like to include in our BEAD...in our five-year plan...and it’s what they call legacy long drops. So, yeah...it would be a program that the state could implement where you might not have enough homes to make a LEAD project but you might have twos and threes that are a thousand feet off the main connection. So, we would open up a master service agreement with a company...the company operating in that neighborhood...to say, these homes are unserved, we’ll pay you X number of dollars to go connect those homes...and the state of Virginia already has a program like that that we can model.”

Secretary Carmichael: “Now, I will say we had to condition our providers to understand that a line extension is not...you know...from Charleston to Martinsburg. So, it is in a consolidated area because we had some that say hey, I’ll just extend mine over but that’s not a line extension that’s much more than that. So...but the program Kelly was just talking about where we would sort of on a one-off basis extend two and three neighborhoods...which often a provider will not submit an application for two or three...a two or three quantity extension...but this program would help and it wouldn’t be very much money at all.”

Delegate Howell: “Would there be federal money available for that or would that be a state funded...?”

Kelly Workman: “It could be either.”

Secretary Carmichael: “Yeah.”

Kelly Workman: “But I will say when we develop this five-year plan, we...the plan is to say, how will the state of West Virginia ensure that every resident has access to broadband within five years...and so, there are going to be these ones and twos and threes that are still left out even if we fund the LEAD program. You know how in West Virginia...I say, the more beautiful the state, the harder it is to deploy broadband. So, you know in Texas and Oklahoma, it’s a straight shot. In West Virginia, it’s not always a straight shot. So, there may be a group of homes that are around the ridge and it’s going to take a lot to get to them but we have to develop a plan to get there. So, that is going to be part of our state plan. You know, how will we address those few remaining homes. Did that answer your question?”

Delegate Howell: “Yeah, thank you.”

Kelly Workman: “Thank you.”

Speaker Hanshaw: “Delegate Summers, then Senator Tarr.”

Delegate Summers: “Thank you, Mr. Speaker. First, I just want to make the comment that I’m really excited that you do field visits and you make sure you do compliance tests. The state has invested many dollars in the past on things that didn’t do what they said they were going to do. So, that’s really important to our taxpayers and I appreciate that.”

So, 364 homes now have internet that didn't...is that what you said? And it seems like to our constituents a low number but I also understand what you're saying about it has taken all this time to set it up but you think over the next year we will start to see that double perhaps?"

Secretary Carmichael: "Oh, much more than double and what I'll say is 364 citizens have signed up for internet that is available. How many has it?"

Kelly Workman: "It's about 1,500."

Secretary Carmichael: "Yeah."

Delegate Summers: "So, 1,500 opportunities but—"

Secretary Carmichael: "Yeah."

Delegate Summers: "—only 364 took advantage."

Secretary Carmichael: "So far...yeah."

Delegate Summers: "Okay. Okay. All right...and my last question was, do we have to adjust our statute on the pole attachments?"

Secretary Carmichael: "Maybe..."

Delegate Summers: "Will you let us know—"

Secretary Carmichael: "Yeah."

Delegate Summers: "—what becomes of this PSC thing?"

Secretary Carmichael: "Yes."

Delegate Summers: “And it’s FirstEnergy we’re having issue with?”

Secretary Carmichael: “Yes.”

Delegate Summers: “Okay. Thank you.”

Speaker Hanshaw: “Senator Tarr.”

Senator Tarr: “Thank you, Mr. Speaker. My question just has to do with the total miles. So, we’ve got 79 miles and (...inaudible...) projects and we’ve got twenty-four total. Between that and RDOF...I know you’ve told us before...how many miles of fiber do we need there?”

Secretary Carmichael: “...(inaudible)...”

Senator Tarr: “Yeah.”

Kelly Workman: “We...as part of our BEAD, our five-year plan, once we submit that we have to then follow that with what NTIA calls an initial proposal and as part of this whole process I’ll tell you a little bit about a project that’s going on in the background. The Appalachian Regional Commission provided funding to a nonprofit organization in West Virginia, Regional Optical Communications...ROC. ROC has a contract with Thrasher Engineering and as part of this project, Thrasher will complete a county by county assessment of the entire state of West Virginia for broadband...the pole routes. So, we will have for every county in West Virginia, we will have the pole route, the cost estimate, the number of unserved...in addition to everything that we get from the FCC...we will have access to this Appalachian Regional Commission study and the Office of Broadband, Tilson, Thrasher, ROC, we’re all working together to make sure that what

ROC produces feeds into our BEAD needs and that assessment will be woven into the Office of Broadband's assessment of county by county in the state of West Virginia. So, that will all be finished by the end of the year and so to answer your question...it's in development."

Secretary Carmichael: "Yeah...pending...and probably where you're going is like how much is it cost to finish?"

Senator Tarr: "Well yeah, I mean...I don't know if that sample is indicative of what the rest of your projects...you know, the other twenty one projects you got there...but you know it's 800 miles maybe just with those and 800 miles probably is a drop in the bucket relative to what is needed out there and I know RDOF is more than what this program is but—"

Secretary Carmichael: "Well...oh I'm sorry."

Senator Tarr: "So, I'm just curious what need we've planned for so far...you know, that we do know we have out there in miles and so that we can see if we can get a cost estimate on what it's going to take to get the rest of that done now that we're into it."

Secretary Carmichael: "I think the best way to do that...Kelly is...what is our connections? Cost per connection...and we're around...five thousand?"

Kelly Workman: "Let's look at LEAD. So, this average grant amount returned to (...inaudible...) I think that has gone up a little bit. In the first round, I think it was five thousand or so."

Secretary Carmichael: "Is that all state?"

Kelly Workman: “That’s grant amount for targeted...yeah and then the match for targeted would be about two thousand.”

Secretary Carmichael: “So...and we know how many houses do not have broadband and if you just extrapolate the number it’s going to go up as it gets more remote as Kelly was saying but...7,500 connections.”

Kelly Workman: “So Senator, as part of this BEAD planning exercise, we also have to set what NTIA calls a high-cost threshold and NTIA encourages us to make that number as high possible to make sure that we can provide grant funding to reach those more remote homes. So, that cost analysis is going to come together with the five-year plan and then the subsequent initial proposal. It’s all in development right now but this data will be factored into that analysis along with the county level data that we get from Thrasher and Tilson.”

Senator Tarr: “How many addresses are targeted total aside from just the 38,000 for these grants?”

Kelly Workman: “As of today, if you can do the quick math, it’s about 50...56,000 plus 114,000. So, almost 180—”

Delegate Criss: “170,000.”

Kelly Workman: “Okay. Yeah and that number is actually down from previous—”

Delegate Criss: “And that’s a hundred...that’s locations, is that correct?”

Kelly Workman: “That is locations and so if you do a multiplier of 2.4 people per household, it’s a significant number of West Virginians.”

Delegate Criss: “Didn’t we already serve 732,000?”

Kelly Workman: “This is—”

Delegate Criss: “Based upon—”

Kelly Workman: “Yeah, this is according to the FCC. So, as I mentioned, our number...our number from the E-911 system is a little bit higher than what we’re seeing from the FCC.”

Speaker Hanshaw: “President Blair.”

President Blair: “Thank you. I’m coming back again.”

Kelly Workman: “Thank you, we appreciate it.”

President Blair: “Delegate Criss brought something up, I want to boil this question down a little bit easier. Are we exposed to any claw backs from the federal government on ARPA? I know (...inaudible...) where there was a possibility in different places. Do you know of any claw backs that we have the potential to be exposed to?”

Kelly Workman: “Claw backs for uncommitted funds or—”

President Blair: “ARPA. Specifically, ARPA.”

Kelly Workman: “For uncommitted funds from ARPA, no.”

President Blair: “No, not uncommitted funds. Funds that are spent but outside the guidelines for whatever reason. I don’t believe...I think the answer is going to be no because (...inaudible...) we shouldn’t be at risk of having any claw backs. I just want to hear it.”

Secretary Carmichael: “Yeah.”

Kelly Workman: “Right. So, we understand where that’s coming from and we understand how West Virginians feel about previous federal funding utilized for broadband and so, we have done everything we can to ensure that that doesn’t happen again. So, the approach that we’re using, which is project by project and home by home and pole by pole, will ensure that our risk is very very low. We cannot mitigate to zero percent risk but because we are monitoring these projects as they are constructed...we collect an initial design and then when we authorize construction, we collect a final design. So, everything that...you know...that goes into a water or wastewater or a housing project, those same concepts are implemented here. Then, our invoices are matching that design. We’re checking everything as we go. As things are being built and invoices are being reimbursed, we’re monitoring to make sure that those expenses are matching that build so that we don’t have surprises when we get to the end of a project. We want to know if something is not going right in the very early stages. So far, we haven’t seen that. It’s not to say it can’t happen but I think we have...we have a process in place to catch it quickly and then we also have qualified consultants working with us to help correct it.”

President Blair: “Okay, you made me happy on that one but back to pole attachments (...inaudible...) and would those be telephone poles or would they be electric poles?”

Secretary Carmichael: “They’re electric poles.”

President Blair: “Thank you.”

Secretary Carmichael: “Yeah.”

President Blair: “(...inaudible...)”

Secretary Carmichael: “Well they’re joint ownership (...inaudible...). Electric company (...inaudible...).”

President Blair: “Okay, I wanted somebody to say it out loud.”

Delegate Summers: “He did. He did.”

President Blair: “(...inaudible...) but moving along with this, on that...and so when we’re talking about the factors for impacting broadband expansion permits and (...inaudible...) is the state itself (...inaudible...), Department of Highways, whatever it may be. Is there any roadblocks in that area?”

Secretary Carmichael: “Some and there’s...I wouldn’t call them roadblocks, there’s you know, things that you have to go through and some districts operate differently but we’re working all those out.”

President Blair: “Well, is there anything that the legislature can do to—”

Secretary Carmichael: “No.”

President Blair: “—actually take down the barriers?”

Secretary Carmichael: “I think we’re good. I honestly do.”

President Blair: “Well how about right of ways? I’ve heard stories where it’s hard to get the right of ways...what about that? Still got five minutes.”

Secretary Carmichael: “You want to elaborate on that?”

Kelly Workman: “Well (...inaudible...) hit and a miss. So, under ARPA...ARPA is not specifically subject to NEPA. So, there is a checklist—”

Speaker Hanshaw: “Is not?”

Kelly Workman: “Not...however, there is a checklist from Treasury. So, we review (...inaudible...) State SHPO says this is not subject to Section 106, therefore we see no issues. If something changes, come back and let us know. Highways is generally being very quick with their clearances for permits. Looking ahead to the Infrastructure Act...the Infrastructure Act is not exempt from NEPA. So, the Section 106 review will apply, the full environmental review will apply...that will cause that time period to extend and it’s not always something that the state can fix. It’s the other federal agencies involved because our State SHPO I’ve seen them turn these things around in thirty days. Highways I think is doing a good job. The other federal agencies like U.S. Fish and Wildlife, when we have to attach to a bridge, if you have to cross a stream...that NEPA process is going to slow down the execution of BEAD in a way that it does not slow down ARPA right now.”

President Blair: “Will there be any effort to maybe get waivers to be able to expedite that process?”

Kelly Workman: “We’ll look at every waiver we can.”

President Blair: “Okay.”

Kelly Workman: “But with BEAD there are other considerations for climate change and buy American and if you...you know, with a lot of federal programs I say there are strings attached but with BEAD there are industrial cables. So, it is going to be a very very intense process. It’s my understand that there is a Dig-Once Taskforce that’s been

created. I'm not sure that our agency is involved in that taskforce. However, we review the Dig-Once exemption request for DOH. So, when there is an opportunity to have input on the Dig-Once Policy, we would like to have input."

President Blair: "Thank you."

Secretary Carmichael: "Craig, I'll just elaborate, (...inaudible...) was pointing out to me that the broadband legislation passed a couple years ago was compatible use in the statute such that if there is a utility spanning a particular area and an internet provider wants to attach or use that from a right of way perspective, they have a right to do that. So...and then you asked Kelly the question that you...like teed her up to say can we get any of this stuff clawed back because of...and like you could go...she could go on for hours about that but she has put these programs together...you know...in a way that ensures (...inaudible...)."

President Blair: "I have a confidence level—"

Secretary Carmichael: "Yeah."

President Blair: "—of that answer being no but I wanted to hear the word no and (...inaudible...) got the word no (...inaudible...)."

Delegate Criss: "Minimize the risk."

Secretary Carmichael: "Yeah."

President Blair: "Yeah but we've seen it...we don't want to be surprised."

Secretary Carmichael: "No."

President Blair: “But the attention to detail on everything will actually reduce (...inaudible...) eliminate surprises (...inaudible...).”

Secretary Carmichael: “You’re right and hence some of it takes a little longer to do it that way but...”

Kelly Workman: “It does but we don’t just fund it and forget it. We don’t take our hand off the projects once they’re funded. So...”

Speaker Hanshaw: “Our thanks to you both, we’re coming up on four o’clock. I’ll say to the members, for everyone’s benefit we do have the regular report from the Board of Treasury in everyone’s packets. So, that’s available for all the members. With that...is there any other business to come before today’s meeting? Mr. President.”

President Blair: “I move we adjourn.”

Speaker Hanshaw: “The question is on the motion that we adjourn. Those in favor of the motion will please say aye, any opposed will please say no, the ayes have it, we are adjourned. Thank you all.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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September 05, 2023

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

- **West Virginia Lottery as of July 31, 2023**
Gross profit as of July 31, 2023, was \$52.3 million. Gross profit as of July 31, 2022, was \$51.8 million.
- **West Virginia Unemployment Compensation Fund as of July 31, 2023**
Total disbursements were \$16.2 million higher than in fiscal year 2022. Overall ending trust fund balance was \$42.6 million higher on July 31, 2023, than on July 31, 2022.
- **General Revenue Fund as of August 31, 2023**
The general revenue collections ended the second month of fiscal year 2024 at 104% of the estimate for the year. Total collections were \$30.5 million above the estimate for the fiscal year.
- **State Road Fund as of August 31, 2023**
The road revenue collections ended the second month of fiscal year 2024 at 104% of the estimate for the year. Total collections were \$11.6 million above the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
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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 29, 2023

Re: Review of West Virginia Lottery Financial Information
As of July 31, 2023

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for July 31, 2023, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$116.6 million for July of fiscal year 2023-2024. Table games accounted for \$3 million of this total. Historic Resort Hotel video lottery accounted for \$636 thousand of total gross receipts. Gross lottery revenue has decreased by \$374 thousand or 0.3% when compared with July of fiscal year 2022-2023. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July was \$52.3 million; for July of last fiscal year gross profit was \$51.8 million. Expressed as a percentage, gross profit is 1.0% higher for fiscal year 2024 than for fiscal year 2023.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$49,975,000.00 has been accrued to the state of West Virginia for fiscal year 2023-2024. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund

Bureau of Senior Services	\$20,726,000.00
Community and Technical College	\$500,000.00
Department of Education	\$4,753,000.00
Library Commission	\$3,804,000.00
Higher Education-Policy Commission	\$2,455,000.00
Tourism	\$2,298,000.00
Department of Natural Resources	\$1,249,000.00
Division of Culture and History	\$1,415,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$1,000,000.00
School Building Authority	\$1,800,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$40,000,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$2,102,000.00
Higher Education Improvement Fund	\$1,500,000.00
General Purpose Fund	\$000.00
Higher Education Improvement Fund	\$000.00
State Park Improvement Fund	\$000.00
School Building Authority	\$1,896,000.00
Refundable Credit	\$000.00
WV Racing Commission	\$000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Department of Education	\$000.00
Division of Human Services	\$000.00
WV Lottery Statutory Transfers	\$000.00
Economic Development Authority	\$439,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$600,000.00
Total State Excess Lottery Revenue Fund	\$6,537,000.00

Total Budgetary Distributions:	\$46,537,000.00
Veterans Instant Ticket Fund	\$44,000.00
Pension Plan	\$00.00
TOTAL TRANSFERS	*\$46,581,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2023:	\$252,394,000.00
Total Cash Distributions FY 2024:	\$46,581,000.00
Applied to FY 2023:	\$46,581,000.00
Applied to FY 2024:	\$000.00
Accrued for FY 2023 as of July 31:	\$205,813,000.00
Accrued for FY 2024 as of July 31:	\$255,788,000.00



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 *John A. Myers*
RE: Monthly Report on Lottery Operations
Month Ending July 31, 2023
DATE: August 17, 2023

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, 2023 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$116,636,596 for the month of July.

Transfers of lottery revenue totaling \$46,580,995 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, 2023 was 1,515 and 1,197 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, 2023

WEST VIRGINIA LOTTERY

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

	July 31, 2023	June 30, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 286,658	\$ 288,680
Accounts receivable	43,023	35,255
Inventory	1,095	1,228
Other assets	1,407	1,407
Total Current Assets	<u>332,183</u>	<u>326,570</u>
Capital assets	63,265	63,256
Less accumulated depreciation and amortization	<u>(21,988)</u>	<u>(21,847)</u>
Net Capital Assets	<u>41,277</u>	<u>41,409</u>
Total Noncurrent Assets	<u>41,277</u>	<u>41,409</u>
Total Assets	<u>\$ 373,460</u>	<u>\$ 367,979</u>
Deferred outflows of resources	<u>\$ 2,340</u>	<u>\$ 2,340</u>
Total assets and deferred outflows	<u>\$ 375,800</u>	<u>\$ 370,319</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 255,788	\$ 252,394
Estimated prize claims	18,743	18,081
Accounts payable	2,376	3,672
Other accrued liabilities	36,697	33,976
Total Current Liabilities	<u>313,604</u>	<u>308,123</u>
Deferred inflows	<u>\$ 766</u>	<u>766</u>
Net Position:		
Net Investment in capital assets	41,277	41,409
Unrestricted	20,153	20,021
Total Net Position	<u>61,430</u>	<u>61,430</u>
Total net position, liabilities, and deferred inflows	<u>\$ 375,800</u>	<u>\$ 370,319</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2023
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2024	FY 2023	FY 2024	FY 2023
Lottery revenues				
On-line games	\$ 12,318	\$ 11,443	\$ 12,318	\$ 11,443
Instant games	14,052	14,725	14,052	14,725
Racetrack video lottery	44,081	45,130	44,081	45,130
Limited video lottery	40,527	40,744	40,527	40,744
Table games	3,043	3,002	3,043	3,002
Historic resort	636	396	636	396
Sports Wagering	262	258	262	258
Interactive Wagering	1,718	1,313	1,718	1,313
	<u>116,637</u>	<u>117,011</u>	<u>116,637</u>	<u>117,011</u>
Less commissions				
On-line games	886	803	886	803
Instant games	984	1,031	984	1,031
Racetrack video lottery	24,184	24,760	24,184	24,760
Limited video lottery	19,858	19,964	19,858	19,964
Table games	1,296	1,274	1,296	1,274
Historic resort	328	230	328	230
	<u>47,536</u>	<u>48,062</u>	<u>47,536</u>	<u>48,062</u>
Less on-line prizes	5,956	5,602	5,956	5,602
Less instant prizes	9,624	10,168	9,624	10,168
Less ticket costs	133	133	133	133
Less vendor fees and costs	1,064	1,247	1,064	1,247
	<u>16,777</u>	<u>17,150</u>	<u>16,777</u>	<u>17,150</u>
Gross profit	<u>52,324</u>	<u>51,799</u>	<u>52,324</u>	<u>51,799</u>
Administrative expenses				
Advertising and promotions	341	487	341	487
Wages and related benefits	1,034	917	1,034	917
Telecommunications	53	57	53	57
Contractual and professional	905	438	905	438
Rental	22	23	22	23
Depreciation and amortization	141	139	141	139
Other administrative expenses	880	339	880	339
	<u>3,376</u>	<u>2,400</u>	<u>3,376</u>	<u>2,400</u>
Other Operating Income	<u>641</u>	<u>279</u>	<u>641</u>	<u>279</u>
Operating Income	<u>49,589</u>	<u>49,678</u>	<u>49,589</u>	<u>49,678</u>
Nonoperating income (expense)				
Investment income	1,216	351	1,216	351
Distributions to municipalities and counties	(794)	(799)	(794)	(799)
Distributions -capital reinvestment	(36)	(27)	(36)	(27)
Distributions to the State of West Virginia	(49,975)	(49,203)	(49,975)	(49,203)
	<u>(49,589)</u>	<u>(49,678)</u>	<u>(49,589)</u>	<u>(49,678)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>61,430</u>	<u>60,896</u>	<u>61,430</u>	<u>60,896</u>
Net position, end of period	<u>\$ 61,430</u>	<u>\$ 60,896</u>	<u>\$ 61,430</u>	<u>\$ 60,896</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2023
(In Thousands)
-Unaudited-

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 109,510	\$ 103,909
Cash payments for:		
Personnel costs	(1,034)	(917)
Suppliers	(2,602)	(2,525)
Other operating costs	(59,983)	(61,886)
Cash provided by operating activities	<u>45,891</u>	<u>38,581</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(46,581)	(46,583)
Distributions to municipalities and counties	(791)	(762)
Distributions to racetrack from racetrack cap. reinv. fund	(1,749)	(2,292)
Cash used in noncapital financing activities	<u>(49,121)</u>	<u>(49,637)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(8)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>1,216</u>	<u>351</u>
Cash provided by investing activities	<u>1,216</u>	<u>351</u>
Increase (decrease) in cash and cash equivalents	(2,022)	(10,705)
Cash and cash equivalents - beginning of period	288,680	281,709
Cash and cash equivalents - end of period	<u>\$ 286,658</u>	<u>\$ 271,004</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 49,589	\$ 49,678
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	141	139
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(7,768)	(13,381)
(Increase) decrease in inventory	132	(101)
(Increase) decrease in other assets	-	(2)
Increase (decrease) in estimated prize claims	662	3,440
Increase (decrease) in accounts payable	(1,296)	(1,263)
Increase (decrease) in other accrued liabilities	4,431	71
Cash provided by operating activities	<u>\$ 45,891</u>	<u>\$ 38,581</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$807,352 and \$755,071 at June 30, 2023 and 2022, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan.

WEST VIRGINIA LOTTERY
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, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$344 thousand with a bank balance (overdraft) of \$473 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, 2023	June 30, 2023
Deposits with financial institutions	\$ 344	\$ 458
Cash on hand at the Treasurer's Office	20,114	13,834
Investments with BTI reported as cash equivalents	266,200	274,388
	\$ 286,658	\$ 288,680

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, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At July 31, 2023
Construction in Progress	2,152	9	-	2,161
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	-	-	11,180
	<u>\$ 63,256</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 63,265</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At July 31, 2023
Buildings	\$ 12,631	\$ 103	\$ -	\$ 12,734
Equipment	9,216	38	-	9,254
	<u>\$ 21,847</u>	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ 21,988</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, 2023 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	\$ 6,354,257	\$ 6,354,257
Lotto America	555,954	555,954
Mega Millions	3,422,489	3,422,489
Total	\$ 10,332,700	\$ 10,332,700

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,189,875	\$ 3,189,875
Lotto America	277,993	277,993
Mega Millions	1,711,270	1,711,270
Total	\$ 5,179,138	\$ 5,179,138

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

	<u>PowerBall</u>	<u>Lotto America</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$132,000,000	\$12,000,000	\$110,000,000

At July 31, 2023, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 126,065,949	\$ 1,224,304
Lotto America	8,561,920	656,971
Mega Millions	98,040,148	790,146
Total	<u>\$ 232,668,017</u>	<u>\$ 2,671,421</u>

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

WEST VIRGINIA LOTTERY
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 \$19,061,568 at July 31, 2023, of which the Lottery's share was \$1,406,891.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 11 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

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

WEST VIRGINIA LOTTERY
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 12.

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

A summary of racetrack video lottery revenues for the month ended July 31, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 516,641	\$ 518,564	\$ 516,641	\$ 518,564
Credits (prizes) won	(464,755)	(466,305)	(464,755)	(466,305)
Promotional credits played	(7,805)	(7,129)	(7,805)	(7,129)
Gross terminal income	44,081	45,130	44,081	45,130
Administrative costs	(1,763)	(1,805)	(1,763)	(1,805)
Net Terminal Income	42,318	43,325	42,318	43,325
Less distribution to agents	(24,184)	(24,760)	(24,184)	(24,760)
Racetrack video lottery revenues	<u>\$ 18,134</u>	<u>\$ 18,565</u>	<u>\$ 18,134</u>	<u>\$ 18,565</u>

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

	July 31, 2023	Year-to-Date
State Lottery Fund	\$ 12,696	\$ 12,696
State Excess Lottery Revenue Fund	5,438	5,438
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 18,134</u>	<u>\$ 18,134</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
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. This percentage is 50 percent. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses.

A summary of limited video lottery revenues for the month ended July 31, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 538,670	\$ 535,154	\$ 538,670	\$ 535,154
Credits (prizes) won	(498,143)	(494,410)	(498,143)	(494,410)
Gross terminal income	\$ 40,527	\$ 40,744	\$ 40,527	\$ 40,744
Administrative costs	(811)	(815)	(811)	(815)
Gross Profit	39,716	39,929	39,716	39,929
Commissions	(19,858)	(19,964)	(19,858)	(19,964)
Municipalities and Counties	(794)	(799)	(794)	(799)
Limited video lottery revenues	<u>\$ 19,064</u>	<u>\$ 19,166</u>	<u>\$ 19,064</u>	<u>\$ 19,166</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-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 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended July 31, 2023 were \$8,694,759 and \$8,694,759, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Table Games Privilege Tax	\$ 3,043	\$ 3,002	\$ 3,043	\$ 3,002
Interest on Table Games Fund	28	9	28	9
Administrative costs	(261)	(257)	(261)	(257)
Total Available for Distribution	<u>2,810</u>	<u>2,754</u>	<u>2,810</u>	<u>2,754</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	196	193	196	193
Thoroughbred & Greyhound Development Funds	157	154	157	154
Racing Association Pension Plan	78	76	78	76
Municipalities/ Counties	<u>865</u>	<u>851</u>	<u>865</u>	<u>851</u>
Total Distributions	1,296	1,274	1,296	1,274
Excess Lottery Fund	<u>\$ 1,514</u>	<u>\$ 1,480</u>	<u>\$ 1,514</u>	<u>\$ 1,480</u>

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

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total credits played	\$ 6,094	\$ 5,304	\$ 6,094	\$ 5,304
Credits (prizes) won	(5,548)	(4,879)	(5,548)	(4,879)
Promotional credits played	(107)	(85)	(107)	(85)
Gross terminal income	<u>439</u>	<u>340</u>	<u>439</u>	<u>340</u>
Capital reinvestment	(21)	(16)	(21)	(16)
Excess Lottery Fund	(4)	(3)	(4)	(3)
Administrative costs	(24)	(18)	(24)	(18)
Hotel commissions	<u>(186)</u>	<u>(144)</u>	<u>(186)</u>	<u>(144)</u>
Net terminal income	204	159	204	159
Historic Resort Hotel Fund	129	101	129	101
Human Resource Benefit Fund	75	58	75	58

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, 2023 were \$563,026 and \$563,026 respectively.

The following table shows the month and fiscal year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Table games privilege tax	\$ 197	\$ 56	\$ 197	\$ 56
Administrative Costs	<u>(25)</u>	<u>(7)</u>	<u>(25)</u>	<u>(7)</u>
Total Available for Distribution	172	49	172	49
Historic Resort Hotel Fund	144	41	144	41
Human Resource Benefit Fund	28	8	28	8

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 129	\$ 129
Historic Resort Table Games	144	144
Interest on Historic Resort Hotel Fund	<u>7</u>	<u>7</u>
Historic Resort Hotel Fund Net Income	280	280
Municipalities/ Counties	39	39
Excess Lottery Fund	241	241
Total Distributions	<u>\$ 280</u>	<u>\$ 280</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10– SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended July 31, 2023 were \$2,615,037 and \$2,615,037, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Sports Wagering Privilege Tax	\$ 262	\$ 258	\$ 262	\$ 258
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(39)	(38)	(39)	(38)
Total Available for Distribution	223	220	223	220

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, 2023 were \$11,454,865 and \$11,454,865 respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Interactive Wagering Privilege Tax	\$ 1,718	\$ 1,313	\$ 1,718	\$ 1,313
Interest on Interactive Wagering Fund	44	7	44	7
Administrative Costs	<u>(258)</u>	<u>(197)</u>	<u>(258)</u>	<u>(197)</u>
Total Available for Distribution	<u>1,504</u>	<u>1,123</u>	<u>1,504</u>	<u>1,123</u>

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

	Current Month	Year-to-Date
Pensions	15	15
Lottery Fund	1,489	1,489
Total Distributions	<u>\$ 1,504</u>	<u>\$ 1,504</u>

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, 2024 the State Legislature budgeted \$144,069,148 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$6,537,211 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended July 31, 2023 the Lottery has accrued additional distributions of \$255,788,170. 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, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 500
Bureau of Senior Services	20,726	20,726
Department of Education	4,753	4,753
Library Commission	3,804	3,804
Higher Education-Policy Commission	2,455	2,455
Tourism	2,298	2,298
General Revenue	-	-
Natural Resources	1,249	1,249
Division of Culture & History	1,415	1,415
Economic Development Authority	1,000	1,000
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	1,896	1,896
Refundable Credit		
WV Racing Commission		
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Department of Education		
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	<u>\$ 6,537</u>	<u>\$ 6,537</u>
Total Budgetary distributions:	<u>\$ 46,537</u>	<u>\$ 46,537</u>
Veterans Instant Ticket Fund	\$ 44	\$ 44
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 46,581	\$ 46,581
Accrued nonoperating distributions, beginning	(252,394)	(252,394)
Accrued nonoperating distributions, end	<u>255,788</u>	<u>255,788</u>
	<u>\$ 49,975</u>	<u>\$ 49,975</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancellable operating leases. Rental expense for the fiscal year-to-date ended July 31, 2023 and July 31, 2022 approximated \$22,248 and \$23,289 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, 2023 and July 31, 2022 approximated \$78,690 and \$89,976 respectively.

NOTE 14 – COMMITMENTS

For the year ended June 30, 2023 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. For the year ended June 30, 2022 the Lottery Commission designated \$4,512,722 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2023 and 2022, \$5,986,994 and \$7,075,367, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 15 - RETIREMENT BENEFITS

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

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

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 10% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending July 31, 2023 and fiscal year-to-date are as follows (in thousands):

	July 31, 2023	Year-to-Date
Employee contributions	\$ 42	\$ 42
Lottery contributions	78	78
Total contributions	\$ 120	\$ 120

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, 2023
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	14,052	12,083	14,052	12,083
On-line games	12,318	5,833	12,318	5,833
Racetrack video lottery	44,081	40,936	44,081	40,936
Limited video lottery	40,527	37,404	40,527	37,404
Racetrack table games	3,043	2,272	3,043	2,272
Historic resort	636	829	636	829
Sports wagering	262	297	262	297
Interactive wagering	1,718	663	1,718	663
Total gross revenues	<u>116,637</u>	<u>100,317</u>	<u>116,637</u>	<u>100,317</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,539	1,422	1,539	1,422
On-line games	3,861	1,674	3,861	1,674
Racetrack Video Lottery	13,048	11,790	13,048	11,790
Sports wagering	228	253	228	253
Interactive wagering	1,489	558	1,489	558
Total Lottery Fund net revenues	<u>20,165</u>	<u>15,697</u>	<u>20,165</u>	<u>15,697</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,574	5,050	5,574	5,050
Limited Video Lottery	19,509	17,595	19,509	17,595
Limited Video Lottery Fees	86	-	86	-
Racetrack table games	1,514	1,115	1,514	1,115
Historic resort	245	316	245	316
Total Excess Lottery Fund Net Revenues	<u>26,928</u>	<u>24,076</u>	<u>26,928</u>	<u>24,076</u>
Total Net Revenues	<u>47,093</u>	<u>39,773</u>	<u>47,093</u>	<u>39,773</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: September 05, 2023

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

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

The net collections were 104% of the estimate for the fiscal year. Total collections were \$30.5 million above the estimate for the fiscal year.

Personal Income Tax collections were \$800 thousand below the estimate for the fiscal year.

Consumer sales and use tax collections were \$940 thousand above the estimate for the year.

Severance Tax was \$17.4 thousand below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$14.3 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 104% of the estimate for the fiscal year. Total collections were \$11.6 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$602,584,750.77 as of August 31, 2023.

Balance July 1, 2023	\$ 435,167,871.58
Fiscal year 23 Surplus	\$ 231,584,774.65
*Loan to General Revenue Fund	\$ (70,000,000.00)
Earnings/(Loss)	\$ 5,832,104.54
Balance August 31, 2023	\$ 602,584,750.77

*\$70 million loan to state General Revenue Fund 7/01/2023 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 \$521,230,229.16 as of August 31, 2023.

Balance July 1, 2023	\$ 508,162,521.37
Earnings	\$ 13,067,707.79
Balance August 31, 2023	\$ 521,230,229.16

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

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

REVENUE COLLECTIONS
FISCAL YEAR 2024
as of August 31, 2023

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 155,700,000	\$ 141,017,273	\$ (14,682,727)	\$ 287,400,000	\$ 286,601,365	\$ (798,635)	100%
Consumer Sales Tax & Use Tax	152,600,000	159,002,384	6,402,384	251,700,000	252,638,279	938,279	100%
Severance Tax	35,000,000	41,200,089	6,200,089	62,400,000	44,955,990	(17,444,010)	72%
Corporate Net Income Tax	2,500,000	8,302,802	5,802,802	13,000,000	27,287,480	14,287,480	210%
Insurance Tax	400,000	285,924	(114,076)	26,200,000	25,787,023	(412,977)	98%
Tobacco Products Tax	14,000,000	14,875,589	875,589	28,100,000	28,595,385	495,385	102%
Business and Occupation	10,000,000	9,410,669	(589,331)	17,700,000	18,404,586	704,586	104%
Liquor Profit Transfers	2,500,000	2,767,533	267,533	5,000,000	6,500,277	1,500,277	130%
Departmental Collections	1,440,000	1,722,845	282,845	2,640,000	2,888,396	248,396	109%
Property Transfer Tax	900,000	2,222,583	1,322,583	2,200,000	2,967,404	767,404	135%
Property Tax	400,000	510,580	110,580	500,000	712,707	212,707	143%
Beer Tax and Licenses	600,000	599,414	(586)	1,300,000	1,306,739	6,739	101%
Miscellaneous Transfers	100,000	9,597	(90,403)	140,000	9,597	(130,403)	7%
Interest Income	4,000,000	20,244,372	16,244,372	7,800,000	36,968,171	29,168,171	474%
Refundable Credit Reimb Liability	200,000	402,874	202,874	200,000	402,874	202,874	0%
HB 102 - Lottery Transfers	6,250,000	6,544,132	294,132	6,250,000	6,544,132	294,132.14	0%
Miscellaneous	180,000	245,865	65,865	270,000	371,000	101,000	137%
Business Franchise Fees	50,000	89,723	39,723	100,000	196,171	96,171	196%
Estate & Inheritance Tax	-	-	-	0	-	-	0%
Liquor License Renewal	45,000	42,642	(2,358)	136,000	141,399	5,399	104%
Special Revenue Transfers	-	-	-	0	-	-	0%
Charter Tax	-	-	-	0	206	206	0%
Telecommunications Tax	-	-	-	0	-	-	0%
Video Lottery Transfers	-	30,234	30,234	0	47,747	47,747	0%
July-Dec Retro Rev Adj	-	-	-	0	-	-	0%
Cash Flow Transfer	-	-	-	0	70,000,000	-	0%
Soft Drink Excise Tax	1,100,000	1,259,050	159,050	2,200,000	2,453,687	253,687	112%
SUBTOTALS	\$ 387,965,000	\$ 410,786,176	\$ 22,821,176	\$ 715,236,000	\$ 815,780,616	\$ 30,544,616	
Less: Cash Flow Transfer	-	-	-	-	70,000,000	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 387,965,000	\$ 410,786,176	\$ 22,821,176	\$ 715,236,000	\$ 745,780,616	\$ 30,544,616	

Percent of Estimates

106%

104%

Collections this day

\$ 20,562,828

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

September 01, 2023

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

GENERAL REVENUE FUND

	Actual Collections August 2022	Actual Collections August 2023	Actual Collections 2 Months Jul-Aug 2022	Actual Collections 2 Months Jul-Aug 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 186,021,776	\$ 141,017,273	\$ 347,245,008	\$ 286,601,365	\$ (60,643,642)	-17%
Consumer Sales Tax & Use Tax	150,884,087	159,002,384	247,162,045	252,638,279	5,476,234	2%
Severance Tax	129,207,367	41,200,089	183,848,586	44,955,990	(138,892,597)	-76%
Corporate Net Income Tax	(6,128,229)	8,302,802	8,290,650	27,287,480	18,996,831	229%
Insurance Tax	415,629	285,924	25,201,547	25,787,023	585,476	2%
Tobacco Products Tax	14,773,666	14,875,589	28,656,818	28,595,385	(61,433)	0%
Business and Occupation	10,994,460	9,410,669	18,279,165	18,404,586	125,421	1%
Liquor Profit Transfers	2,173,768	2,767,533	4,963,266	6,500,277	1,537,011	31%
Departmental Collections	1,625,329	1,722,845	2,833,994	2,888,396	54,402	2%
Property Transfer Tax	1,284,833	2,222,583	2,932,512	2,967,404	34,892	1%
Property Tax	396,848	510,580	478,092	712,707	234,615	49%
Beer Tax and Licenses	575,320	599,414	1,280,824	1,306,739	25,915	2%
Miscellaneous Transfers	171,850	9,597	171,850	9,597	(162,253)	0%
Interest Income	6,372,229	20,244,372	7,005,767	36,968,171	29,962,404	428%
Refundable Credit Reimb Liability	826,869	402,874	826,869	402,874	(423,995.00)	0%
HB 102 - Lottery Transfers	6,284,980	6,544,132	6,284,980	6,544,132	259,152.37	0%
Miscellaneous	235,599	245,865	328,610	371,000	42,390	13%
Business Franchise Fees	(23,512)	89,723	62,106	196,171	134,065	216%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	116,950	42,642	218,216	141,399	(76,817)	-35%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	382	-	525	206	(319)	-61%
Video Lottery Transfers	2,700	-	2,700	47,747	45,047	0%
July-Dec Retro Rev Adj	-	30,234	-	-	45,047	0%
Cash Flow Transfer	-	-	69,500,000	70,000,000	500,000	0%
Soft Drink Excise Tax	785,854	1,259,050	2,022,565	2,453,687	500,000	100%
SUBTOTALS	\$ 506,998,754	\$ 410,786,176	\$ 957,596,695	\$ 815,780,616	\$ (141,702,155)	
Less: Cash Flow Transfer	-	-	69,500,000	70,000,000	500,000	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 506,998,754	\$ 410,786,176	\$ 888,096,695	\$ 745,780,616	\$ (142,202,155)	
Increase/Decrease over Prior Period		\$ (96,212,578)		\$ (142,316,080)		
% Increase/Decrease over Prior Period		-19%		-16%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
September 05, 2023

REVENUE COLLECTIONS
FISCAL YEAR 2024
as of August 31, 2023, revised

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	\$ 37,800,000	\$ 21,381,700	\$ (16,418,300)	\$ 77,000,000	\$ 73,760,059	\$ (3,239,941)	96%
Sales/Privilege Tax	27,000,000	32,142,275	5,142,275	51,000,000	59,858,285	8,858,285	117%
Licenses & Registration	12,875,000	11,890,770	(984,230)	29,300,000	23,302,825	(5,997,175)	80%
Miscellaneous	156,000,000	162,159,114	6,159,114	160,500,000	172,536,943	12,036,943	107%
Highway Litter Control	203,000	146,646	(56,354)	353,000	312,894	(40,106)	89%
Federal Reimbursement	55,000,000	67,738,975	12,738,975	102,500,000	126,637,415	24,137,415	124%
SUBTOTALS	\$ 288,878,000	\$ 295,459,481	\$ 6,581,481	\$ 420,653,000	\$ 456,408,420	\$ 35,755,420	
Less: Federal Reimbursement	55,000,000	67,738,975	12,738,975	102,500,000	126,637,415	24,137,415	
TOTALS	\$ 233,878,000	\$ 227,720,506	\$ (6,157,494)	\$ 318,153,000	\$ 329,771,005	\$ 11,618,005	
Percent of Estimates		97%			104%		

Collections this day \$ 2,827,024

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of August 31, 2023 : \$602,584,750.77

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

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of August 31, 2023: \$ 521,230,229.16

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

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

September 05, 2023, revised

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

STATE ROAD FUND

	Actual Collections Aug 2022	Actual Collections August 2023	Actual Collections 2 Months Jul-Aug 2022	Actual Collections 2 months Jul- Aug 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 40,651,013	\$ 21,381,700	\$ 72,410,258	\$ 73,760,059	\$ 1,349,801	2%
Privilege Tax	31,876,529	32,142,275	55,785,359	59,858,285	4,072,926	7%
Licenses & Registration	11,820,814	11,890,770	26,186,566	23,302,825	(2,883,741)	-11%
Miscellaneous	4,788,310	162,159,114	5,845,516	172,536,943	166,691,427	2852%
Highway Litter Control	179,088	146,646	323,653	312,894	(10,759)	-3%
Federal Reimbursement	46,155,448	67,738,975	90,387,821	126,637,415	36,249,594	40%
SUBTOTALS	\$ 135,471,202	\$ 295,459,481	\$ 250,939,174	\$ 456,408,420	\$ 205,469,247	
Less: Federal Reimbursement	46,155,448	67,738,975	90,387,821	126,637,415	36,249,594	
TOTALS	\$ 89,315,754	\$ 227,720,506	\$ 160,551,353	\$ 329,771,005	\$ 169,219,653	
Increase/Decrease over Prior Period		\$ 138,404,753		\$ 169,219,653		
% Increase/Decrease over Prior Period		155%		105%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
September 05, 2023

Office of the Legislative Auditor



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

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

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

Date: August 29, 2023

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 31, 2023, monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of July 31, 2023, of fiscal year 2023-2024, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2023	\$ 419,876,988.10
Receipts July 1,2023 thru June 30, 2024	\$ 40,323,764.10
Disbursements July 1,2023 thru June 30, 2024	\$ 37,362,605.58
Balance July 31, 2023	\$ 422,838,146.62

ITEMS OF NOTE:

Regular benefits paid for July 2023 were \$ 4.6 million more than July 2022.

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

Total disbursements were \$16 million less in July 2023 than the preceding July 2022.

Receipts as of July 2023, were \$17 million more than in July 2022. Overall ending trust fund balance was \$42.6 million higher on July 31, 2023, than on July 31, 2022.

Seasonally adjusted unemployment rates for July 2023 were 3.4 percent for West Virginia and 3.5 percent nationally.

Since July 2022, employment has increased by 6,800. Employment increases included 2,300 in mining and logging, 1,300 in other services, 2,700 in private education and health services, 1,500 in construction, 1,100 in leisure and hospitality, 200 in financial activities, and 200 in information. Employment declines included 400 in professional and business services, 1,600 in government, and 500 in manufacturing. Employment was unchanged in trade, transportation, and utilities.

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

	MAY 2022	JUNE 2022	JULY 2022	MAY 2023	JUNE 2023	JULY 2023	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$ 331,140,149.07</u>	<u>\$ 382,227,662.46</u>	<u>\$ 377,973,650.98</u>	<u>\$ 373,747,462.11</u>	<u>\$ 426,178,943.04</u>	<u>\$ 419,876,988.10</u>	<u>\$ 128,461,930.74</u>	
Add Receipts:								
1. Bond Assessment							\$ -	1. Bond Assessment
2. Regular Contributions:	59,124,882.42	1,285,271.70	9,904,869.53	62,174,094.45	1,577,841.26	15,274,118.79	8,711,030.85	2. Regular Contributions:
3. Federal Emergency Benefits (FEUC)	(123,210.64)	22,322.07	18,584.00	7,237.85	78.00	10,046.55	99,666.97	3. Federal Emergency Benefits (FEUC)
4. Federal Share Extended Benefits (EB)	(2,362.80)	-	-	-	-	-	2,362.80	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	(1,397,025.03)	204,486.89	138,892.06	44,789.43	13,431.68	34,122.75	1,145,989.94	5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	(447,008.50)	25,322.00	128.00	(2,424.00)	(1,432.00)	(10,030.00)	407,672.50	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	61,576.33	43,005.21	49,202.62	49,129.46	44,166.47	54,450.49	(6,037.74)	7. UCFE (Federal Agencies)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-	8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-	9. EUISAA - EMER US RELIEF/STC
10. Treasury Interest Credits	-	1,446,864.09	-	-	1,989,729.86	-	542,865.77	10. Treasury Interest Credits
11. UCX (Military Agencies)	38,276.36	41,278.34	29,133.64	40,608.98	27,124.41	28,621.29	(12,333.66)	11. UCX (Military Agencies)
12. Temporary Compensation	-	-	-	-	-	-	-	12. Temporary Compensation
13. BT to State UI Account	-	-	-	-	-	-	-	13. BT to State UI Account
14. UI Modernization	-	-	-	-	-	-	-	14. UI Modernization
15. Loan Advance	(510.00)	-	-	-	-	-	510.00	15. Loan Advance
16. Return of Overpayments FPUC/PUA/EUO	(2,551,219.00)	-	-	-	-	-	2,551,219.00	16. Return of Overpayments FPUC/PUA/EUO
Total Monthly Receipts	<u>\$ 119,517,960.90</u>	<u>\$ 10,606,226.12</u>	<u>\$ 23,347,631.45</u>	<u>\$ 135,614,881.96</u>	<u>\$ 14,588,998.76</u>	<u>\$ 40,323,764.10</u>	<u>\$ 37,055,826.35</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment								Less Disbursements:
Regular Benefits:	(Retired)	Debt Bond Repayment						
Federal Emergency Compensation - PEUC	(125,427.64)	17,499.07	20,401.99	7,880.95	78.00	11,243.55	106,729.08	Regular Benefits:
Federal Additional Compensation - FPUC	(2,444,753.58)	179,305.91	131,128.04	50,278.16	4,711.89	42,921.75	2,232,231.43	PEUC
Pandemic Unemployment Assistance PUA	(721,531.71)	(45,729.37)	-	(1,767.00)	(1,432.00)	(10,030.00)	754,032.08	PUA
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-	Federal Emergency Benefits (EUC08)
Federal Extended - 2112	(10,842.57)	-	-	-	-	-	10,842.57	Federal Extended - 2112
Emergency Benefits (TEUC)	(510.00)	-	-	-	-	-	510.00	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	64,055.26	46,351.52	52,376.05	44,073.02	47,097.23	68,750.38	(2,862.20)	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	40,477.31	39,238.42	24,676.33	34,504.35	29,005.17	27,849.72	(13,032.82)	UCX (Military Workers) Benefits
Reed Act Funds	-	-	-	-	-	-	-	Reed Act Funds
EUISAA Title IX/STC	-	-	-	5,715.03	60,043.77	2,042.28	67,801.08	EUISAA Title IX/STC
Total Monthly Disbursements	<u>\$68,430,447.51</u>	<u>\$ 14,860,237.60</u>	<u>\$21,128,384.60</u>	<u>\$83,183,401.03</u>	<u>\$20,890,953.70</u>	<u>\$37,362,605.58</u>	<u>\$ 37,017,890.60</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$382,227,662.46</u>	<u>\$ 377,973,650.98</u>	<u>\$380,192,897.83</u>	<u>\$ 426,178,943.04</u>	<u>\$ 419,876,988.10</u>	<u>\$ 422,838,146.62</u>	<u>\$ 128,499,866.49</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.

Indicates prior month values that have been updated

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

Borrowed on 3/11/2016
Repaid on 5/17/2016
Borrowed on 12/5/2016
Repaid on 5/4/2017
Outstanding Loan from Revenue Shortfall Reserve Fund

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

UC TRUST FUND ACTUAL – 2023

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

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

	<u>MAY 2022</u>	<u>JUNE 2022</u>	<u>JULY 2022</u>	<u>MAY 2023</u>	<u>JUNE 2023</u>	<u>JULY 2023</u>	<u>THREE MONTH TOTAL VARIANCE *</u>	
Balance Forward	<u>\$ 331,140,149.07</u>	<u>\$ 382,227,662.46</u>	<u>\$ 377,973,650.98</u>	<u>\$ 373,747,462.11</u>	<u>\$ 426,178,943.04</u>	<u>\$ 419,876,988.10</u>	<u>\$ 128,461,930.74</u>	
Add Receipts:								
1. Bond Assessment							\$ -	1. Bond Assessment
2. Regular Contributions:	59,124,882.42	1,285,271.70	9,904,869.53	62,174,094.45	1,577,841.26	15,274,118.79	8,711,030.85	2. Regular Contributions:
3. Federal Emergency Benefits (FEUC)	(123,210.64)	22,322.07	18,584.00	7,237.85	78.00	10,046.55	99,666.97	3. Federal Emergency Benefits (FEUC)
4. Federal Share Extended Benefits (EB)	(2,362.80)	-	-	-	-	-	2,362.80	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	(1,397,025.03)	204,486.89	138,892.06	44,789.43	13,431.68	34,122.75	1,145,989.94	5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	(447,008.50)	25,322.00	128.00	(2,424.00)	(1,432.00)	(10,030.00)	407,672.50	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	61,576.33	43,005.21	49,202.62	49,129.46	44,166.47	54,450.49	(6,037.74)	7. UCFE (Federal Agencies)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-	8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-	9. EUISAA - EMER US RELIEF/STC
10. Treasury Interest Credits	-	1,446,864.09	-	-	1,989,729.86	-	542,865.77	10. Treasury Interest Credits
11. UCX (Military Agencies)	38,276.36	41,278.34	29,133.64	40,608.98	27,124.41	28,621.29	(12,333.66)	11. UCX (Military Agencies)
12. Temporary Compensation	-	-	-	-	-	-	-	12. Temporary Compensation
13. BT to State UI Account	-	-	-	-	-	-	-	13. BT to State UI Account
14. UI Modernization	-	-	-	-	-	-	-	14. UI Modernization
15. Loan Advance	(510.00)	-	-	-	-	-	510.00	15. Loan Advance
16. Return of Overpayments FPUC/PUA/EUO	(2,551,219.00)	-	-	-	-	-	2,551,219.00	16. Return of Overpayments FPUC/PUA/EUO
Total Monthly Receipts	<u>\$ 119,517,960.90</u>	<u>\$ 10,606,226.12</u>	<u>\$ 23,347,631.45</u>	<u>\$ 135,614,881.96</u>	<u>\$ 14,588,998.76</u>	<u>\$ 40,323,764.10</u>	<u>\$ 37,055,826.35</u>	Total Monthly Receipts
Less Disbursements:								Less Disbursements:
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$ 6,814,418.68	\$ 7,085,896.23	\$ 7,692,980.59	\$ 9,741,270.73	\$ 9,813,390.56	\$ 12,287,393.67	10,248,759.46	Regular Benefits:
Federal Emergency Compensation - PEUC	(125,427.64)	17,499.07	20,401.99	7,880.95	78.00	11,243.55	106,729.08	PEUC
Federal Additional Compensation - FPUC	(2,444,753.58)	179,305.91	131,128.04	50,278.16	4,711.89	42,921.75	2,232,231.43	FPUC
Pandemic Unemployment Assistance PUA	(721,531.71)	(45,729.37)	-	(1,767.00)	(1,432.00)	(10,030.00)	754,032.08	PUA
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-	Federal Emergency Benefits (EUC08)
Federal Extended - 2112	(10,842.57)	-	-	-	-	-	10,842.57	Federal Extended - 2112
Emergency Benefits (TEUC)	(510.00)	-	-	-	-	-	510.00	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	64,055.26	46,351.52	52,376.05	44,073.02	47,097.23	68,750.38	(2,862.20)	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	40,477.31	39,238.42	24,676.33	34,504.35	29,005.17	27,849.72	(13,032.82)	UCX (Military Workers) Benefits
Reed Act Funds	-	-	-	-	-	-	-	Reed Act Funds
EUISAA Title IX/STC	-	-	-	5,715.03	60,043.77	2,042.28	67,801.08	EUISAA Title IX/STC
Total Monthly Disbursements	<u>\$68,430,447.51</u>	<u>\$ 14,860,237.60</u>	<u>\$21,128,384.60</u>	<u>\$83,183,401.03</u>	<u>\$20,890,953.70</u>	<u>\$37,362,605.58</u>	<u>\$ 37,017,890.60</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$382,227,662.46</u>	<u>\$ 377,973,650.98</u>	<u>\$380,192,897.83</u>	<u>\$ 426,178,943.04</u>	<u>\$ 419,876,988.10</u>	<u>\$ 422,838,146.62</u>	<u>\$ 128,499,866.49</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.

Indicates prior month values that have been updated

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

Borrowed on 3/11/2016
Repaid on 5/17/2016
Borrowed on 12/5/2016
Repaid on 5/4/2017
Outstanding Loan from Revenue Shortfall Reserve Fund

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

FOR RELEASE: August 16, 2023
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State Unemployment Rate Up Slightly in July 2023

West Virginia's seasonally adjusted unemployment rate inched upward one-tenth of a percentage point to 3.4 percent in July 2023. The number of unemployed state residents rose 700 to 26,500. Total employment climbed 200 over the month. The national seasonally adjusted unemployment rate inched downward one-tenth of a percentage point to 3.5 percent in July 2023.

Total nonfarm payroll employment declined 100 in July, where a loss of 500 in the service-providing sector offset a gain of 400 in the goods-producing sector.

Within the goods-producing sector, employment gains included 200 in manufacturing, 100 in construction, and 100 in mining and logging.

Within the service-providing sector, employment gains of 300 in information, 300 in private education and health services, 200 in financial activities, 100 in leisure and hospitality, and 100 in other services were offset by losses of 1,300 in government, almost entirely within the local government sector, and 200 in trade, transportation, and utilities. Employment in professional and business services was unchanged over the month.

Since July 2022, total nonfarm payroll employment has risen 6,800. Employment gains included 2,700 in private education and health services, 2,300 in mining and logging, 1,500 in construction, 1,300 in other services, 1,100 in leisure and hospitality, 200 in information, and 200 in financial activities. Employment declines included 1,600 in government, 500 in manufacturing, and 400 in professional and business services. Employment in trade, transportation, and utilities was unchanged over the year.

West Virginia's not seasonally adjusted unemployment rate inched downward one-tenth of a percentage point to 3.8 percent in July.

The state's seasonally adjusted labor force participation rate ticked up one-tenth of a percentage point to 54.7 percent in July 2023.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
July 2023

	Prelim. Jul 2023	Revised Jun 2023	Revised Jul 2022	Change from:	
				Jun 2023	Jul 2022
Civilian Labor Force	783.9	783.1	785.7	0.8	-1.8
Total Employment	757.5	757.3	754.1	0.2	3.4
Total Unemployment	26.5	25.8	31.6	0.7	-5.1
Unemployment Rate	3.4	3.3	4.0	xx	xx
Labor Force Participation Rate	54.7	54.6	54.7	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	700.6	700.7	693.8	-0.1	6.8
Total Private	554.0	552.8	545.6	1.2	8.4
Goods Producing	100.0	99.6	96.7	0.4	3.3
Mining and Logging	22.3	22.2	20.0	0.1	2.3
Construction	32.0	31.9	30.5	0.1	1.5
Manufacturing	45.7	45.5	46.2	0.2	-0.5
Durable Goods	27.9	27.8	27.6	0.1	0.3
Non-Durable Goods	17.8	17.7	18.6	0.1	-0.8
Service-Providing	600.6	601.1	597.1	-0.5	3.5
Private Service-Providing	454.0	453.2	448.9	0.8	5.1
Trade, Transportation, and Utilities	122.3	122.5	122.3	-0.2	0.0
Wholesale Trade	18.7	18.9	18.3	-0.2	0.4
Retail Trade	78.3	78.2	77.9	0.1	0.4
Transportation, Warehousing, and Utilities	25.3	25.4	26.1	-0.1	-0.8
Information	8.0	7.7	7.8	0.3	0.2
Financial Activities	25.6	25.4	25.4	0.2	0.2
Finance and Insurance	19.0	18.8	18.8	0.2	0.2
Real Estate and Rental and Leasing	6.6	6.6	6.6	0.0	0.0
Professional and Business Services	71.5	71.5	71.9	0.0	-0.4
Professional, Scientific & Technical Services	27.9	27.9	28.2	0.0	-0.3
Administrative and Support and Waste Mgmt	36.0	36.1	36.0	-0.1	0.0
Private Education and Health Services	130.5	130.2	127.8	0.3	2.7
Educational Services	7.2	7.2	6.7	0.0	0.5
Health Care and Social Assistance	123.3	123.0	121.1	0.3	2.2
Leisure and Hospitality	70.9	70.8	69.8	0.1	1.1
Arts, Entertainment, and Recreation	9.3	9.2	8.6	0.1	0.7
Accommodation and Food Service	61.6	61.6	61.2	0.0	0.4
Other Services	25.2	25.1	23.9	0.1	1.3
Government	146.6	147.9	148.2	-1.3	-1.6
Federal Government	25.6	25.6	25.4	0.0	0.2
State Government	45.2	45.3	45.2	-0.1	0.0
Local Government	75.8	77.0	77.6	-1.2	-1.8

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

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	784,000	782,700	782,400	782,200	782,400	783,100	783,900						
Employment	753,100	753,900	755,500	756,200	756,800	757,300	757,500						
Unemployment	30,900	28,800	26,900	26,000	25,500	25,800	26,500						
Rate	3.9	3.7	3.4	3.3	3.3	3.3	3.4						
Participation Rate	54.7	54.6	54.6	54.6	54.6	54.6	54.7						
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,900	784,600	785,900	786,700	786,800	786,400	785,700	784,900	784,400	784,100	784,200	784,300	785,100
Employment	753,000	755,700	757,400	757,800	757,200	755,800	754,100	752,600	751,900	751,900	752,200	752,500	754,500
Unemployment	29,900	28,900	28,600	28,800	29,600	30,600	31,600	32,300	32,400	32,300	32,000	31,900	30,700
Rate	3.8	3.7	3.6	3.7	3.8	3.9	4.0	4.1	4.1	4.1	4.1	4.1	3.9
Participation Rate	54.4	54.6	54.7	54.8	54.8	54.8	54.7	54.7	54.7	54.6	54.6	54.7	54.7
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,900	776,300	777,500	778,900	780,000	780,600	780,200	779,600	779,100	779,200	779,900	781,100	788,800
Employment	729,000	730,700	732,800	735,100	737,300	739,000	740,200	741,500	742,900	744,900	747,300	750,000	749,100
Unemployment	46,900	45,600	44,700	43,800	42,700	41,600	39,900	38,100	36,100	34,300	32,700	31,100	39,700
Rate	6.0	5.9	5.8	5.6	5.5	5.3	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	53.7	53.8	53.9	54.0	54.1	54.1	54.1	54.1	54.0	54.1	54.2	54.3	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,600	796,700	794,000	762,200	775,700	772,800	776,000	775,000	776,900	776,000	776,000	776,400	792,200
Employment	756,800	754,700	752,000	642,400	679,600	691,600	702,700	711,200	718,000	722,300	725,300	727,300	726,000
Unemployment	41,700	42,100	42,000	119,800	96,000	81,200	73,300	63,700	59,000	53,700	50,700	49,100	66,100
Rate	5.2	5.3	5.3	15.7	12.4	10.5	9.4	8.2	7.6	6.9	6.5	6.3	8.3
Participation Rate	55.1	55.0	54.8	52.7	53.6	53.5	53.7	53.6	53.8	53.7	53.7	53.7	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,900	793,000	792,200	792,100	792,700	794,000	795,400	796,800	797,900	798,800	799,300	799,300	798,300
Employment	754,000	753,800	753,800	754,300	755,200	756,100	756,900	757,300	757,800	758,300	758,500	758,100	759,000
Unemployment	39,800	39,100	38,400	37,800	37,500	37,800	38,600	39,500	40,100	40,500	40,800	41,300	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.8	5.0	5.0	5.1	5.1	5.2	4.9
Participation Rate	54.5	54.5	54.5	54.5	54.6	54.7	54.8	54.9	55.0	55.0	55.1	55.1	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	788,500	789,900	791,700	793,400	794,500	795,000	794,900	794,600	794,500	794,600	794,700	794,500	793,400
Employment	746,000	747,400	749,400	751,500	753,100	754,200	754,700	754,900	754,800	754,700	754,500	754,300	752,200
Unemployment	42,500	42,500	42,300	41,900	41,400	40,800	40,200	39,800	39,700	39,900	40,200	40,200	41,200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Participation Rate	53.9	54.0	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate	5.4	5.2	5.1	5.0	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
Participation Rate	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
Participation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
Participation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
Participation Rate	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
Participation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800	57,000	57,900	58,900	59,600	59,900	59,800	59,600	59,200	58,700	57,900	58,400
Rate	7.1	7.0	7.1	7.2	7.3	7.4	7.4	7.4	7.4	7.3	7.3	7.2	7.2
Participation Rate	54.3	54.3	54.3	54.3	54.3	54.4	54.4	54.3	54.3	54.3	54.3	54.2	54.3

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

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

BRIM

September 2023

Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the One Month Ending July 31, 2023

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

1. **Premium Revenue** for July reflects the premiums earned for the first month of the current fiscal year. BRIM premiums in FY'24 reflect an increase in premium revenue including an increase in premium to fund the higher actuarially estimated losses for the current year.

2. **Claims Expense** reflects net claims payments made through July plus an estimated accrual for the month of July. Claim payments in July were higher than through July of last year due to several large abuse claims. Please note that our financial statements do not include the reserve adjustment for the fourth quarter of FY'23 as we have not yet received the reserve study report from our actuaries. This adjustment could have a significant impact on our financial statements and retained earnings.

3. **Investments** reflect a gain of \$3.3 million for the month. Investment income in July of last year was significantly higher due to more favorable market conditions at that time. Interest rates continue to rise, and the volatility of the equities markets make for an uncertain outlook for investment income for FY'24.

4. BRIM continues to pursue pro-active loss control initiatives.

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

For the One Month Ended July 31st

	2023	2022
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 9,386	\$ 7,645
Less coverage/reinsurance programs	(258)	(41)
Net operating revenues	9,128	7,605
Operating expenses		
Claims and claims adjustment expense	16,924	6,777
General and administrative	408	470
Total operating expenses	17,332	7,247
Operating income (loss)	(8,204)	358
Nonoperating revenues		
Investment income	3,351	8,014
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	3,351	8,014
Changes in net position	(4,853)	8,372
Total net position, beginning of year	87,118	151,403
Total net position, end of period	\$ 82,265	\$ 159,775

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the One Month Ended July 31st

	2023	2022
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,264	\$ 22,981
Advance deposits with insurance company and trustee	219,609	241,451
Receivables	5,368	6,901
Prepaid insurance	1,476	0
Restricted cash and cash equivalents	5,488	13,170
Premiums due from other entities	1,534	1,222
Total current assets	270,738	285,725
Noncurrent assets:		
Equity position in internal investments pools	156,418	113,685
Restricted investments	30,201	66,796
Total noncurrent assets	186,619	180,481
Total assets	457,357	466,206
Deferred Outflows of Resources		
Deferred Outflows of Resources	399	434
Deferred Outflows of Resources - OPEB	59	61
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	103,306	103,306
Unearned premiums	22,298	17,866
Agent commissions payable	1,771	1,621
Claims Payable	0	0
Accrued expenses and other liabilities	1,208	934
Total current liabilities	128,582	123,728
Estimated unpaid claims and claims adjustment expense net of current portion	246,491	182,489
Compensated absences	192	167
Net pension liability	148	(894)
Total noncurrent liabilities	246,831	181,762
Total liabilities	375,413	305,490
Deferred Inflows of Resources		
Deferred Inflows of Resources	00	1,156
Deferred Inflows of Resources - OPEB	137	280
Net position:		
Restricted by State code for mine subsidence coverage	31,897	75,988
Unrestricted	55,221	75,415
Net Assets (Deficiency)	(4,853)	8,372
Net position	\$ 82,265	\$ 159,775

Unaudited

PEIA

September 2023

Interim Packet

PEIA

September Interim Talking Points

- **PEIA and RHBT year-end preliminary, unaudited financial statements for June 30, 2023 are available for your review.**
- **PEIA statements indicate PEIA finished ahead of plan by \$3 million. This is due to lower than forecast claims expense.**
- **RHBT statements indicate RHBT finished ahead of plan by \$6 million. This is due to lower than forecast claims expense.**
- **The 2023 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$80, \$19 and \$282 million respectively.**
- **These reserve levels represent 12%, 12% and 184% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.**

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Twelve Months Ending Friday, June 30, 2023
(Dollars in Thousands)

(DRAFT - Unaudited-For Internal Use Only)

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
Health Insurance - State Gov. - Employers	\$429,790	\$441,389		(\$3,730)	(1%)	\$7,869	2%
Health Insurance - State Gov. - Employees	120,662	120,616		(1,427)	(1%)	(1,473)	(1%)
Health Insurance - Local Gov. - All	130,589	143,912		(7,230)	(5%)	6,093	5%
Administrative Fees, Net of Refunds	4,982	4,659		310	7%	(13)	(0%)
Other Premium Revenue	2,792	1,904		757	40%	(131)	(5%)
Total Operating Revenue	701,160	712,480	688,815	(11,320)	(2%)	12,345	2%
NON-OPERATING REVENUE							
Life Insurance	2,107	2,427		(352)	(15%)	(32)	(2%)
Direct Transfer	21,000	52,000		0	0%	31,000	148%
Interest and Investment Income	(16,049)	11,291		(3,373)	(30%)	23,967	(149%)
Total Non-Operating Revenue	61,993	65,718	7,058	(3,725)	(52%)	54,935	778%
TOTAL REVENUE	763,153	778,198	695,873	(15,045)	(2%)	67,280	9%
EXPENSES							
Claims Expense - Medical	484,168	526,162		(15,920)	(3%)	(57,914)	(12%)
Claims Expense - Drugs	200,634	216,027		34,772	16%	19,379	10%
Payments to Managed Care Org.	54,624	57,973		3,572	6%	223	0%
Administrative Service Fees	19,681	22,054		(4,859)	(22%)	(7,232)	(37%)
Wellness and Disease Management	143	2,057		1,940	94%	26	18%
Other Operating Expenses	2,951	5,289		(1,126)	(21%)	(3,464)	(117%)
Life Insurance Expense	2,107	2,215		379	17%	271	13%
ACA Comparative Effectiveness Fee	499	714		234	33%	19	4%
TOTAL EXPENSES	813,499	832,491	764,807	18,992	9%	(48,692)	(6%)
(50,346)	(54,293)	(68,934)	(68,934)	3,947	(7%)	18,588	(27%)
93,425	93,425	162,360		0	0%	(68,935)	(42%)
\$43,079	\$39,132	\$93,426	\$93,426	\$3,947	5%	(\$50,347)	(54%)

Real Estate Division

September 2023

Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of August 1 - 28, 2023

There are 14 leasing changes for this period, and they are as follows:

- 1 - New Contract of Lease
- 3 - Straight Renewal
- 4 - Renewal with Increase in Rent
- 1 - Renewal with Increase in Rent and Square Feet
- 1 - Renewal with Decrease in Square Feet
- 1 - Decrease in Square Feet - DOA Owned
- 3 - State Leases to Quasi-Governmental Entities

Department of Administration Real Estate Division Leasing Report
For the period of August 1, 2022 through August 28, 2022

NEW CONTRACT OF LEASE

SMALL BUSINESS DEVELOPMENT CENTER

SBD-013 New Contract of Lease for 3 years consisting of 108 square feet of office space at the monthly rate of \$400.00, annual cost \$4,800.00, 137 Main Street, in the City of Oak Hill, Fayette County, West Virginia.

STRAIGHT RENEWAL

STATE ATHLETIC COMMISSION

SAC-001 Renewal for 1 year consisting of 365 square feet of office/storage space at the current annual per square foot rate of \$12.50, annual cost \$4,562.50, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF FINANCIAL INSTITUTIONS

FIN-003 Renewal for 5 years consisting of 130 square feet of Backup Data Center space at the current monthly rate of \$244.09, annual cost \$2,929.08, full service, 64 Sterling Drive, in the City of Bridgeport, Harrison County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-214 Renewal for 5 years consisting of 747 square feet of office space at the current annual per square foot rate of \$18.00, annual cost \$13,446.00, full service, 1000 Elmer Prince Drive, in the City of Morgantown, Monongalia County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-227 Renewal for 10 years consisting of 12,823 square feet of office space with an increase in the annual per square foot rate from \$15.03 to \$16.00, annual cost \$205,167.96, for years 1 – 5 then an increase in the annual per square foot rate from \$16.00 to \$16.80, annual cost \$215,426.40, for years 6 – 10, Janitorial included, 114 South High Street, in the City of Morgantown, Monongalia County, West Virginia.

HHR-230 Renewal for 10 years consisting of 10,000 square feet of office space with an increase in the annual per square foot rate from \$17.20 to \$18.06, annual cost \$180,600.00, for years 1 – 5 then an increase in the annual per square foot rate from \$18.06 to \$18.96, annual cost \$189,600.00, for years 6 – 10, 53 Kiess Drive, in the City of Petersburg, Grant County, West Virginia.

HHR-261 Renewal for 1 year consisting of 13,790 square feet of office space with an increase in the annual per square foot rate from \$12.75 to \$13.75, annual cost \$189,612.48, Utilities included, 500 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT - Continued

WORKFORCE WEST VIRGINIA

WWV-030 Renewal for 2 years consisting of 4,500 square feet of office space with an increase in the annual per square foot rate from \$12.38 to \$13.50, annual cost \$60,750, full service, 1275 Warwood Plaza, in the City of Wheeling, Ohio County, West Virginia.

RENEWAL WITH INCREASE IN RENT AND SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-226 Renewal for 10 years with an increase of square feet from 3,500 square feet to 7,000 square feet of office space with an increase in the annual per square foot rate from \$14.00 to \$16.00, annual cost \$111,999.96, for years 1 - 5 then an increase in the annual per square foot rate from \$16.00 to \$16.80, annual cost \$117,600.00, for years 6 - 10, Janitorial included, 122 and 124 South High Street, in the City of Morgantown, Monongalia County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET

WORKFORCE WEST VIRGINIA

WWV-020 Renewal for 2 years with a decrease of square feet from 4,820 square feet to 4,243 square feet of office space at the current annual per square foot rate of \$14.64, annual cost \$62,117.52, full service, 110 Park Avenue, in the City of Welch, McDowell County, West Virginia.

DECREASE IN SQUARE FEET - DOA OWNED

WEST VIRGINIA OFFICE OF TECHNOLOGY

OOT-003 Decrease of square feet from 26,693 square feet to 23,507 square feet of office space at the current annual per square foot rate of \$11.16, annual cost \$262,338.12, full service, Building #5 - 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

STATE LEASES TO QUASI-GOVERNMENTAL ENTITIES

REGION VI WORKFORCE WEST VIRGINIA

WIB-005 Renewal for 1 years consisting of 1 cubicle office space at the current monthly rate of \$260.00, annual cost \$3,120.00, full service, Building #53, located at 153 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

WIB-003 Renewal for 1 years consisting of 1 cubicle office space at the current monthly rate of \$260.00, annual cost \$3,120.00 full service, Building #53, located at 153 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

REGION 2 WORKFORCE INVESTMENT BOARD, INC

WB2-004 Renewal for 1 year with a decrease of square feet from 7,426 square feet to 5,059 square feet of office space at the current annual per square foot rate of \$15.34, annual cost \$77,605.08, full service, Building #32, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia

Real Estate Division
 Monthly Summary of Lease Activity
 August 1 - 28, 2023

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Small Business Development Center	SBD-013	Fayette	108	44.44	4,800	3.00	14,399
2	State Athletic Commission	SAC-001	Kanawha	365	12.50	4,563	1.00	4,563
3	Division of Financial Institutions	FIN-003	Harrison	130	22.53	2,929	5.00	14,645
4	Department of Health and Human Resources	HHR-214	Monongalia	747	18.00	13,446	5.00	67,230
5	Department of Health and Human Resources	HHR-227	Monongalia	12,823	16.00	205,168	5.00	1,025,840 *
	Department of Health and Human Resources	HHR-227	Monongalia	12,823	16.80	215,426	5.00	1,077,132 *
6	Department of Health and Human Resources	HHR-230	Grant	10,000	18.06	180,600	5.00	903,000 *
	Department of Health and Human Resources	HHR-230	Grant	10,000	18.96	189,600	5.00	948,000 *
7	Department of Health and Human Resources	HHR-261	Kanawha	13,790	13.75	189,613	1.00	189,613
8	WorkForce West Virginia	WWV-030	Ohio	4,500	13.50	60,750	2.00	121,500
9	Department of Health and Human Resources	HHR-226	Monongalia	7,000	16.00	112,000	5.00	560,000 *
	Department of Health and Human Resources	HHR-226	Monongalia	7,000	16.80	117,600	5.00	588,000 *
10	WorkForce West Virginia	WWV-020	McDowell	4,243	14.64	62,118	2.00	124,235
11	West Virginia Office of Technology	OOT-003	Kanawha	23,507	11.16	262,338	1.00	262,338
12	Region VI Workforce West Virginia	WIB-005	Harrison	12	260.00	3,120	1.00	3,120
13	Region VI Workforce West Virginia	WIB-003	Harrison	12	260.00	3,120	1.00	3,120
14	Region 2 WorkForce Investment Board, Inc.	WB2-004	Cabell	5,059	15.34	77,605	1.00	77,605

268.48
Total Rentable : 112,119
Average Annual Rental Rate 17.90
Total Annual Rent 1,704,795

* Indicates that the rental amount will exceed \$1,000,000 within the term of the lease.

Department of Health and Human Resources
Bureau for Medical Services

Medicaid Report
JULY 2023

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

SEPTEMBER 2023

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

MONTH OF JULY 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 07/31/23	Current Month Ended 07/31/23	Year To-Date Thru 07/31/23	08/01/23 Thru 6/30/2024
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	81,103,148	92,979,426	6,300,293	7,438,354	6,300,293	86,679,133
Inpatient Hospital - DSH	57,339,873	53,500,000	1,844,922	4,280,000	1,844,922	51,655,078
Inpatient Hospital - Supplemental Payments	1,098,674	-	-	-	-	-
Inpatient Hospital - GME Payments	14,461,737	13,452,984	57,412	1,076,239	57,412	13,395,572
Mental Health Facilities	6,295,274	9,855,666	899,117	788,453	899,117	8,956,549
Mental Health Facilities - DSH Adjustment Payments	16,372,757	18,887,045	4,721,761	1,510,964	4,721,761	14,165,284
Nursing Facility Services - Regular Payments	909,736,563	910,851,905	83,816,255	72,868,152	83,816,255	827,035,650
Nursing Facility Services - Supplemental Payments	-	25,000,000	-	2,000,000	-	25,000,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	70,285,738	61,773,950	5,763,771	4,941,916	5,763,771	56,010,179
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	27,303,815	27,571,075	3,373,616	2,205,686	3,373,616	24,197,459
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	34,572,879	36,497,510	3,794,174	2,919,801	3,794,174	32,703,336
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	889,666,463	961,587,502	117,731,850	76,927,000	117,731,850	843,855,652
Drug Rebate Offset - National Agreement	(591,930,088)	(466,000,000)	(50,977,342)	(37,280,000)	(50,977,342)	(415,022,658)
Drug Rebate Offset - State Sidebar Agreement	(97,081,651)	(48,000,000)	(26,875,088)	(3,840,000)	(26,875,088)	(21,124,912)
Drug Rebate Offset - MCO National	(8,746,526)	(12,600,000)	(860,341)	(1,008,000)	(860,341)	(11,739,659)
Drug Rebate Offset - MCO State Sidebar Agreement	17,601	-	-	-	-	-
ODD Medication Assisted Treatment—Drugs	86,680,518	-	11,150,851	-	11,150,851	(11,150,851)
Dental Services	4,326,025	4,399,087	529,687	351,927	529,687	3,869,400
Other Practitioners Services - Regular Payments	146,588,874	17,263,355	23,138,796	1,381,068	23,138,796	(5,875,441)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	2,442,194	1,433,269	251,305	114,662	251,305	1,181,964
Lab & Radiological Services	5,444,721	6,061,343	770,898	484,907	770,898	5,290,445
Home Health Services	22,635,227	31,691,744	1,575,226	2,535,340	1,575,226	30,116,518
Hysterectomies/Sterilizations	7,015	2,928	1,204	234	1,204	1,724
Pregnancy Terminations ⁽²⁾	-	19,089	-	1,527	-	19,089
EPSDT Services	1,214,270	771,690	132,988	61,735	132,988	638,702
Rural Health Clinic Services	2,449,746	2,237,118	497,716	178,969	497,716	1,739,402
Medicare Health Insurance Payments - Part A Premiums	28,308,602	30,240,573	2,540,685	2,419,246	2,540,685	27,699,888
Medicare Health Insurance Payments - Part B Premiums	150,906,037	170,705,833	12,636,325	13,656,467	12,636,325	158,069,508
120% - 134% Of Poverty	15,979,491	16,226,884	1,356,138	1,298,151	1,356,138	14,870,746
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,687,829	12,394,747	1,469,622	991,580	1,469,622	10,925,125

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

	MONTH OF JULY 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 07/31/23	Current Month Ended 07/31/23	Year To-Date Thru 07/31/23	08/01/23 Thru 6/30/2024		
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,699,447,506	2,316,592,754	184,816,085	185,327,420	184,816,085	2,131,776,669		
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-		
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Group Health Plan Payments	2,311,560	2,219,207	395,030	177,537	395,030	1,824,177		
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-		
Home & Community-Based Services (IDD)	399,436,614	425,644,479	32,290,024	34,051,558	32,290,024	393,354,455		
Home & Community-Based Services (Aged/Disabled)	114,651,033	162,465,610	5,962,047	12,997,249	5,962,047	156,503,563		
Home & Community-Based Services (Traumatic Brain Injury)	3,938,462	2,368,144	101,624	189,451	101,624	2,266,520		
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-		
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-		
Community Supported Living Services	-	-	-	-	-	-		
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-		
Personal Care Services - Regular Payments	58,767,481	86,842,302	1,899,211	6,947,384	1,899,211	84,943,091		
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-		
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-		
Targeted Case Management Services - State Wide	1,953,673	2,125,804	88,212	170,064	88,212	2,037,592		
Primary Care Case Management Services	-	-	-	-	-	-		
Hospice Benefits	30,179,762	27,812,852	3,919,481	2,225,028	3,919,481	23,893,371		
Emergency Services Undocumented Aliens	1,591,557	599,899	97,477	47,992	97,477	502,422		
Federally Qualified Health Center	11,339,883	6,515,541	1,110,867	521,243	1,110,867	5,404,674		
Non-Emergency Medical Transportation	41,612,362	42,182,568	3,490,474	3,374,605	3,490,474	38,692,094		
Physical Therapy	1,001,192	985,693	115,433	78,855	115,433	870,260		
Occupational Therapy	417,926	408,056	47,068	32,644	47,068	360,988		
Services for Speech, Hearing & Language	286,823	236,711	34,222	18,937	34,222	202,489		
Prosthetic Devices, Dentures, Eyeglasses	799,272	564,182	113,257	45,135	113,257	450,925		
Diagnostic Screening & Preventive Services	74,116	63,414	10,833	5,073	10,833	52,581		
Nurse Mid-Wife	96,015	101,173	10,665	8,094	10,665	90,508		
Emergency Hospital Services	-	-	-	-	-	-		
Critical Access Hospitals	23,286,462	21,496,408	2,176,809	1,719,713	2,176,809	19,319,599		
Nurse Practitioner Services	4,696,653	3,859,208	566,347	308,737	566,347	3,292,861		
School Based Services	32,482,763	29,998,882	544,101	2,399,911	544,101	29,454,781		
Rehabilitative Services (Non-School Based)	36,592,651	26,807,946	3,577,464	2,233,995	3,577,464	23,230,482		
2a) Opioid Treatment Program (OTP) - Methadone services	146,007	-	11,016	-	11,016	(11,016)		
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,322,357	-	3,636	-	3,636	(3,636)		
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,008,425	-	1,344,175	-	1,344,175	(1,344,175)		
2a) OUD Medicaid Assisted Treatment Services	16,386,491	-	2,210,565	-	2,210,565	(2,210,565)		
2a) Opioid Treatment Program (OTP) - Other	629,873	-	80,945	-	80,945	(80,945)		
Private Duty Nursing	4,636,150	4,807,324	780,985	384,586	780,985	4,026,339		
Freestanding Birth Centers	-	-	-	-	-	-		
Health Home for Enrollees w Chronic Conditions	2,657,501	2,507,273	253,470	200,582	253,470	2,253,803		
Other Care Services	26,284,761	36,847,337	3,646,950	2,947,787	3,646,950	33,200,387		
Less: Recoupments	-	-	(159,688)	-	(159,688)	159,688		
NET MEDICAID EXPENDITURES:	5,416,202,136	5,182,857,492	455,180,626	414,717,959	455,180,626	4,727,676,866		

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

MONTH OF JULY 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 07/31/23	Current Month Ended 07/31/23	Year To-Date Thru 07/31/23	08/01/23 Thru 6/30/2024
Collections: Third Party Liability (line 9A on CMS-64)	(8,071,960)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(2,609,787)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(917,727)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(35,290,306)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	5,369,312,356	5,182,857,492	455,180,626	414,717,959	455,180,626	4,727,676,866
Plus: Medicaid Part D Expenditures	43,535,275	52,661,876	3,946,564	4,212,950	3,946,564	48,715,312
Plus: State Only Medicaid Expenditures	187,230	262,845	14,293	21,028	14,293	248,552
Plus: Money Follow the Person Expenditures	1,170,896	1,037,688	148,557	83,015	148,557	889,131
TOTAL MEDICAID EXPENDITURES	\$5,414,205,758	\$5,236,819,901	\$459,290,040	\$419,034,952	\$459,290,040	\$4,777,529,861
Plus: Reimbursables ⁽¹⁾	4,404,092	-	548,839	-	548,839	(548,839)
Plus: NATCEP/PASARR/Eligibility Exams	241,251	29,578	47,750	2,366	47,750	(18,172)
Plus: HIT Incentive Payments	-	-	-	-	-	-
TOTAL EXPENDITURES	\$5,418,851,102	\$5,236,849,480	\$459,886,630	\$419,037,318	\$459,886,630	\$4,776,962,850

(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 \$1,712,389 is the amount paid to State Facilities year to date.

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

MONTH OF JULY 2023	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2023	Current Month Ended 07/31/23	Year-To-Date Thru 07/31/23	08/01/23 Thru 06/30/24	SFY2024
REVENUE SOURCES					
Beg. Bal. 7/01/22 (5084/1020 prior mth)	81,507,579	127,247,384	127,247,384	-	127,247,384
MATCHING FUNDS	-				
General Revenue (0403/189)	292,112,801	17,813,519	17,813,519	249,389,255	267,202,774
IDD Waiver (0403/466)	108,541,736	7,236,116	7,236,116	101,305,620	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	216,333	2,379,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	529,667	5,826,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,334	53,334	746,666	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	906,241	12,687,379	13,593,620
Medical Services Surplus (0403/633)	8,800,000	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	13,603,501	-	-	23,126,633	23,126,633
Lottery Waiver (0420/539)	19,612,957	-	-	10,839,825	10,839,825
Lottery Transfer (5405/871)	16,400,070	-	-	16,400,070	16,400,070
Excess Lottery (5365/189)	26,697,960	-	-	60,716,750	60,716,750
Lottery Surplus (5405/68199)	14,750,000	-	-	14,750,000	14,750,000
Lottery Surplus (5365/68100)	16,200,000	-	-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	14,208,033	-	-	71,085,999	71,085,999
Provider Tax (5090/189)	290,400,000	-	-	639,251,662	639,251,662
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-
Certified Match	15,218,760	653,198	653,198	13,052,802	13,706,000
Reimbursables - Amount Reimbursed	7,427,510	-	-	-	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	10,461	12,090	12,090	(12,090)	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	196,666	-	-	-	-
TOTAL MATCHING FUNDS	\$ 949,033,654	\$ 154,667,882	\$ 154,667,882	\$ 1,238,546,571	\$ 1,393,214,454
FEDERAL FUNDS	4,596,740,061	341,109,566	341,109,566	3,761,910,758	4,103,020,324
TOTAL REVENUE SOURCES	\$ 5,545,773,715	\$ 495,777,448	\$ 495,777,448	\$ 5,000,457,329	\$ 5,496,234,777
TOTAL EXPENDITURES:					
Provider Payments	\$ 5,418,851,102	\$ 459,886,630	\$ 459,886,630	\$ 4,776,962,850	\$ 5,236,849,480
TOTAL	\$ 126,922,614	\$ 35,890,819	\$ 35,890,819	\$ 223,494,479	\$ 259,385,298

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

Department of Health and Human Resources

Bureau for Medical Services

Medicaid Waiver Report JULY 2023

Submitted to

Joint Committee on Government and Finance
and
Legislative Oversight Commission on Health and Human
Resources Accountability

SEPTEMBER 2023

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

Aged & Disabled Waiver Reported July 31, 2023		FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)		8,500	8,500												8,500
-Slots Available for Traditional (ADW-WV) enrollees		8,424	8,424												8,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76												76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees															
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		8,613	7,675												7,675
Applicants determined eligible this month and added to MEL (3) * 83 of 137 are awaiting Financial Eligibility not yet on MEL		2,416	137*												137
Applicants determined ineligible		123	11												11
ACTIVE MEMBERS															
Active Traditional Members at the end of the month		7,559	7,554												7,554
Active Take Me Home Members at the end of the month		48	41												41
Active Money Follows the Person Members at the end of the month															
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		7,607	7,595												7,595
Active members enrolled during the calendar month		1,835	187												187
-Total Active Traditional members enrolled during the calendar month		1,787	186												186
-Total Active TMH-WV members enrolled during the calendar month		48	1												1
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,516	199												199
ADW Members whose case was closed by reason	Member is deceased	874	71												71
	Other (4)	642	128												128
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,499	248												248
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,330	143												143
	Applicant became deceased	222	12												12
	Other (5)	947	93												93
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month		0	0												0
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month		1	0												0
Applicants on the MEL at the end of month		83	5												5
Days - Average time spent on the MEL to date Minus MFP Applicants		127	28												28

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

SEPTEMBER 2023
Report

to

Joint Committee on
Government and Finance

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the One Month Ending July 31, 2023 and July 31, 2022

	Annual Budget 2024	Budget Year-to-Date	Actual July 31, 2023	Actual July 31, 2022	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$5,382,999	\$6,999,256	(\$1,616,257)	-23%		
Revenues								
Federal Grants	\$5,789,868	\$482,489	\$3,000,000	\$2,753,985	\$246,015	9%	\$2,517,511	522%
State Appropriations	\$11,026,842	\$10,107,939	\$737,630	\$468,593	\$0	0%	(\$9,370,309)	-93%
Premium Revenues	\$52,500	\$48,125	\$5,008	\$3,393	\$1,615	48%	(\$43,118)	-90%
Investment Earnings (Interest)	\$100,000	\$91,667	(\$5,898)	(\$31,202)	\$25,303	-81%	(\$97,565)	-106%
Total Operating Fund Revenues	<u>\$16,969,210</u>	<u>\$10,730,219</u>	<u>\$3,736,739</u>	<u>\$3,194,769</u>	<u>\$541,970</u>	17%	<u>(\$6,993,480)</u>	-65%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$3,118,588.29	\$2,903,341.00	\$215,247	7%		
Prescribed Drugs			\$956,466	\$123,430	\$833,036	675%		
Physicians & Surgical			\$93,421	\$29,082	\$64,339	221%		
Inpatient Hospital Services			\$34,050	\$52,907	(\$18,857)	-36%		
Outpatient Services			\$72,490	\$12,708	\$59,782	470%		
Dental			\$42,990	\$5,561	\$37,429	673%		
Therapy			\$24,739	\$6,757	\$17,982	266%		
Other Services			\$13,560	\$2,577	\$10,983	426%		
Medical Transportation			\$129,501	\$2,187	\$127,314	5821%		
Inpatient Mental Health			\$3,671	\$3,250	\$421	13%		
Outpatient Mental Health			\$7,688	\$156	\$7,532	4828%		
Vision			\$2,555	\$453	\$2,102	464%		
Durable & Disposable Med. Equip.			\$2,335	\$500	\$1,835	367%		
Less: Other Collections**			\$0	(\$26)	\$26	-100%		
Drug Rebates	(\$2,517,954)	(\$209,830)	\$0	(\$295,973)	\$295,973	-100%	(\$209,830)	100%
Total Claims Expenses	<u>\$64,732,739</u>	<u>\$5,394,395</u>	<u>\$4,502,055</u>	<u>\$2,846,910</u>	<u>\$1,655,145</u>	58%	<u>(\$892,340)</u>	-17%
Administrative Expenses:								
Salaries and Benefits	\$557,031	\$46,419	\$32,380	\$41,433	(\$9,053)	-22%	(\$14,039)	-30%
Program Administration	\$4,864,472	\$405,373	\$512,555	\$597,651	(\$85,096)	-14%	\$107,182	26%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$0	\$0	\$0	0%	(\$56,250)	-100%
Current	\$413,409	\$34,451	\$3,568	\$537	\$3,031	564%	(\$30,883)	-90%
Total Administrative Expenses in Operating Fund	<u>\$6,059,912</u>	<u>\$542,493</u>	<u>\$548,503</u>	<u>\$639,621</u>	<u>(\$91,118)</u>	-14%	<u>\$6,010</u>	1%
Total Operating Fund Expenditures	<u>\$70,792,651</u>	<u>\$5,936,888</u>	<u>\$5,050,558</u>	<u>\$3,486,531</u>	<u>\$1,564,027</u>	45%	<u>(\$886,330)</u>	-15%
Adjustments			<u>\$47,889</u>	<u>(\$276,376)</u>				
Ending Operating Fund Balance			<u>\$4,117,069.00</u>	<u>\$6,431,118</u>	<u>(\$2,314,049)</u>	-36%		
Money Market			\$13,699	\$13,124				
Bond Pool			\$3,736,678	\$3,674,625				
Cash on Deposit			\$366,692	\$2,743,369				
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
Total WVCHIP Revenues			<u>\$3,736,739</u>	<u>\$3,194,769</u>	<u>\$541,970</u>	17%		
Program Expenses outside of Operating Funds:								
Eligibility	\$1,500,000	\$125,000	\$0	\$0	\$0	0%	(\$125,000)	-100%
Total Administrative Expenses	<u>\$7,559,912</u>	<u>\$667,493</u>	<u>\$548,503</u>	<u>\$639,621</u>	<u>(\$91,118)</u>	-14%	<u>(\$118,990)</u>	-18%
Total WVCHIP Expenditures	<u>\$72,292,651</u>	<u>\$6,061,888</u>	<u>\$5,050,558</u>	<u>\$3,486,531</u>	<u>\$1,564,027</u>	45%	<u>(\$1,011,330)</u>	-17%

Footnotes:

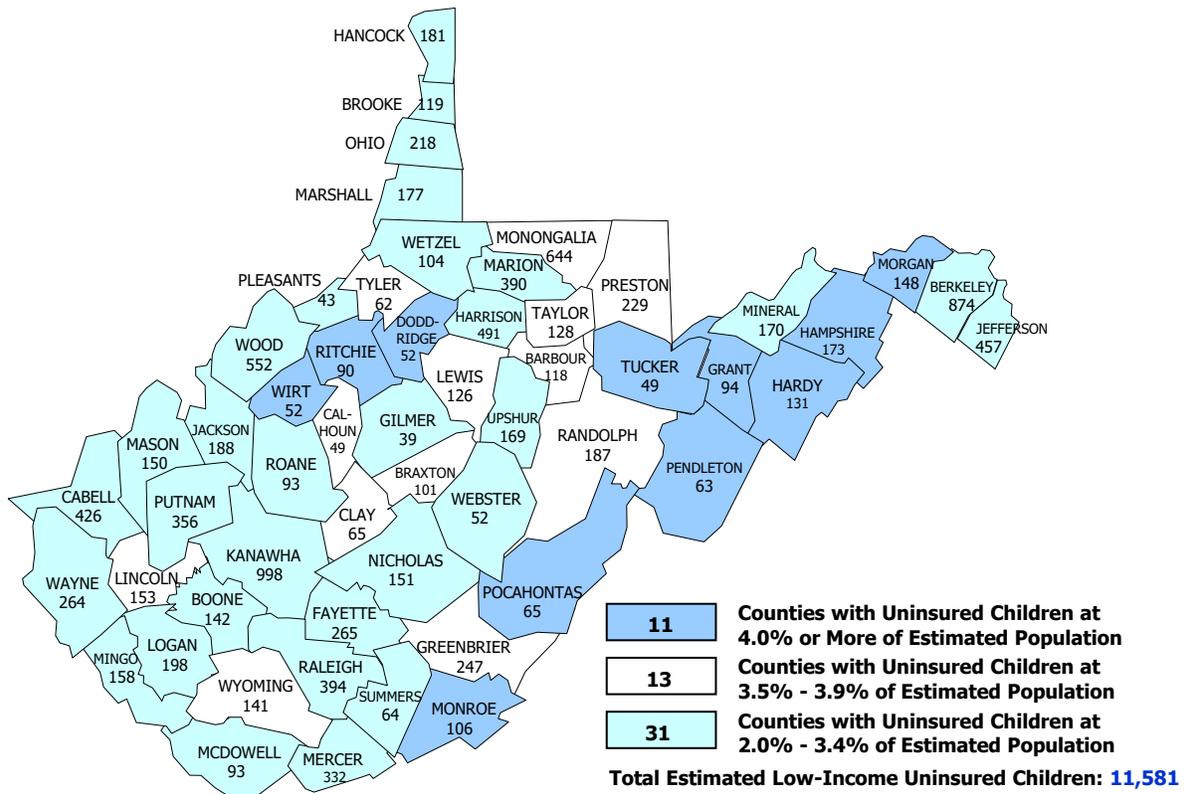
- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on July 31, 2023 is \$558,624. The July 31, 2022 estimate was \$360,000.
- 3) Administrative Accounts Payable balance on July 31, 2023 was \$381,466. The July 31, 2022 balance was \$515,954.
- 4) 2023 and 2022 adjustments to fund balances represents timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY24 is 83.56%. SFY23 was 85.00%.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services includes home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

AUGUST 2023

County	County Pop.	MATERNITY			Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2020	2020		
	2020 Est. (0-18 Yrs)	BLUE Aug-23	GOLD Aug-23	PREM Aug-23	BLUE Aug-23	PREM Aug-23	Enrollment Aug-23	Enrollment Aug-23	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	% Uninsured
Barbour	3,243	107	32	82	2	2	225	1,817	2,042	63.0%	118	3.6%
Berkeley	28,759	957	412	636	17	19	2,041	13,258	15,299	53.2%	874	3.0%
Boone	4,366	98	51	69	2	1	221	2,819	3,040	69.6%	142	3.3%
Braxton	2,579	62	27	41	0	2	132	1,366	1,498	58.1%	101	3.9%
Brooke	3,888	0	0	0	0	0	0	1	1	0.0%	119	3.1%
Cabell	18,302	397	199	294	8	8	906	9,185	10,091	55.1%	426	2.3%
Calhoun	1,265	52	15	21	1	2	91	762	853	67.4%	49	3.9%
Clay	1,818	43	20	30	3	0	96	1,231	1,327	73.0%	65	3.6%
Doddridge	1,181	40	9	19	0	2	70	677	747	63.3%	52	4.4%
Fayette	8,609	290	81	158	1	7	537	4,930	5,467	63.5%	265	3.1%
Gilmer	1,142	26	17	25	1	0	69	586	655	57.4%	39	3.4%
Grant	2,261	69	23	48	3	0	143	1,243	1,386	61.3%	94	4.2%
Greenbrier	6,618	234	101	170	8	4	517	3,702	4,219	63.8%	247	3.7%
Hampshire	4,103	141	58	70	2	0	271	2,417	2,688	65.5%	173	4.2%
Hancock	5,501	245	102	123	3	2	475	4,025	4,500	81.8%	181	3.3%
Hardy	2,742	85	43	57	2	0	187	1,471	1,658	60.5%	131	4.8%
Harrison	14,649	398	173	290	5	5	871	6,456	7,327	50.0%	491	3.4%
Jackson	6,156	115	48	90	0	2	255	2,978	3,233	52.5%	188	3.1%
Jefferson	13,252	366	133	188	6	1	694	3,847	4,541	34.3%	457	3.4%
Kanawha	35,737	898	377	629	15	23	1,942	33,196	35,138	98.3%	998	2.8%
Lewis	3,385	99	46	65	2	4	216	2,070	2,286	67.5%	126	3.7%
Lincoln	4,432	104	23	69	4	2	202	2,781	2,983	67.3%	153	3.5%
Logan	6,538	160	63	102	4	4	333	4,259	4,592	70.2%	198	3.0%
Marion	11,397	326	117	214	7	7	671	5,348	6,019	52.8%	390	3.4%
Marshall	5,847	111	53	71	2	3	240	2,676	2,916	49.9%	177	3.0%
Mason	5,492	121	47	56	0	6	230	2,959	3,189	58.1%	150	2.7%
Mercer	12,047	418	162	219	8	5	812	7,959	8,771	72.8%	332	2.8%
Mineral	5,365	192	66	87	3	1	349	2,448	2,797	52.1%	170	3.2%
Mingo	5,013	118	48	64	1	2	233	3,726	3,959	79.0%	158	3.2%
Monongalia	18,331	417	178	261	6	8	870	5,873	6,743	36.8%	644	3.5%
Monroe	2,635	84	38	95	3	4	224	1,232	1,456	55.3%	106	4.0%
Morgan	3,167	106	52	83	2	1	244	1,485	1,729	54.6%	148	4.7%
McDowell	3,372	57	46	56	0	1	160	2,713	2,873	85.2%	93	2.8%
Nicholas	4,952	185	59	107	3	5	359	2,661	3,020	61.0%	151	3.0%
Ohio	8,140	189	74	126	2	0	391	3,805	4,196	51.5%	218	2.7%
Pendleton	1,250	27	21	39	1	0	88	544	632	50.6%	63	5.0%
Pleasants	1,461	32	6	23	0	2	63	692	755	51.7%	43	2.9%
Pocahontas	1,406	37	17	36	0	0	90	746	836	59.5%	65	4.6%
Preston	6,396	216	82	133	2	5	438	3,003	3,441	53.8%	229	3.6%
Putnam	13,000	367	155	206	3	5	736	4,327	5,063	38.9%	356	2.7%
Raleigh	15,247	449	135	314	9	11	918	9,165	10,083	66.1%	394	2.6%
Randolph	5,224	159	58	127	3	3	350	2,711	3,061	58.6%	187	3.6%
Ritchie	1,896	50	15	21	1	0	168	1,040	1,208	63.7%	90	4.7%
Roane	2,757	133	53	102	0	2	226	1,438	1,664	60.4%	93	3.4%
Summers	1,981	81	13	38	0	2	166	1,432	1,598	80.7%	64	3.2%
Taylor	3,413	103	40	70	0	1	189	1,428	1,617	47.4%	128	3.8%
Tucker	946	38	21	45	0	2	89	516	605	64.0%	49	5.2%
Tyler	1,718	39	15	28	0	2	165	781	946	55.1%	62	3.6%
Upshur	4,938	133	66	109	1	1	333	2,700	3,033	61.4%	169	3.4%
Wayne	7,913	205	81	132	3	2	318	4,552	4,870	61.5%	264	3.3%
Webster	1,559	74	21	27	1	1	136	1,060	1,196	76.7%	52	3.3%
Wetzel	3,053	63	15	39	2	1	98	1,956	2,054	67.3%	104	3.4%
Wirt	1,209	33	10	17	1	0	274	638	912	75.4%	52	4.3%
Wood	17,613	433	141	230	6	7	696	8,891	9,587	54.4%	552	3.1%
Wyoming	4,086	108	37	109	3	4	261	2,443	2,704	66.2%	141	3.5%
Totals	363,350	10,090	3,995	6,560	162	184	20,991	198,025	219,016	60.3%	11,581	3.2%

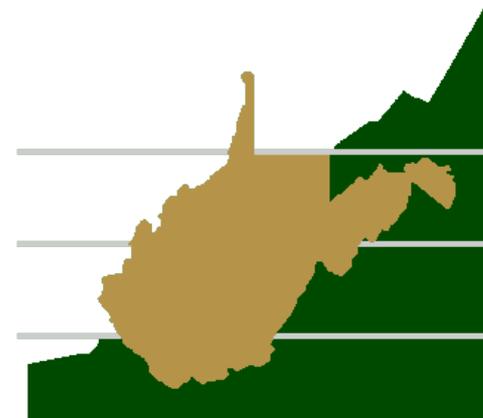


The above map shows the most recent 2020 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.2%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer-sponsored insurance and should be a more accurate way to target outreach than in previous years.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

July 31, 2023



Participant Plans Allocation & Performance Net of Fees - Preliminary

Period Ending: July 31, 2023

	6/30/2023		7/31/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	24,195,759	100.0	24,643,589	100.0								
Pension Assets	19,769,884	81.7	20,154,342	81.8								
Public Employees' Retirement System	8,389,527	34.7	8,536,038	34.6	2.0	4.8	2.0	7.0	9.9	8.1	8.5	8.2
Teachers' Retirement System	9,309,871	38.5	9,509,950	38.6	2.0	4.7	2.0	7.0	9.9	8.1	8.5	8.0
EMS Retirement System	125,051	0.5	127,827	0.5	2.0	4.7	2.0	6.9	9.8	8.1	8.5	
Public Safety Retirement System	777,610	3.2	788,753	3.2	2.0	4.8	2.0	7.0	9.9	8.1	8.5	8.2
Judges' Retirement System	278,250	1.2	283,434	1.2	2.0	4.8	2.0	7.0	9.9	8.1	8.5	8.2
State Police Retirement System	319,757	1.3	326,690	1.3	2.0	4.7	2.0	7.0	9.9	8.1	8.5	8.2
Deputy Sheriffs' Retirement System	315,705	1.3	321,781	1.3	2.0	4.7	2.0	7.0	9.9	8.1	8.5	8.2
Municipal Police & Firefighter Retirement System	34,910	0.1	36,127	0.2	2.0	4.7	2.0	6.9	9.7	8.0	8.3	
Natural Resources Police Office Retirement System	27,614	0.1	28,223	0.1	2.0	4.7	2.0	7.0				
Municipal Model A	188,953	0.8	192,707	0.8	2.0	4.7	2.0	7.9	10.4	8.5	8.7	
Municipal Model B	2,636	0.0	2,812	0.0	2.3	4.9	2.3	7.8	5.4			
Insurance Assets	3,213,744	13.4	3,261,459	13.2								
Workers' Compensation Old Fund	850,939	3.5	855,533	3.5	1.5	2.9	1.5	3.6	3.3	4.2	4.5	
Workers' Comp. Self-Insured Guaranty Risk Pool	37,031	0.2	37,642	0.2	1.5	2.9	1.5	4.0	3.9	4.4	4.7	
Workers' Comp. Self-Insured Security Risk Pool	48,499	0.2	49,021	0.2	1.5	2.9	1.5	4.1	3.9	4.4		
Workers' Comp. Uninsured Employers' Fund	16,761	0.1	17,048	0.1	1.5	2.9	1.5	4.1	3.8	4.3	4.5	
Pneumoconiosis	200,078	0.8	201,955	0.8	1.5	2.9	1.5	4.0	3.9	4.4	4.7	5.3
Board of Risk & Insurance Management	183,791	0.8	186,618	0.7	1.5	2.9	1.5	4.0	3.9	4.4	4.7	
Public Employees' Insurance Agency	135,618	0.6	137,547	0.5	1.4	2.4	1.4	3.3	3.1	4.0	4.5	
WV Retiree Health Benefit Trust Fund	1,741,027	7.2	1,776,095	7.2	2.0	4.7	2.0	7.0	9.9	8.1	8.5	
Endowment Assets	1,212,130	4.9	1,227,788	5.0								
Berkeley County Development Authority	8,549	0.0	8,721	0.0	2.0	4.7	2.0	7.0	9.9	8.1		
Wildlife Fund	72,206	0.3	71,906	0.4	2.0	4.7	2.0	7.0	9.8	8.1	8.5	8.2
WV State Parks and Recreation Endowment Fund	35,014	0.1	36,421	0.1	2.0	4.8	2.0	7.5				
Revenue Shortfall Reserve Fund	334,187	1.4	337,255	1.4	0.9	0.8	0.9	(0.9)	(1.3)	1.5	1.8	
Revenue Shortfall Reserve Fund - Part B	514,791	2.1	521,230	2.1	1.3	1.8	1.3	1.2	0.9	3.4	4.0	
WV DEP Trust	11,468	0.0	11,731	0.0	2.3	5.2	2.3	9.4	8.4	6.5	7.2	
WV DEP Agency	235,915	1.0	240,524	1.0	2.0	4.0	2.0	6.2	5.0	5.0		

Composite Asset Allocation & Performance Net of Fees - Preliminary

Period Ending: July 31, 2023

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	24,656,044	100.00									
Portable Alpha Composite +/- S&P 500 Index	5,359,411	21.74	2.91 (0.30)	10.31 (0.20)	2.91 (0.30)	10.74 (2.27)	13.50 (0.22)				
Large Cap Domestic Equity Composite +/- S&P 500 Index	323,894	1.31	3.17 (0.04)	10.47 (0.04)	3.17 (0.04)	12.81 (0.20)	13.61 (0.11)	12.01 (0.19)	12.58 (0.08)	10.16 0.04	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,080,657	4.38	3.65 (1.32)	9.49 (2.43)	3.65 (1.32)	16.21 8.16	14.74 2.10	7.78 0.60	9.55 0.33	10.33 0.49	
International Equity Composite +/- MSCI AC World ex US IMI Index (a)	4,394,770	17.82	4.96 0.72	6.56 1.47	4.96 0.72	15.17 1.61	8.77 1.03	4.56 0.27	6.00 0.69	8.06 0.78	
Fixed Income Composite +/- Bloomberg Universal (b)	4,137,190	16.78	0.57 0.47	0.23 1.32	0.57 0.47	0.46 2.86	(2.19) 1.77	1.78 0.82	2.49 0.71	3.96 0.53	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,823,644	7.40	(0.15) (0.08)	(1.40) 0.11	(0.15) (0.08)	(2.17) 1.20	(3.37) 1.09	1.60 0.85	2.09 0.59		
Total Return Fixed Income Composite (c) +/- Bloomberg Universal	2,313,546	9.38	1.14 1.04	1.55 2.64	1.14 1.04	2.10 4.50	(1.53) 2.43	1.93 0.97	2.70 0.92	4.39 0.91	
TIPS Composite +/- Bloomberg US TIPS 1-10 Yr (d)	399,061	1.62	0.44 (0.02)	(1.21) 0.02	0.44 (0.02)	(5.14) 0.08	(0.73) 0.05	2.73 0.08	2.08 0.04		
Cash Composite +/- FTSE 3 Month US T-Bill (e)	215,008	0.87	0.41 (0.05)	1.25 (0.06)	0.41 (0.05)	3.98 (0.13)	1.41 (0.07)	1.52 (0.11)	1.00 (0.03)	1.42 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,802,506	11.37	0.26 (3.57)	4.04 (7.79)	0.26 (3.57)	4.90 (10.75)	21.88 5.75	20.65 6.20	18.40 3.22		
Real Estate Composite +/- NCREIF + 1% (f)	2,447,847	9.93	(0.13) 0.45	(1.31) 0.31	(0.13) 0.45	(5.76) (3.45)	6.93 (1.11)	5.72 (1.72)	7.80 (1.37)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,511,279	10.19	1.21 0.07	2.46 (0.11)	1.21 0.07	6.28 1.28	8.13 2.49	5.65 1.15	4.89 0.80		
Private Credit & Income Composite +/- SOFR + 4% (f, i)	984,421	3.99	0.50 (0.27)	1.91 0.31	0.50 (0.27)	1.20 (7.76)	7.40 0.26	6.22 0.58			

Participant Plans Allocation vs. Strategy - Preliminary

Period Ending: July 31, 2023

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

Pension Assets

Public Employees' Retirement System	47.9	45.0	14.3	15.0	12.4	12.0	10.8	12.0	4.4	6.0	10.0	10.0	0.2	0.0
Teachers' Retirement System	47.5	45.0	14.1	15.0	12.3	12.0	10.8	12.0	4.3	6.0	9.9	10.0	1.1	0.0
EMS Retirement System	47.5	45.0	14.4	15.0	12.3	12.0	10.7	12.0	4.3	6.0	9.9	10.0	0.9	0.0
Public Safety Retirement System	48.0	45.0	14.1	15.0	12.5	12.0	10.9	12.0	4.4	6.0	10.1	10.0	0.0	0.0
Judges' Retirement System	47.9	45.0	14.4	15.0	12.4	12.0	10.8	12.0	4.4	6.0	10.0	10.0	0.1	0.0
State Police Retirement System	47.7	45.0	14.6	15.0	12.3	12.0	10.8	12.0	4.3	6.0	10.0	10.0	0.3	0.0
Deputy Sheriffs' Retirement System	47.8	45.0	14.4	15.0	12.4	12.0	10.8	12.0	4.3	6.0	10.0	10.0	0.3	0.0
Municipal Police & Firefighter Retirement System	46.9	45.0	14.4	15.0	12.2	12.0	10.6	12.0	4.3	6.0	9.8	10.0	1.8	0.0
Natural Resources Police Office Retirement System	47.5	45.0	14.4	15.0	12.3	12.0	10.8	12.0	4.3	6.0	9.9	10.0	0.8	0.0
Municipal Model A	47.5	45.0	14.1	15.0	12.3	12.0	10.8	12.0	4.3	6.0	10.0	10.0	1.0	0.0
Municipal Model B	54.5	55.0	39.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	0.0

Insurance Assets

Workers' Compensation Old Fund	27.2	25.0	44.2	45.0	4.2	4.0	3.7	4.0	1.5	2.0	15.3	15.0	3.9	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	26.9	25.0	43.7	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.1	15.0	5.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	27.1	25.0	43.9	45.0	4.2	4.0	3.7	4.0	1.5	2.0	15.2	15.0	4.4	5.0
Workers' Comp. Uninsured Employers' Fund	26.8	25.0	43.8	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.1	15.0	5.0	5.0
Pneumoconiosis	27.0	25.0	44.0	45.0	4.2	4.0	3.7	4.0	1.5	2.0	15.3	15.0	4.3	5.0
Board of Risk & Insurance Management	26.8	25.0	43.8	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.2	15.0	4.9	5.0
Public Employees' Insurance Agency	21.5	20.0	53.6	55.0	2.1	2.0	1.8	2.0	0.7	1.0	20.3	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	47.9	45.0	14.6	15.0	12.4	12.0	10.8	12.0	4.3	6.0	10.0	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	47.9	45.0	14.6	15.0	12.4	12.0	10.8	12.0	4.3	6.0	10.0	10.0	0.0	0.0
Wildlife Fund	47.7	45.0	14.6	15.0	12.4	12.0	10.8	12.0	4.3	6.0	10.0	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	47.5	45.0	14.2	15.0	12.0	12.0	10.5	12.0	4.2	6.0	9.7	10.0	1.9	0.0
Revenue Shortfall Reserve Fund	10.9	10.0	79.2	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.9	10.0
Revenue Shortfall Reserve Fund - Part B	19.0	17.5	71.3	72.5	2.1	2.0	1.8	2.0	0.7	1.0	5.1	5.0	0.0	0.0
WV DEP Trust	52.8	50.0	14.6	15.0	10.2	10.0	8.9	10.0	3.6	5.0	9.9	10.0	0.0	0.0
WV DEP Agency	37.0	35.0	38.4	40.0	2.1	2.0	1.8	2.0	0.7	1.0	20.0	20.0	0.0	0.0

- (a) Prior to January 2014, the index was the MSCIACW ex USA (Standard).
- (b) Prior to April 2008, the index was Bloomberg US Aggregate.
- (c) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (d) Prior to June 2023, the index was Bloomberg US TIPS.
- (e) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (f) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) From April 2017 to May 2023, the index was CS Leveraged Loan plus 200 basis points. Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.

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

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Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.



WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

Allan L. McVey
Insurance Commissioner

Insurance Commissioner

August 2023 Report

to

Joint Committee on Government & Finance

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Introduction

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

Although workers' compensation insurance in WV was privatized, a large legacy liability existed from the operation of the State-administered monopolistic fund. This legacy liability was retained by the State of West Virginia in what is known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005.

As of July 2023, there were 7,041 active claims remaining in the Old Fund. This report provides updates on the status of the various workers' compensation funds and the activities associated with the regulation of workers' compensation insurance by the Insurance Commissioner.

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

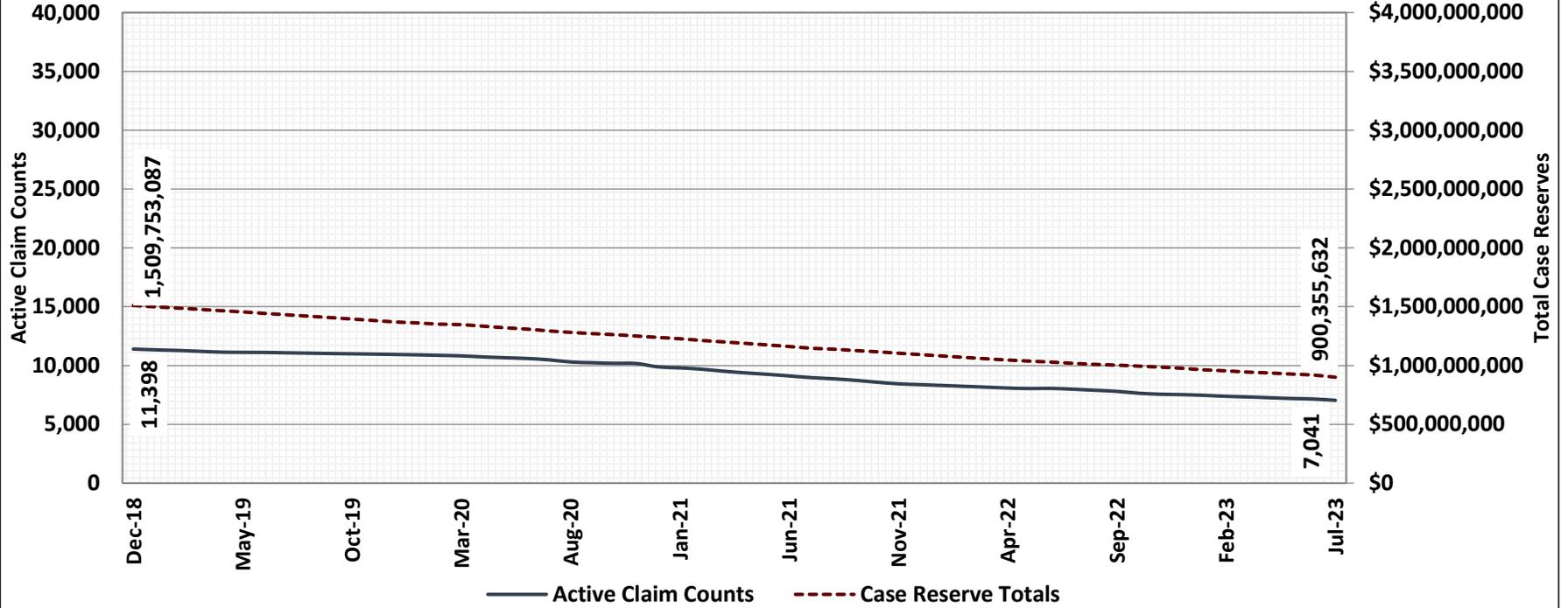
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

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

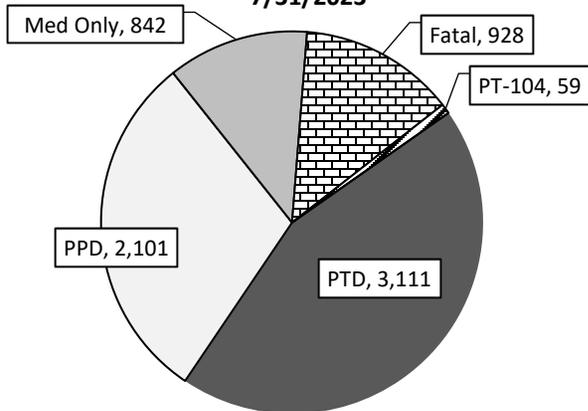
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

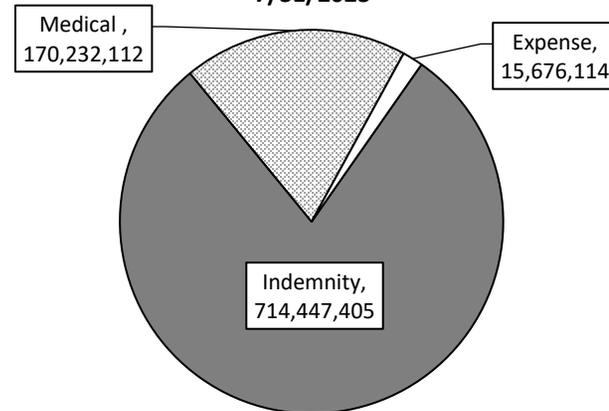
**Old Fund
Active Claim Counts and Case Reserves
7/31/2023**



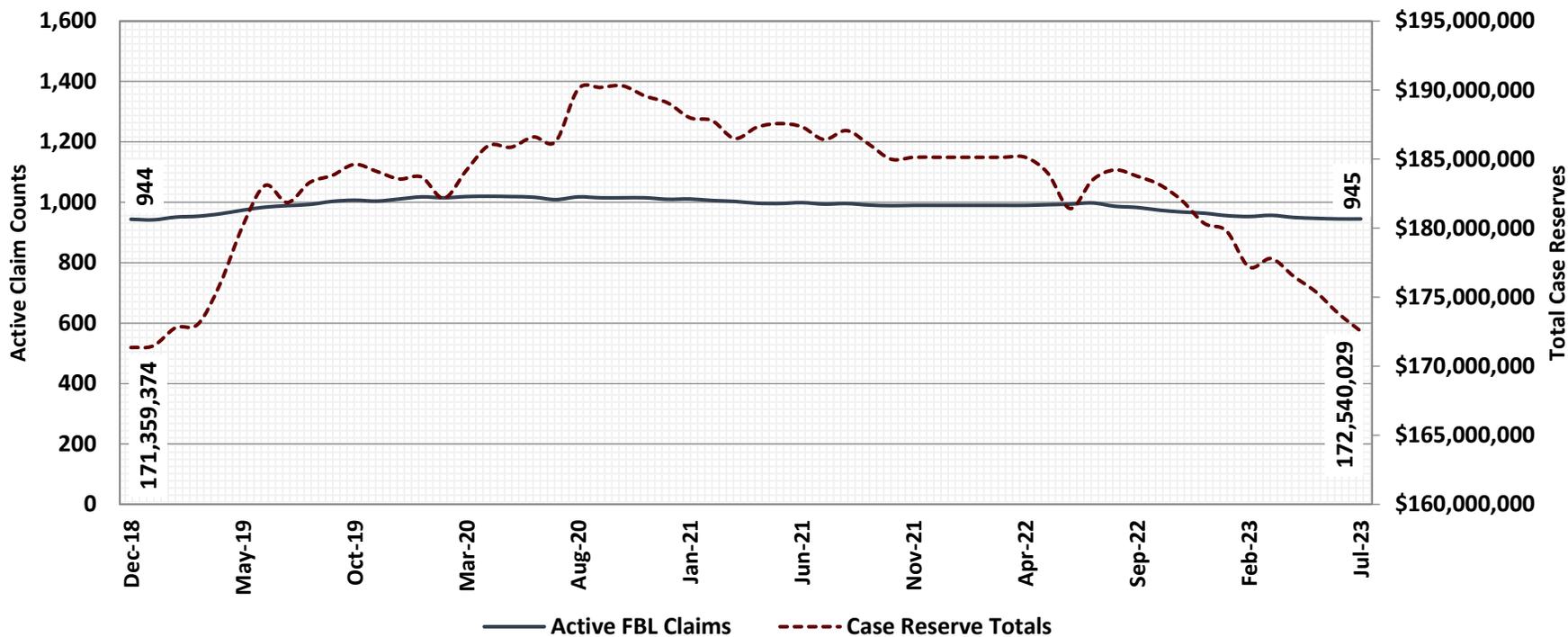
**Old Fund
Active Claim Counts
7/31/2023**



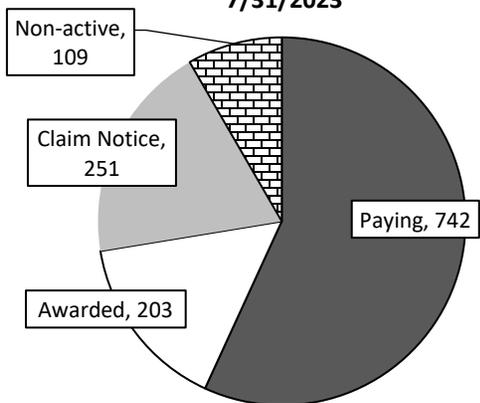
**Old Fund Reserves by Benefit Type
7/31/2023**



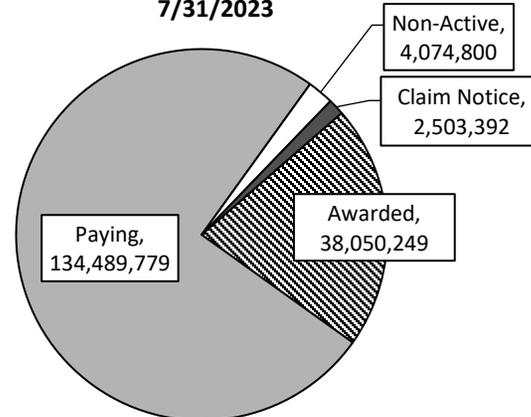
**CWP Fund (FBL)
Active Claim Counts and Case Reserves
7/31/2023**



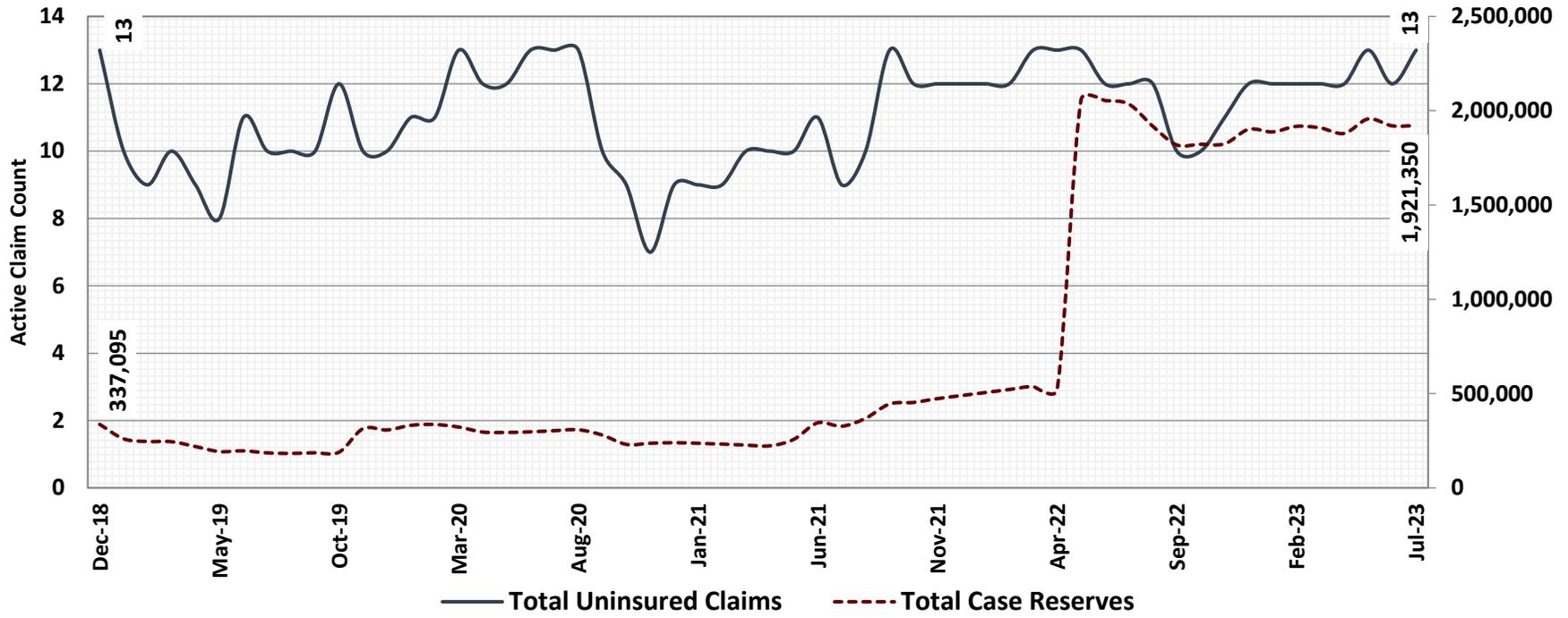
**CWP Fund (FBL)
Active and Inactive Claims
7/31/2023**



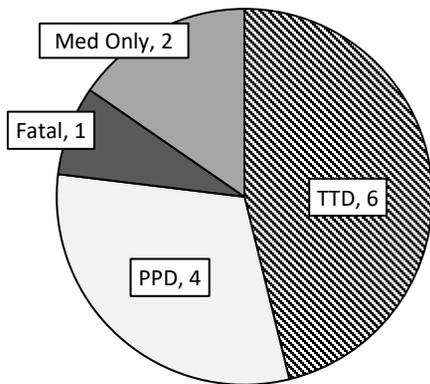
**CWP Fund Reserves by Benefit Type
7/31/2023**



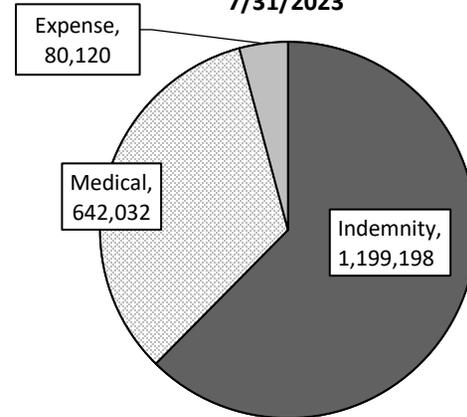
**Uninsured Fund
Active Claim Counts and Case Reserves
7/31/2023**

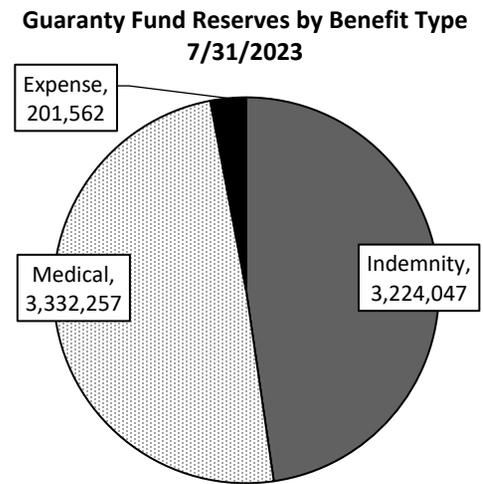
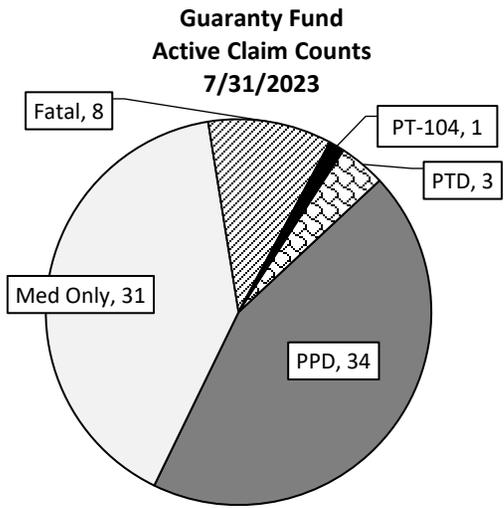
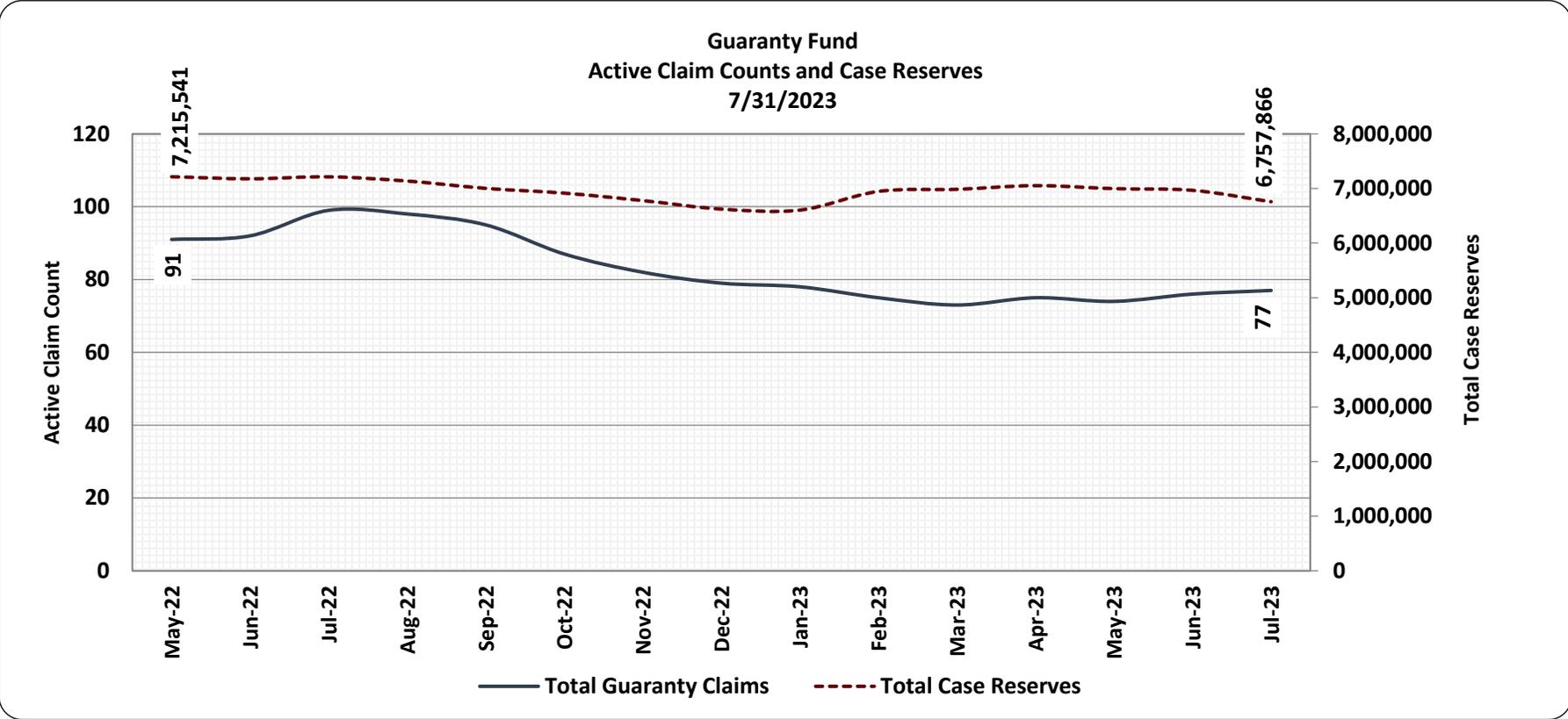


**Uninsured Fund
Active Claim Counts
7/31/2023**

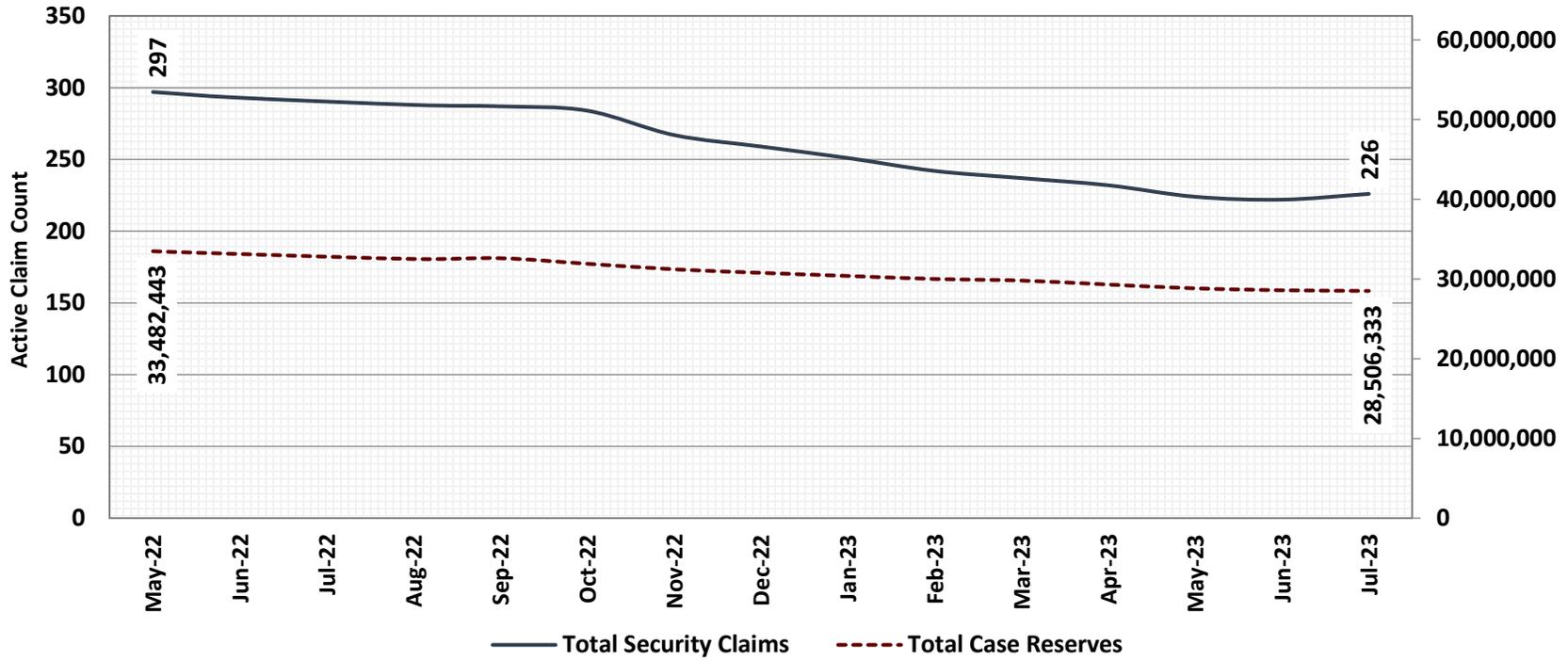


**Uninsured Fund Reserves by Benefit Type
7/31/2023**

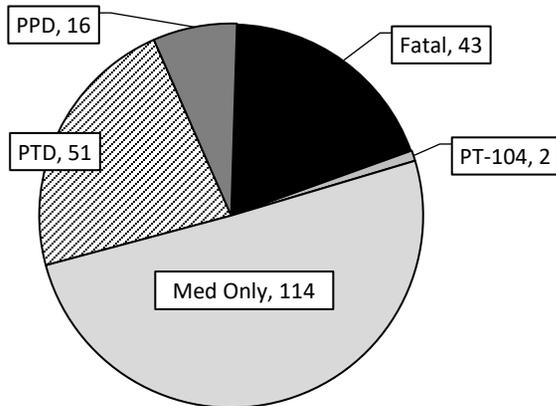




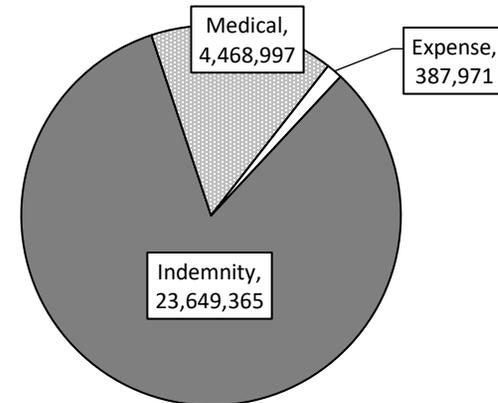
**Security Fund
Active Claim Counts and Case Reserves
7/31/2023**



**Security Fund
Active Claim Counts
7/31/2023**



**Security Fund Reserves by Benefit Type
7/31/2023**



OLD FUND CASH STATEMENT
JULY 31, 2023

		Three Year History for years ended:					
	Cash Beginning Balances	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
		834,791,874	919,242,416	(84,450,541)	919,242,416	1,080,592,100	993,229,138
Revenues							
Personal Income Tax		-	-	-	-	-	-
Severance Tax		-	-	-	-	-	-
Debt Reduction Surcharge		-	-	-	-	-	-
Self-Insured Debt Reduction Surcharge		-	-	-	-	-	-
Video Lottery		-	-	-	-	-	-
Employer Premium		187	182	5	41,326	238,786	189,298
Other Income - Return of Unclaimed Property		-	-	-	-	-	-
	Operating Revenues	187	182	5	41,326	238,786	189,298
Investment / Interest Earnings (Losses)		16,333,155	-	16,333,155	(11,188,287)	(52,668,067)	187,370,470
	Total Revenues	16,333,342	182	16,333,160	(11,146,961)	(52,429,280)	187,559,768
Expenditures							
Claims Benefits Paid:							
Medical		1,486,917	1,222,944	263,973	14,732,152	14,588,442	16,509,277
Permanent Total Disability		4,551,139	4,903,545	(352,406)	57,045,856	63,031,618	69,561,392
Permanent Partial Disability		7,844	9,640	(1,796)	66,107	163,078	112,956
Temporary Disability		-	-	-	-	-	-
Fatals		1,340,377	1,365,105	(24,729)	16,153,932	17,124,757	18,386,146
104 weeks death benefit		580,287	514,709	65,578	4,611,340	6,011,709	6,353,928
Settlements		138,196	137,705	491	1,249,524	2,382,067	2,708,581
Loss Adjustment Expenses		62,255	155,378	(93,123)	899,017	1,284,295	1,095,241
Total		8,167,014	8,309,026	(142,012)	94,757,927	104,585,967	114,727,520
Less: Formulary Rebates		-	-	-	-	-	-
Less: Claims credits and overpayments		(26,742)	57,050	(83,792)	550,422	454,800	334,334
Total Benefits Paid		8,193,757	8,251,976	(58,219)	94,207,505	104,131,167	114,393,187
Administrative Expenses		31	391,347	(391,316)	4,096,075	4,789,237	5,803,619
	Total Expenditures	8,193,787	8,643,323	(449,535)	98,303,580	108,920,405	120,196,805
Excess (Deficiency) of Revenues over Expenditures		8,139,555	(8,643,140)	16,782,695	(109,450,541)	(161,349,685)	67,362,963
Transfer from Operating Fund		-	-	-	25,000,000	-	20,000,000
	Cash Ending Balances	842,931,429	910,599,275	(67,667,846)	834,791,874	919,242,416	1,080,592,100

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

COAL WORKERS PNEUMOCONIOSIS FUND
JULY 31, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	196,484,406	215,931,727	(19,447,321)	215,931,727	246,613,162	220,914,521
Revenues						
Investment Earnings (Losses)	3,849,760	-	3,849,760	(1,550,178)	(11,131,323)	43,567,242
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Total Revenues	3,849,760	-	3,849,760	(1,550,178)	(11,131,323)	43,567,242
Expenditures						
Claims Benefits Paid:						
Medical	142,084	260,561	(118,477)	2,799,907	6,033,252	5,107,159
PTD and Fatal Indemnity	913,232	720,254	192,978	10,613,261	9,518,418	8,726,207
Settlements	-	-	-	-	1,837	-
Loss Adjustment Expenses	302,626	429,580	(126,954)	4,660,713	3,513,844	3,343,071
Total	1,357,942	1,410,394	(52,452)	18,073,881	19,067,350	17,176,438
Less: Formulary Rebates	-	-	-	-	-	-
Less: Claims Credits and Overpayments	198,061	13,043	185,018	738,146	387,376	94,896
Total Benefits Paid	1,159,881	1,397,351	(237,470)	17,335,735	18,679,974	17,081,541
Administrative Expenses	51,815	51,340	475	561,407	870,138	787,060
Total Expenditures	1,211,696	1,448,691	(236,995)	17,897,142	19,550,112	17,868,601
Excess (Deficiency) of Revenues over Expenditures	2,638,064	(1,448,691)	4,086,756	(19,447,321)	(30,681,436)	25,698,641
Cash Ending Balances	199,122,470	214,483,035	(15,360,564)	196,484,406	215,931,727	246,613,162

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

SELF-INSURED GUARANTY RISK POOL
JULY 31, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	36,425,695	37,187,942	(762,247)	37,187,942	39,659,496	33,724,356
Revenues						
Guaranty Risk Pool Assessments	108,674	5,000	103,674	15,000	10,000	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	710,956	-	710,956	(209,276)	(1,884,585)	6,763,880
Total Revenues	819,630	5,000	814,630	(194,276)	(1,874,585)	6,763,880
Expenditures						
Claims Benefits Paid:						
Medical	43,979	13,174	30,805	167,151	178,127	280,185
Permanent Total Disability	2,370	5,310	(2,940)	37,257	63,717	89,242
Permanent Partial Disability	4,623	7,049	(2,427)	33,839	83,562	91,922
Temporary Disability	-	-	-	-	-	-
Fataals	15,496	17,250	(1,754)	201,734	206,996	206,996
104 Weeks Death Benefit	2,940	-	2,940	26,460	-	-
Settlement Agreements	-	-	-	43,500	62,000	39,699
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	4,304	4,787	(483)	63,319	31,743	52,455
Total	73,711	47,570	26,141	573,261	626,144	760,498
Less: Formulary Rebates	-	-	-	-	-	-
Less: Claims Credits and Overpayments	-	-	-	409	53,649	150
Total Benefits Paid	73,711	47,570	26,141	572,851	572,495	760,348
Administrative Expenses	-	-	-	(4,880)	24,473	68,392
Total Expenditures	73,711	47,570	26,141	567,971	596,968	828,740
Excess (Deficiency) of Revenues over Expenditures	745,919	(42,570)	788,489	(762,247)	(2,471,554)	5,935,140
Cash Ending Balances	37,171,614	37,145,373	26,241	36,425,695	37,187,942	39,659,496

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

SELF-INSURED SECURITY RISK POOL
JULY 31, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	47,666,403	50,605,643	(2,939,240)	50,605,643	55,995,948	49,568,499
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	933,514	-	933,514	(325,785)	(2,592,281)	9,805,453
Total Revenues	933,514	-	933,514	(325,785)	(2,592,281)	9,805,453
Expenditures						
Claims Benefits Paid:						
Medical	77,498	70,658	6,840	717,600	585,099	531,814
Permanent Total Disability	89,349	93,082	(3,733)	1,086,424	1,177,138	1,250,688
Permanent Partial Disability	-	235	(235)	8,906	11,540	4,243
Temporary Disability	-	-	-	-	-	-
Fatals	65,556	69,208	(3,652)	849,667	838,483	918,152
104 Weeks Death Benefit	5,135	2,250	2,885	35,632	50,458	171,468
Settlement Agreements	-	-	-	16,000	61,325	315,463
Loss Adjustment Expenses	3,641	6,056	(2,416)	39,671	36,980	73,223
Total	241,179	241,490	(311)	2,753,900	2,761,024	3,265,052
Less: Formulary Rebates	-	-	-	-	-	-
Less: Claims Credits and Overpayments	16,426	-	16,426	117,966	31,348	84,004
Total Benefits Paid	224,753	241,490	(16,737)	2,635,934	2,729,676	3,181,048
Administrative Expenses	-	-	-	(22,479)	68,348	196,956
Total Expenditures	224,753	241,490	(16,737)	2,613,455	2,798,024	3,378,004
Excess (Deficiency) of Revenues over Expenditures	708,761	(241,490)	950,251	(2,939,240)	(5,390,305)	6,427,449
Cash Ending Balances	48,375,164	50,364,153	(1,988,989)	47,666,403	50,605,643	55,995,948

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

UNINSURED EMPLOYERS FUND
JULY 31, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	16,468,190	16,195,294	272,895	16,195,294	16,844,759	13,817,714
Revenues						
Fines and Penalties	25,092	27,186	(2,093)	477,594	341,220	322,680
Investment Earnings (Losses)	320,835	-	320,836	(74,574)	(828,855)	2,767,995
Total Revenues	345,928	27,186	318,742	403,021	(487,635)	3,090,675
Expenditures						
Claims Benefits Paid:						
Medical	1,309	652	657	46,236	118,279	2,096
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	-	6,056	(6,056)	5,809	6,929	-
Temporary Disability	-	-	-	26,145	64,151	3,048
Fatals	-	-	-	-	19,201	25,601
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	54,000	22,000	44,276
Loss Adjustment Expenses	1,105	7,323	(6,218)	34,594	39,974	26,492
Total	2,414	14,030	(11,617)	166,784	270,534	101,513
Less: Employer Reimbursement	258	701	(444)	40,241	-	-
Less: Formulary Rebates	-	-	-	-	-	-
Less: Claims Credits and Overpayments	-	-	-	332	116,115	42,742
Total Benefits Paid	2,156	13,329	(11,173)	126,210	154,419	58,770
Administrative Expenses	-	-	-	3,915	7,410	4,860
Total Expenditures	2,156	13,329	(11,173)	130,125	161,829	63,630
Excess (Deficiency) of Revenues over Expenditures	343,772	13,857	329,915	272,895	(649,465)	3,027,045
Cash Ending Balances	16,811,961	16,209,151	602,810	16,468,190	16,195,294	16,844,759

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

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2023

OPERATING REPORT

JULY 2023

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

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

Executive Staff

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

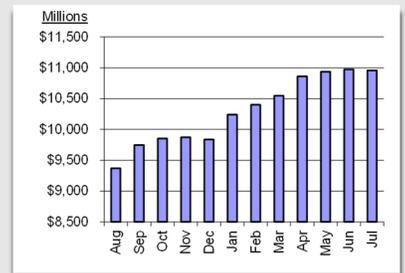
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,957,308,000

Last Month
\$10,975,194,000

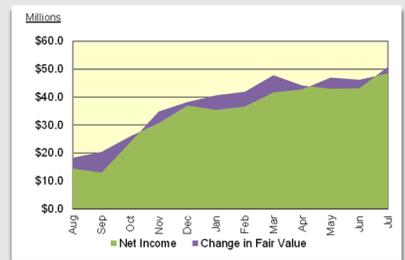
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$50,846,000



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

Money Market Pools

As of July 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.3441%	25 Days	\$9.8 Billion
WV Gov't Money Market	5.1049%	13 Days	\$384.4 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 2023

July Rate Hike Could be the Last

Riding the Wave

Five straight months of gains have lifted U.S. large cap stocks to a 20%+ year-to-date return through July. More good news on inflation coupled with resilient economic data supported riskier assets. Meanwhile, the Federal Reserve's 0.25% rate hike in July could reasonably be argued is the last (or close to the last) in the current cycle. Fixed Income investors continue to wait for a breakout, which seems a higher probability event once rate hikes cease. Still, when reflecting on a 2% year-to-date return for core bonds in the face of four 0.25% rate hikes (1.00% total increase in rates this calendar year), the highly touted benefit of higher yields serving as a buffer is already proving its worth. And with that context, the return potential for bonds moving forward remains enticing.

Equity Markets

July's 3.2% return for the S&P 500 - although roughly half of June's return - was still very strong. Importantly, the broadening of gains beyond mega cap technology names that began in June continued. Mid Cap (+4.1%) and Small Cap (+6.1%) both outperformed Large Cap (+3.2%) for the month. Value (+3.7%) had the edge over growth (+3.4%), though the year-to-date returns still heavily favors the latter (Growth +32.5% and Value +8.9%). Developed International markets (+3.2%) were in-line with U.S. counterparts for the month, while Emerging Markets (+6.2%) got a lift from a more supportive Chinese government looking to address slow economic momentum.

Fixed Income Markets

Core bonds (-0.1%) were slightly negative for the month overall. Credit markets fared better than Treasuries, with spreads tightening on the back of more risk-on sentiment. Investment Grade (+0.3%) and High Yield (+1.4%) were among the better performing sectors of the bond market. Therefore, floating rate leveraged loans (+7.9%), High Yield (+6.8%) and Emerging Market Debt (+4.5%) have led the way year-to-date.

Looking Ahead

The takeaways?

- Stocks have in most cases seen outsized gains. However, 2000 was a meaningful exception, and with the market already well into bull market territory this year, it is certainly possible that at least some future returns have been pulled forward.
- Fixed Income results 12 months forward have been consistently strong, adding to the case for optimism in the current environment.

West Virginia Board of Treasury Investments

Financial Highlights as of July 31, 2023

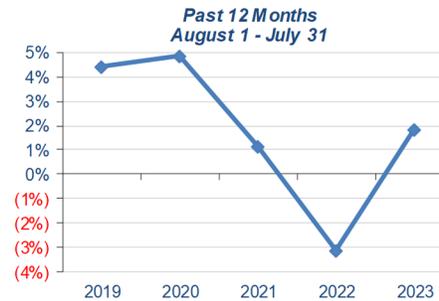
WV Short Term Bond Pool

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>
2023	1.9%	\$ 705.1
2022	(3.1%)	\$ 695.6
2021	1.2%	\$ 819.7
2020	4.9%	\$ 815.2
2019	4.4%	\$ 829.6

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

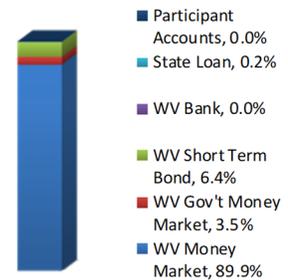
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Jul Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,846,931	\$ 45,090	\$ 45,090
WV Gov't Money Market	384,402	1,664	1,664
WV Short Term Bond	705,139	4,045	4,045
WV Bank	66	1	1
Loans	18,255	35	35
Participant Accounts	2,515	11	11
	<u>\$ 10,957,308</u>	<u>\$ 50,846</u>	<u>\$ 50,846</u>

Percent of Total Net Asset Value

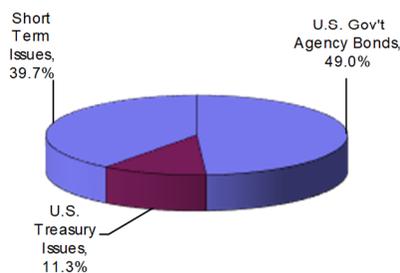


Securities by Type for Operating Pools *(Percentage of Asset Value)*

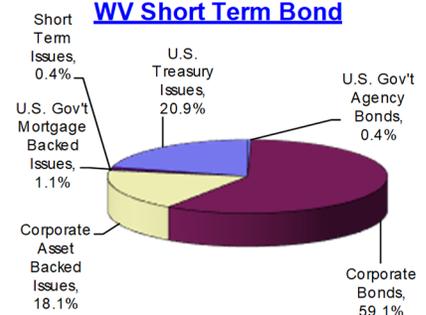
WV Money Market



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, 2023
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 9,824,928	\$ 388,056	\$ -	\$ 66	\$ 18,222	\$ -	\$ 10,231,272
At fair value	-	-	702,918	-	-	2,470	705,388
Other assets	23,509	359	9,804	-	35	46	33,753
Total assets	<u>9,848,437</u>	<u>388,415</u>	<u>712,722</u>	<u>66</u>	<u>18,257</u>	<u>2,516</u>	<u>10,970,413</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	1,506	4,013	7,583	-	2	1	13,105
Total liabilities	<u>1,506</u>	<u>4,013</u>	<u>7,583</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>13,105</u>
Net Position							
Held in trust for investment pool participants	9,846,931	384,402	705,139	-	-	-	10,936,472
Held in trust for individual investment account holders	-	-	-	66	18,255	2,515	20,836
Total net position	<u>\$ 9,846,931</u>	<u>\$ 384,402</u>	<u>\$ 705,139</u>	<u>\$ 66</u>	<u>\$ 18,255</u>	<u>\$ 2,515</u>	<u>\$ 10,957,308</u>
Additions							
Investment income:							
Interest and dividends	\$ 22,597	\$ 984	\$ 1,931	\$ 1	\$ 35	\$ 13	\$ 25,561
Net (amortization) accretion	22,878	697	(234)	-	-	(2)	23,339
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>45,475</u>	<u>1,681</u>	<u>1,697</u>	<u>1</u>	<u>35</u>	<u>11</u>	<u>48,900</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	385	17	46	-	-	-	448
Total investment expenses	<u>385</u>	<u>17</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448</u>
Net investment income	45,090	1,664	1,651	1	35	11	48,452
Net realized gain (loss) from investments	-	-	(146)	-	-	-	(146)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>2,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,540</u>
Net increase (decrease) in net position from operations	45,090	1,664	4,045	1	35	11	50,846
Participant transaction additions:							
Purchase of pool units by participants	1,073,058	15,572	-	-	-	-	1,088,630
Reinvestment of pool distributions	45,090	1,664	1,122	-	-	-	47,876
Contributions to individual investment accounts	-	-	-	-	779	-	779
Total participant transaction additions	<u>1,118,148</u>	<u>17,236</u>	<u>1,122</u>	<u>-</u>	<u>779</u>	<u>-</u>	<u>1,137,285</u>
Total additions	1,163,238	18,900	5,167	1	814	11	1,188,131
Deductions							
Distributions to pool participants:							
Net investment income	45,090	1,664	1,651	-	-	-	48,405
Net realized gain (loss) from investments	-	-	(146)	-	-	-	(146)
Total distributions to pool participants	<u>45,090</u>	<u>1,664</u>	<u>1,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,259</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,149,492	8,241	-	-	-	-	1,157,733
Withdrawals from individual investment accounts	-	-	-	-	25	-	25
Total participant transaction deductions	<u>1,149,492</u>	<u>8,241</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>1,157,758</u>
Total deductions	<u>1,194,582</u>	<u>9,905</u>	<u>1,505</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>1,206,017</u>
Net increase (decrease) in net position from operations	(31,344)	8,995	3,662	1	789	11	(17,886)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(31,344)	8,995	3,662	1	789	11	(17,886)
Net position at beginning of period	9,878,275	375,407	701,477	65	17,466	2,504	10,975,194
Net position at end of period	<u>\$ 9,846,931</u>	<u>\$ 384,402</u>	<u>\$ 705,139</u>	<u>\$ 66</u>	<u>\$ 18,255</u>	<u>\$ 2,515</u>	<u>\$ 10,957,308</u>



Governor Jim Justice

Director Brett W. McMillion

August 24, 2023

The Honorable Craig Blair, Chairman
The Honorable Roger Hanshaw, Chairman
Joint Committee on Government and Finance
West Virginia Legislature
State Capitol
1900 Kanawha Boulevard, East
Building 1
Charleston, WV 25305

Dear Chairman Blair and Chairman Hanshaw:

On behalf of the West Virginia Division of Natural Resources and in accordance with W. Va. Code § 20-1-20, I wish to provide notice to the Joint Committee on Government and Finance the Division intends to acquire land for the purpose of creating a new state park. The Division intends to acquire 177.707 acres in Nicholas County for a purchase price of \$4.3 million. You will find a map attached. The park will be named Summersville Lake State Park and shall be managed to conserve and protect the unique natural area and to provide outdoor recreation opportunities for the citizens of the state in accordance with W. Va. Code § 20-5-3.

Please contact me if I can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brett W. McMillion".

Brett W. McMillion

BWM:wlg

Attachment

