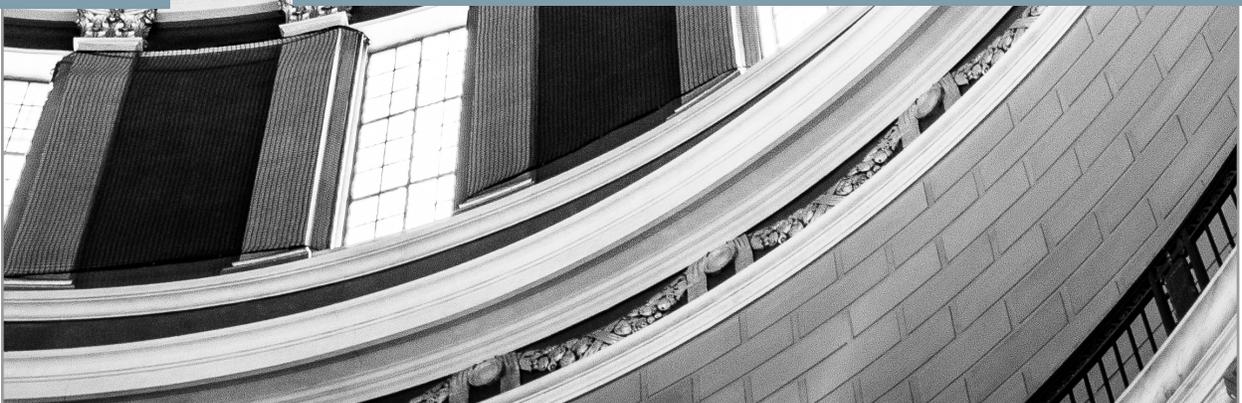




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**2023**

**WEST VIRGINIA OFFICE OF BROADBAND**  
**West Virginia Broadband Enhancement Council**  
Annual Report





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# 1. Executive Summary

The West Virginia Department of Economic Development, Office of Broadband, and the West Virginia Broadband Enhancement Council jointly submit this 2023 Annual Report to the West Virginia Legislature, in compliance with W. Va. Code §31-G-1A-2(8). The agencies work collaboratively with a shared mission: to expand and improve broadband connectivity in West Virginia.

In 2021, Governor Justice launched West Virginia's Billion Dollar Broadband Strategy. The Governor announced the State's bold broadband initiative on Friday, October 15, 2021. Learn more about the Governor's announcement [here](#).

Following the Governor's announcement, the West Virginia Legislature passed House Bill 339 on October 20, 2021. Through this legislation, the Legislature created the West Virginia Broadband Development Fund and allocated \$90 million of State and Local Fiscal Recovery Funds (SLFRF) funds, under the American Rescue Plan Act (ARPA), and \$10 million in General Revenue funds to broadband development.

To carry out the Governor's Billion Dollar Broadband Strategy, the West Virginia Department of Economic Development (WVDED), 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 four separate programs, each designed to meet West Virginia's broadband development needs through efficient utilization of state and federal funding streams. Briefly, the WVBIP programs include:

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

Project announcements began in 2022, and by the close of 2023, West Virginians started connecting to new broadband infrastructure. Throughout 2022 and 2023, WVDED continued to build additional connections, awarding nearly 40 projects touching 40 counties. Additionally, in 2023, WVDED released several major plan documents for Infrastructure Investment and Jobs Act (IIJA) grant funding, setting the stage for project awards and even more infrastructure deployment by early 2024.

# 1.1 West Virginia's Billion-Dollar Broadband Strategy: The 2021 Announcement

**CHARLESTON, WV** – On October 15, 2021, Gov. Jim Justice unveiled a billion-dollar strategy to bring broadband availability to 200,000 more West Virginia homes and businesses. The plan will combine funding from federal, state, and local governments, along with matching investments from private-sector partners, to accelerate the expansion of high-speed internet to underserved areas of the state. The plan represents by far the largest investment in broadband in the state's history.

The Governor's strategy will add a \$236 million state broadband program to \$362 million in Federal Communications Commission funding and \$120 million from other state and federal sources, for a total of \$718 million in government funding expected to be allocated by fall 2022. The funds will be allocated through competitive programs that draw matching funds from private-sector and local government partners, generating more than \$1 billion in total broadband investment.

"This is surely a landmark day for West Virginia," Gov. Justice said. "We've been talking for years about how to fix the rural broadband problem. Now we're finally going to do it.

"West Virginia students deserve to be able to do their homework," Gov. Justice continued. "Our seniors deserve access to telehealth. Our businesses deserve to be able to reach their customers and suppliers. And all our residents deserve to be able to interact with their government, stay informed as citizens, and do all the hundreds of things that take high-speed internet. Starting today, we're going to make that possible.

"This couldn't have been done without the hard work and commitment of our Legislature," Gov. Justice added. "The state's legislative leaders, including President Blair and Speaker Hanshaw, along with all their members, deserve tremendous credit for their dedication to extending broadband to all West Virginians. It's an honor to work with them on this issue."

Governor Justice's broadband strategy focuses on coordinating a diverse set of federal, state, local, and private funding sources to maximize broadband expansion. The state has spent more than two years comprehensively mapping broadband access around the state, resulting in a detailed inventory of underserved locations that will allow pinpoint funding allocation.

The primary programs involved in the billion-dollar initiative are as follows:

**(1) Rural Digital Opportunity Fund:** The Federal Communications Commission's (FCC) Rural Digital Opportunity Fund (RDOF) offers internet service providers (ISPs) funding to extend service to underserved areas. The program centers on a reverse auction in which ISPs compete for grants to connect underserved census tracts, with each tract awarded to the ISP that can connect it with the least amount of federal subsidization.

Each participating ISP must provide the FCC a letter of credit for a portion of its grant award to ensure that its work is completed. This financial requirement creates a major hurdle for smaller

ISPs. In September 2020, however, Gov. Justice issued an executive order, EO 66-20, under which the state provides a financial backstop for ISPs that win RDOF awards, opening the door to vastly expanded RDOF participation in West Virginia.

Thanks to Gov. Justice's financial commitment, West Virginia now has the highest per-capita rate of RDOF funding in the country at \$202 per person, for a total of \$362 million. This RDOF funding will be complemented by private investment from participating ISPs to create a minimum expected RDOF impact of \$500 million. The program is expected to provide broadband availability to approximately 119,000 homes and businesses over five years.

**(2) West Virginia State Broadband Initiative:** The strategy's second major component will be operated by the state Office of Broadband and Broadband Council, using American Rescue Plan Act (ARPA) and state-budget funding. ARPA's Capital Projects Fund includes \$136 million for broadband in West Virginia. And – earlier today – Governor Justice placed on the Legislature's special session call an additional \$90 million appropriation of ARPA State Fiscal Recovery funds for broadband projects, along with a \$10 million appropriation of state general revenue funds for wireless broadband projects. These sources will provide \$236 million in combined funding for the state's own competitive broadband projects initiative.

Developed by the state Office of Broadband and Broadband Council in concert with leading national broadband experts, the state initiative comprises four award programs, each of which will allocate funds through a competitive application process:

**Line Extension Advancement and Development (LEAD):** The LEAD program will award competitive grants to ISPs to expand existing fiber and cable networks.

**GigReady:** Local governments in West Virginia have been allocated more than \$500 million from the ARPA Local Fiscal Recovery Fund, and many of them intend to invest that money in local broadband expansion. The GigReady Initiative will provide matching state funds for local governments that develop projects to pool their broadband investments.

**Major Broadband Project Strategies (MBPS):** The MBPS program will focus on large-scale multicounty projects that require additional resources to achieve rapid implementation.

**Wireless Internet Networks (WIN):** The WIN program will use \$10 million in state general revenue funds to expand and improve existing wireless internet networks. Wireless networks are a specialized solution useful in remote or sparsely populated areas that are difficult to reach with fiber optic cable.

All four components of the state-based program will competitively score applications from prospective funding recipients and will award funds based on evaluations by independent national broadband experts. Evaluation criteria include matching-fund contributions, speed to market, technical feasibility, and digital equality (providing service to underserved areas and populations).

Participating ISPs will be required to include a low-price service tier that is affordable for lower-income West Virginians.

All programs of the WVBIP matching-funds requirement has generated \$72,408,810 million in

investment beyond the \$236 million state contribution, for a total state-based program impact of at least \$226,194,566.

**(3) Other federal and state funding sources:** Other existing funding sources, primarily federal, are expected to contribute at least \$120 million to broadband development in West Virginia over the next five years.

Federal funding sources include the Federal Communications Commission, the U.S. Treasury, U.S. Department of Agriculture, the Appalachian Regional Commission, and the U.S. Department of Commerce, National Telecommunications and Information Administration (NTIA). The West Virginia Office of Broadband and Broadband Council will coordinate with those programs to ensure that state funds are allocated efficiently, and maximum broadband coverage is obtained.

In 2023, the NTIA announced that West Virginia would receive \$1.2 billion under the Infrastructure Investment and Jobs Act (IIJA) Broadband Equity Access and Deployment (BEAD) program. Details concerning the BEAD program are provided in Section 7.

## 1.2 West Virginia Broadband Enhancement Council

The West Virginia Broadband Enhancement Council was created in 2017 under the West Virginia Department of Commerce. In 2020, the Council was transferred to the West Virginia Department of Economic Development for administrative, personnel and technical support services to improve coordination with the West Virginia Office of Broadband.

The Council has 13 voting members; as well as two Senate Appointees and two House of Delegates Appointees, one from each party, to serve as ex officio, nonvoting advisory members. The Council conducts a regular meeting on the second Thursday of each month, at 10:00 a.m., in the West Virginia Department of Commerce offices in Building 3 at the State Capitol Complex or virtually.

The Council builds upon input from numerous state agencies and recognizes the value of representation from urban and rural communities throughout West Virginia. The Council's composition, which includes a cross-section of state agency directors, legislative advisory members, business community leaders and both urban and residential users, ensures that multiple voices are heard, that West Virginia's needs are represented, and that viable solutions are thoughtfully pursued.

The Council is committed to the development of policies, plans, and procedures to expand and enhance broadband access throughout West Virginia. The Council places a primary emphasis on the development of broadband infrastructure in unserved and underserved areas of the State as outlined in West Virginia Code § 31G-1-1, et seq: <http://www.wvlegislature.gov/WVCODE/31G>.

In July 2016, \$1,475,641, was transferred to the newly formed West Virginia Broadband Enhancement Council from the previous Broadband Deployment Fund to the Broadband Enhancement Fund in the West Virginia Department of Commerce. The Fund's beginning balance on July 1, 2021, was \$1,255,086. Fiscal Year 2022 expenses from July 1, 2021 through June, 30 2022 totaled \$839,971. With the addition of a Fiscal Year 2023 appropriation of \$500,000, the Broadband Enhancement Fund balance as of June 30, 2023, was \$ **1,215,135.**

The Council's annual budget includes the purchase of the licensing necessary to continue speed testing and mapping projects, associated data subscriptions, software, marketing and communications, and other limited expenses to support broadband expansion. Additionally, the Council has approved the expenditure of funding for specific legal services and technical consulting services.

In 2021, House Bill 2002 amended West Virginia Code §31G to outline specific duties and authorities to be shared among West Virginia Broadband Enhancement Council the Office of Broadband.

For more information, visit the Council website at: [broadband.wv.gov](http://broadband.wv.gov).

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## 1.3 West Virginia Office of Broadband

Created in 2021 by an act of the West Virginia Legislature, the West Virginia Office of Broadband is organized under WVDED as outlined in West Virginia Code § 31G-1A-1, et seq. The Office of Broadband is managed by a director, who reports to the Secretary of Economic Development.

The Office of Broadband works cooperatively with the West Virginia Broadband Enhancement Council. Both the Office of Broadband and Council are formed under WVDED. The agencies work collaboratively with a shared mission: to expand and improve broadband connectivity in West Virginia.

The Council was created in 2017 under the West Virginia Department of Commerce. In 2020, the Council was transferred to WVDED for administrative, personnel, and technical support services to improve coordination with the Office of Broadband.

The Council has 13 voting members; as well as two Senate Appointees and two House of Delegates Appointees, one from each party, to serve as ex officio, nonvoting advisory members. The Council conducts a regular open meeting on the second Thursday of each month, at 10:00 a.m., in the West Virginia Department of Commerce offices in Building 3 at the State Capitol Complex or virtually.

The Council builds upon input from numerous state agencies and recognizes the value of representation from urban and rural communities throughout West Virginia. The Council's composition, which includes a cross-section of state agency directors, legislative advisory members, business community leaders, and both urban and residential users, ensures that multiple voices are heard, that West Virginia's needs are represented, and that viable solutions are thoughtfully pursued.

In 2021, the West Virginia Legislature amended West Virginia Code §31G to outline specific duties and authorities of the Office of Broadband and the Council. This legislation transferred some duties and authority from the Council to the Office, assigned some distinct responsibilities to the Office, and identifies some areas in which the Council and the Office share responsibilities.

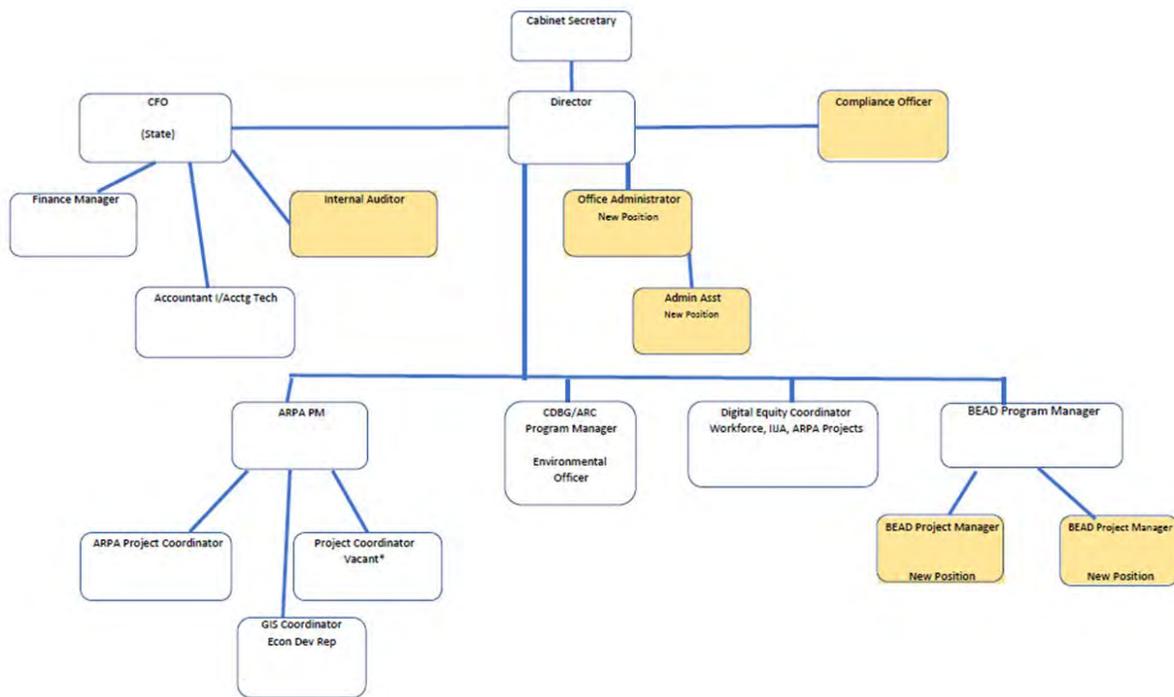
Distinct duties of the Office of Broadband include:

- a. Administering broadband grant programs
- b. Gathering and reporting data regarding adoption rates of broadband by speed and community, residential and non-residential
- c. Gathering data regarding prices and fees charged for broadband, residential and non-residential
- d. Public awareness of issues concerning broadband service
- e. Reporting to the Joint Committee on Government and Finance annually
- f. Mapping, including annual publication of a statewide assessment, with the broadband availability map to be available online for public access, and centralized AREA mapping in GIS form for use by the private sector
- g. Creating guidelines and recommendations regarding voluntary donation program for easements for broadband service
- h. Making recommendations to the Legislature

The Office of Broadband is the lead administrative agency for broadband development programs described throughout this document. The Office continues to spearhead the ARPA, BEAD and Digital Equity programs for the State. For consistency, WVDED will be used in reference to the Office of Broadband.

The Secretary of WVDED oversees all activities within the Office of Broadband. Figure 11 offers a working organizational chart of the Office of Broadband, as submitted to NTIA. New positions are indicated in support of the IJJA BEAD program.

Figure 1: Office of Broadband Organizational Chart



More specifically, Table 1 details the roles of each of the five Office of Broadband BEAD team members. These BEAD team members will specifically support the implementation of BEAD funding alongside existing Office of Broadband staff.

Table 1: Core Office of Broadband Team Members

Current/planned time	Full/part-	Position	Role
Current (1) Planned (2)	Full	Program Manager (1) Project Manager (2)	The Program Manager and Project Managers will support Office of Broadband staff with processing data requests; implementing BEAD activities; managing community outreach and stakeholder activities, events, and workshops; and ensuring that grantees and subgrantees complete deliverables in a timely manner and meet BEAD Program objectives, including alignment with the Digital Equity Planning Grant.

Current (1)	Full	Accounting Technician	The Accounting Technician will be responsible for completing and submitting grant reports in coordination with the Finance Manager, Administrative Professional, Office Administrator, and Office of Broadband staff (as allowable and appropriate); preparing for any activities related to grant monitoring, audit, or compliance requests; processing invoices and other grant-related financial documents; and compiling, reconciling, and managing the submission of subgrantee reports and documents.
Planned (1)	Full	Administrative Professional	The Administrative Professional will be in charge of completing and submitting grant reports on behalf of, or in coordination with, the Finance Manager, Accounting Technician, Office Administrator, and Office of Broadband staff (as allowable and appropriate); archiving grant-related documents and documentation; preparing for, and supporting, any activities related to grant monitoring, audit, or compliance requests; and compiling, reconciling, and managing the submission of subgrantee reports and documents.

For efficiency and subject matter expertise, the Office of Broadband and Council also procure professional consulting services. Contracted partners include Bowles Rice LLP, providing legal assistance; The Thrasher Group, providing engineering consulting services; Tilson Technology Management, Inc., (Tilson) providing overarching broadband consulting services; and Ookla, providing speed testing data and analytics. Tilson has provided support to WVDED throughout the BEAD process and has assisted WVDED in the development and administration of the West Virginia Broadband Investment Plan, discussed in the subsequent section.

For more information, visit: [broadband.wv.gov](http://broadband.wv.gov).  
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## 2. Introduction

### 2.1 Key Priorities

West Virginia's leaders understand that broadband has moved beyond optional to essential. WVDED is guided by three core pillars as it strives to achieve universal broadband coverage and digital equity for West Virginia through the planning and implementation of Infrastructure Act funds. These are:



With these primary areas in mind, recent policy initiatives indicate that improving broadband and bridging the digital divide is one of the State's highest priorities. Broadband is the essential economic infrastructure that West Virginia needs to compete regionally, nationally, and globally.

The West Virginia Broadband Enhancement Council and the West Virginia Office of Broadband continue to advocate for greater connectivity. This mission is strongly supported by the Governor Justice, the West Virginia Legislature, West Virginia Department of Economic Development, West Virginia Department of Commerce, and numerous partners.

Nationally, West Virginia's Congressional representatives continue to support and enhance Federal programs for broadband development. With this shared vision firmly in place, State policy is implemented to address barriers as they are identified.

## 3. 2023 Highlight Overview

West Virginia stands ready to deliver on a historic opportunity to connect the State with high-quality broadband service through once-in-a-generation investments in its infrastructure and its people. Its readiness is the product of engagement and planning conducted throughout 2023. Years of preparation and foresight by the State have positioned WVDED to deliver infrastructure expansion on a historic level. WVDED is in the process of building on its record of expanding broadband service through the West Virginia Broadband Investment Plan by completing IJA grant program planning and beginning the transition to implementation.

## 3.1 Key Partnerships

Communication with and cooperation among West Virginia's Internet Service Provider (ISP) community is essential to the expansion of broadband in West Virginia. Joint ventures and innovative partnerships between public agencies, private companies and investor-owned utilities demonstrate the collaboration needed to improve connectivity. Notably, Internet Service Providers in West Virginia have dedicated matching funds in the amount of \$72,408,810 for a total investment of \$226,194,566 in broadband infrastructure projects throughout West Virginia across all projects announced to date.

The West Virginia Broadband Enhancement Council and the West Virginia Office of Broadband strongly support these efforts and will continue working to develop a more connected West Virginia. Working collaboratively, West Virginia is pursuing primary goals to:

- Encourage the development of broadband infrastructure in the State
- Evaluate and map the broadband infrastructure and service systems through an Interactive Mapping Program and other data collection methods
- Eliminate barriers to broadband infrastructure development within the State
- Engage and mobilize the expertise, funding, and partners to facilitate the creation of reliable and affordable broadband service, and
- Expand economic development and represent the State in matters related to broadband infrastructure development.

The West Virginia Office of Broadband and West Virginia Broadband Enhancement Council extend appreciation to the State's lead partners, Tilson Technology Management, Inc., and The Thrasher Group for significant contributions and commitment to broadband development in the State of West Virginia.

West Virginia's long-standing partnership with Ookla® continues to strengthen the State's growing ability to collect, analyze and visualize important broadband consumer speed test data.

## 4. West Virginia Broadband Mapping

West Virginia has a long-standing focus on broadband mapping and speed testing. Accurate data is the cornerstone of solid infrastructure planning and development. All known broadband investment has been tracked and mapped for several years. In addition, the WVDED staff administers several federal broadband development programs. As a result, WVDED can coordinate the administration of multiple federal programs. West Virginia's mapping initiative is continuously evolving and improving to identify served, underserved, and unserved areas more precisely in West Virginia.

## 4.1 West Virginia Broadband Map

The Office of Broadband utilized West Virginia's Statewide Addressing and Mapping System (SAMS) to develop the State's broadband mapping system. This mapping initiative was instrumental in efficiently launching the WVBIP. With the 2021 launch of the WVBIP, address mapping has paved the way for funding announcements made in early 2022.

In preparation of the BEAD program, West Virginia actively participated in the FCC Broadband Data Collection program by submitting over 100,000 locations. The foundation of this exercise is West Virginia's existing mapping system.

The following mapping resources are available to those who are interested in the data informing WVDED's plans for broadband expansion:

- Interactive broadband maps can be viewed at [broadband.wv.gov](https://broadband.wv.gov).
- [ARPA Projects Dashboard](#): The ARPA Project Dashboard provides an interactive experience to view ARPA projects at the address level.
- [Broadband Availability Map](#): The West Virginia Broadband Availability Map identifies Internet Service Providers (ISPs) that have reported service to the Federal Communications Commission.
- [RDOF Map](#): The Rural Digital Opportunity Fund Map, identifies areas that have been funded by the Federal Communications Commission (FCC). Funding is shown by ISP.

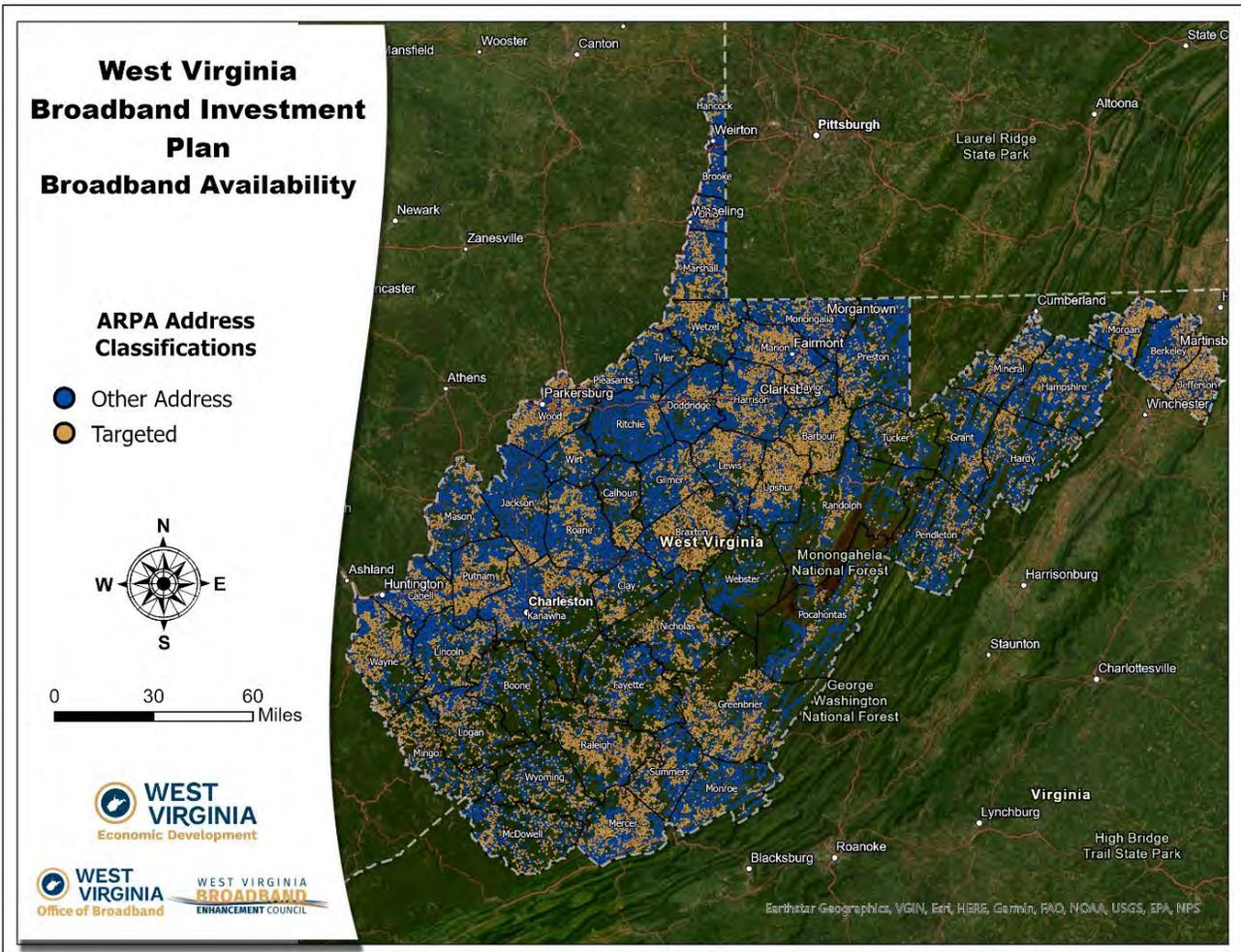
West Virginia mapping identifies broadband availability at the address level. Broadband availability classifications have been assigned to the SAMS address points that help identify what areas in the State are in need; this helps guide investment. The Target Area Map continues to act as the core mapping dataset for grant funding in the West Virginia Broadband Investment Plan.

### Targeted Addresses

- Addresses that are *estimated* to have no current access to internet service with at least 25 Mbps download and 3 Mbps upload (25/3 Mbps) speeds, not counting access to satellite or mobile wireless internet, and
- Not in an area with a binding commitment to a state, federal, or local entity to deliver mass-market broadband service of at least 25/3 Mbps, not counting commitments to expand access to satellite or mobile wireless internet.

All other addresses not classified as "Targeted" are classified as "Other."

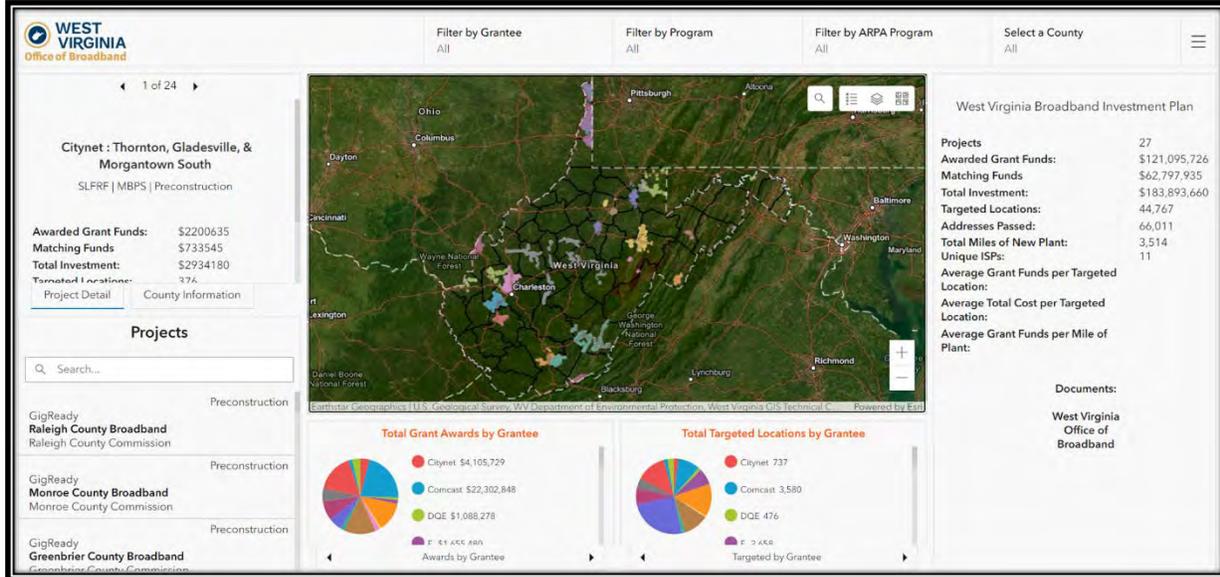
Figure 2: Target area addresses in West Virginia.



### 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 [broadband.wv.gov](http://broadband.wv.gov) and [ARPA Dashboard \(arcgis.com\)](http://ARPA Dashboard (arcgis.com)).

Figure 3: ARPA project dashboard



### West Virginia Broadband Availability Map

To demonstrate broadband availability, viewers can search the map to identify the availability of broadband services in their area. When selecting a location, the availability map will populate a list of ISPs that may be available to service the location.

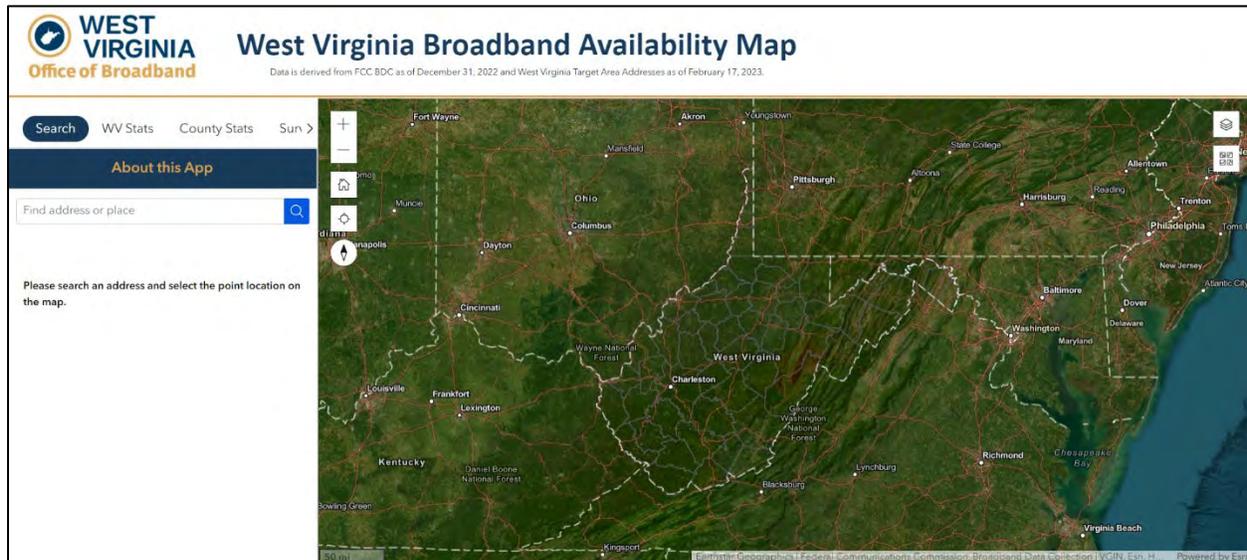
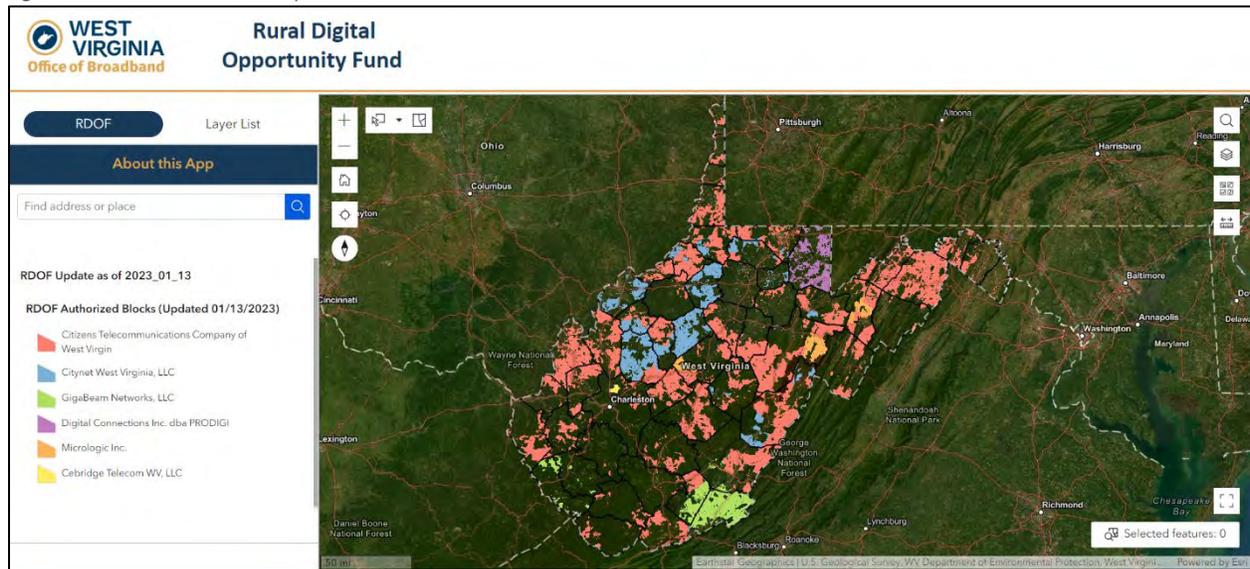


Figure 4: West Virginia broadband availability map.

## Rural Digital Opportunity Fund (RDOF)

The RDOF map demonstrates the progress and availability of locations subsidies the FCC under the RDOF program.

Figure 5: RDOF interactive map.



## 4.2 FCC National Broadband Map, Data Collection, and Challenges

As mandated by Congress, the Federal Communications Commission (FCC) has now released Version 4 of the National Broadband Map. Since 2022, the map has displayed broadband service availability at individual locations instead of census blocks, lending to greater data accuracy. The FCC collects data for this map via a required bi-annual reporting schedule called the Broadband Data Collection (BDC) process. Throughout the BDC process, entities, including states, are given opportunities to challenge the accuracy of reported data.

To obtain data that would assist in developing the new map, the FCC contracted with CostQuest Associates, a broadband consulting firm, to provide a base layer map of all business and residential locations across the nation. This map is known as “the Fabric” because it weaves together numerous data sources to determine Broadband Serviceable Locations (BSLs), locations where fixed broadband is or can be installed, throughout the United States. According to the FCC, the Fabric is a “mix of aerial and satellite imagery, address databases, land and local tax records, and other sources.” As required by the BEAD program, Fabric data was the sole method of determining BSLs under the BEAD program.

The Fabric dataset also categorizes Broadband Serviceable Locations by purpose and use. These location types fall into four categories:

Table 2: Fabric building types.

Category	Description
Residential	Dwellings, including single and multi-family homes.
Non-residential	All non-residential building types that can be considered BSLs, including businesses.
Mixed use	Both residential and non-residential.
Other	Although not formally defined by the FCC, this represents a collection of what are likely incorrectly classified. This data will likely be removed, reclassified, or otherwise changed in subsequent data releases.

Source: Calculated using December 31, 2022, National Broadband Data Collection Availability Data provided by the Federal Communications Commission

Residential buildings constitute the majority of Broadband Serviceable Location units in West Virginia: 79.1% of Broadband Serviceable Locations are solely residential, and an additional 3% of units are mixed use. Below, *Table 3* displays the distribution of Broadband Serviceable Location units by location type at a high level. The residential location type represents an extremely high proportion of all units in West Virginia.

Table 3: BSL Unit Counts

Location Type	BSL Units	
	Count	% of total units
Residential	821,149	79.1%
Non-residential	136,836	13.2%
Mixed use	79,932	7.7%
Other	761	<0.1%

Source: Calculated using December 31, 2022, National Broadband Data Collection Availability Data provided by the

The number of underserved and unserved BSLs determines the share of funds states and territories receive through the BEAD program. With comparatively low rates of broadband availability, the Fabric in West Virginia must be as accurate as possible—any residences and businesses that exist but are not included in the dataset result in fewer BEAD dollars in West Virginia. Analysis by WVDED and other nationwide broadband agencies determined that the Fabric is neither exhaustive nor accurate.<sup>1</sup>

<sup>1</sup> FCC Chair Says it Received 1.1M Location Challenges to Broadband Map, Fierce Telecom, February 2023. <https://www.fiercetelecom.com/broadband/fcc-chair-says-it-received-11m-location-challenges-broadband-map>, FCC Launches New National Broadband Map; West Virginia Prepares to Challenge by January 13, 2023, WVDED: <https://broadband.wv.gov/news/fcc-launches-new-national-broadband-map-west-virginia-prepares-to-challenge-by-january-13-2023/>

In response, the FCC created a bulk challenge process. Following the Governor's directive that all West Virginians should be accurately represented on the National Broadband Map, the State of West Virginia challenged inaccurate information to the maximum extent provided by law: WVDED has issued 138,586 challenges to include new locations in the underlying Fabric, as well as 38,812 challenges to amend the FCC's broadband availability data.

WVDED encourages West Virginians to take part in this challenge process. To submit a Location Challenge to indicate that an address is missing, or an Availability Challenge to indicate that availability is incorrect, please follow the instructions below:

#### **How to Find Your Address:**

1. Visit <https://broadbandmap.fcc.gov/home>.
2. Using the search bar, type in the address you wish to review. The map should automatically zoom to your location.
3. After finding your location, a side-panel on the right-hand side of the screen will populate location and service information.
4. If your location is missing, ensure to select the building footprint or space of your location to submit a Location Challenge.

#### **How to Submit a Location Challenge to the FCC:**

1. After searching a location, select the building footprint or space to where the point location layer is missing.
2. Once the location is found, select "Challenge Location."
3. You will be required to fill out a form regarding information about your location.
4. After a challenge is submitted, you will receive a confirmation email informing you that it has been received by the FCC.
5. If a location is available on the map that includes inaccurate information, navigate to "Location Challenge" in the side-panel to complete the form.

#### **How to Submit an Availability Challenge to the FCC:**

1. After searching a location, select "Availability Challenge" in the side-panel.
2. Select the provider (ISP) you wish to challenge.
3. Complete the form to dispute the provider's claim on service availability.
4. Submit a separate challenge for each provider if multiple providers are listed incorrectly.

To develop a more accurate map of BSLs and their available broadband speeds, West Virginia encourages residents to complete location and availability challenges via web surveys and speed tests from their place of work or residence. WVDED and the Governor's Office collaborated to issue notifications through press releases, social media, and radio advertising to urge West Virginia residents to submit individual challenges.

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WVDED will continue to challenge new releases of the Fabric and BDC dataset at six-month intervals to ensure the accuracy of the data.

### 4.2.1 National Broadband Map Implications

WVDED notes that the FCC map presents several confusing implications that may impede individual participation in the challenge process. For example, the NTIA BEAD program does not recognize satellite technology as a reliable broadband service; however, most addresses on the map are classified as served due to satellite. The below list is comprised of these complicating factors found in the FCC map.

- **Missing addresses:** The map includes a total of 902,699 broadband serviceable locations. The Office of Broadband has identified a minimum of 138,000 locations missing from the map.
- **100% Coverage:** The FCC represents broadband availability both at the address level and area based. Area based coverage consists of hexagon polygons represented by the percentage of coverage. Due to satellite coverage, most of West Virginia appears 100% served, both at the hexagon and address level. This representation of West Virginia is misleading to consumers.
  - BEAD NOFO does not correlate with the FCC National Broadband Map
- **Licensed Fixed Wireless:** Licensed fixed wireless is a technology eligible to deem an address as served. This technology that meets the minimum speed threshold of 25/3 Mbps may impact the overall count of unserved locations in the final map. Unlike cable and fiber, fixed wireless requires access to more data specifications, equipment, and time to properly conduct a field analysis.
- **Copper/DSL:** Out-dated legacy technology in West Virginia with many reported cases of failing infrastructure, low speeds, and inability to serve new customers.
- **Satellite:** – Starlink satellite technology shows to offer 834,009 addresses as served with 100/10
- **Consumer challenges:** Consumer challenges are sent to the ISPs for review.

## 5. West Virginia Broadband Investment Plan

The West Virginia Department of Economic Development, Office of Broadband, in coordination with the West Virginia Broadband Enhancement Council, will continue to administer the West Virginia Broadband Investment Plan (WVBIP), utilizing funds allocated to the State of West Virginia through Capital Projects Fund (CPF) and State and Local Fiscal Recovery Fund of the American Rescue Plan Act (ARPA), according to guidance published by the U.S. Treasury. The use of this funding has expanded broadband into unserved and underserved areas, aiding West Virginians in need of reliable, high quality broadband service.

The allocation of SLFRF and General Revenue funding provided a historic \$100 million investment that will supplement West Virginia's allocation of funds through the Capital Projects Funds (CPF), also part of the ARPA. The ARPA CPF includes \$136 million for broadband development in West Virginia.

The combination of SLFRF and CPF funding provides a total ARPA broadband investment of \$236 million in West Virginia. This funding represents a major transition to State-led broadband development through which states will oversee the investment of broadband funding.

The WVBIP includes four distinct programs, three which are funded with ARPA dollars. These include GigReady, Major Broadband Project Strategies, and the LEAD programs. In addition, state funding is available for the Wireless Internet Networks (WIN) program. These existing programs complement the forthcoming infrastructure program developed for BEAD.

As of December 2023, Governor Jim Justice has over \$152 million of ARPA funds to 37 projects in West Virginia. This investment will deploy over 4000 miles of broadband infrastructure to connect over 47,000 targeted locations.

The geographic areas of the GigReady, Major Broadband Project Strategies, and LEAD programs are displayed in Figure 7 below. In line with the Governor’s Billion-Dollar Broadband Strategy effort, the WVBIP programs cover a larger geographic area than all but the federal RDOF program. LEAD, GigReady, and Major Broadband Project Strategies are described in detail below.

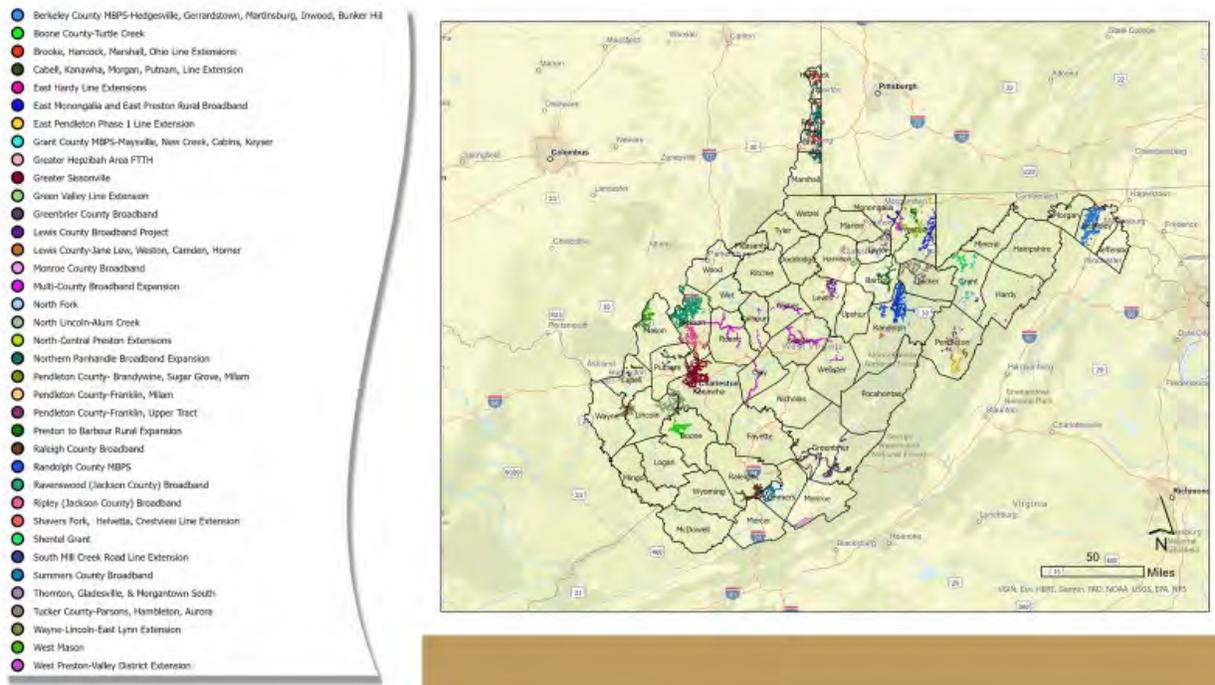


Figure 6: Funded areas of state-led WVBIP ARPA programs.

## 5.1 Capital Projects Fund

The West Virginia Office of Broadband is the administrator of the American Rescue Plan Act (ARPA) Capital Projects Fund (CPF) for broadband development. The Office of Broadband designed programs to align with ARPA rules and guidance and other funds that may become available for broadband development in West Virginia. The U.S. Treasury approved West Virginia’s plan for utilization of CPF funding on June 7, 2022. West Virginia was among the first four states in the nation to be approved for funding, along with Louisiana, New Hampshire, and Virginia.

The CPF program provides \$10 billion nationwide for eligible governments to carry out critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency. The CPF Guidance, available at [treasury.gov/CPF](https://www.treasury.gov/CPF), describes how governments may access and use these funds.

According to the U.S. Treasury: “The focus of the Capital Projects Fund on the continuing need for connectivity in response to the COVID-19 pandemic complements the broader range of uses, including for broadband infrastructure, of the American Rescue Plan’s separate \$350 billion Coronavirus State and Local Fiscal Recovery Funds.”

As of December 2023, Governor Jim Justice has awarded over \$94 million in CPF funds to 17 projects. Table X below demonstrates Key Performance Indicators awarded across

Table 4: Capital Projects Fund awards.

Program	Number of Awarded Projects	Counties	New Miles of Plant Planned	Total Targeted Addresses Funded	Total Addresses
<b>LEAD</b>	7	7	902.5	10,352	15,301
<b>MBPS</b>	6	8	1,066.5	9,002	12,471
<b>GigReady</b>	4	14	559.4	11,863	21,331
<b>Total</b>	<b>17</b>	<b>27</b>	<b>2,528.4</b>	<b>31,217</b>	<b>49,103</b>

## 5.2 State and Local Fiscal Recovery Fund

While the Capital Projects Fund is specifically for broadband infrastructure, [State and Local Fiscal Recovery Funds](#) (SLFRF) can also be dedicated to broadband development. Recognizing this potential partnership, the WVBP provides an opportunity to coordinate state and local ARPA funding. The State Fiscal Recovery Fund (SFRF) includes \$1,355,489,988 allocated to West Virginia. The Local Fiscal Recovery Fund includes funding for cities, counties, and non-entitlement entities in the following amounts:

- a. \$348,103,547 for 55 West Virginia Counties,
- b. \$168,188,715 for Nine West Virginia Cities, and
- c. \$162,490,814 for Non-Entitlement Entities

In October 2021, the West Virginia Legislature created the Broadband Development Fund and allocated \$90 million of SLFRF funds and \$10 million in General Revenue funds to this initiative. This total was added to CPF funding for a total investment of \$236 million. The additional SLFRF funds will be dedicated to the existing the LEAD, GigReady, and MPBS programs.

The \$10 million allocation from General Revenue funds has been dedicated to the Wireless Internet Networks (WIN) program. The WIN program announced two awards in 2023.

As of December 2023, Governor Jim Justice has awarded over \$58 million in SLFRF funds to 20 projects. Table 5 below demonstrates Key Performance Indicators awarded across

Table 5: State and Local Fiscal Recovery Fund awards.

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
<b>Total</b>	<b>20</b>	<b>25</b>	<b>1,529.4</b>	<b>86.5</b>	<b>16,020</b>

## 5.3 West Virginia Broadband Development Fund

With the passage of House Bill 339 in 2021, the West Virginia Legislature created the Broadband Development Fund in the State Treasury under West Virginia Code §31G-1A-7. According to this Legislation, the fund shall be administered by the Secretary of the West Virginia Department of Economic Development (WVDED) and shall consist of all moneys made available for the purposes of this article from any source, including, but not limited to, all gifts, grants, bequests or transfers from any source, any moneys that may be appropriated to the fund by the Legislature, and all interest or other return earned from investment of the fund.

The Broadband Development Fund may only be used for the following purposes:

- (1) Expenses for the administration of the Office of Broadband;
- (2) Line extension advancement and development projects, including expansion of existing fiber and cable networks;
- (3) Major broadband project strategies, including new networks or major expansions of existing networks;
- (4) GigReady incentive projects, including a state incentive for ISP and local governments and organizations to pool some of their federal American Rescue Plan Act allocations or other local funding; and
- (5) Wireless Internet Networks, including expansions or upgrades of existing fixed wireless networks.

The WVDED Office of Broadband has identified preliminary allocations under the West Virginia Broadband Investment Plan as shown below. These preliminary allocations were adjusted based upon demonstration of need with the WVBIP programs.

## Preliminary SLFRF Funding Allocations

Program	LEAD	GigReady	MBPS	*WIN
Funding	\$10 Million	\$40 Million	\$40 Million	\$10 Million
Eligible Applicants	ISPs Operating Cable or Fiber Network	County, Municipal Governments, EDCs, EDAs, RPDCs, Private Partnerships Strongly Encouraged	ISPs Local Governments and Affiliated Organizations	ISPs with Existing Wireless Network  *Subject to ARPA Rules
Speed Requirements	At Least 100/20, scalable to 100/100 Mbps 1000/500 Mbps Preferred	At Least 100/20, scalable to 100/100 Mbps 1000/500 Mbps Preferred	At Least 100/20, scalable to 100/100 Mbps 1000/500 Mbps Preferred	At Least 25/3, preferably 100/20 Mbps
Match Requirements	At Least \$500 per Passed Premise	At Least 25 Percent of Project Cost	At Least \$500 per Passed Premise	At Least \$400 per Covered Premise

### 5.4 WVBIP Programs

Under the West Virginia Broadband Investment Plan (WVBIP), the West Virginia Office of Broadband has established four grant programs for broadband infrastructure development. Each program maximizes the potential of broadband availability and adoption in West Virginia. The programs are designed to meet the goals established in the West Virginia Broadband Enhancement Council’s 2020-2025 Five-Year Plan, the West Virginia Internet For All Five-Year Plan, and align with state and federal requirements. The WVBIP will also incorporate State funding, and other federal funds allocated or available to West Virginia. The WVBIP may be expanded through the addition of new or modified programs.

- Complete WVBIP program resources are available at: <https://broadband.wv.gov>.
- WVBIP Target Area Maps are available at: <https://wv-capitol-wvbroadband.hub.arcgis.com>.

The WVBIP contains four well defined infrastructure grant programs, each designed to specific broadband development needs. Programs launched in 2021 include:

1. [LEAD: Line Extension Advancement and Development](#)
2. [GigReady: Technical Assistance or Implementation Phases](#)
3. [MBPS: Major Broadband Project Strategies](#)
4. [WIN: Wireless Internet Networks](#)

Each WVBIP program emphasizes last mile connections. According to U.S. Treasury guidelines, each program places an emphasis on locations without access to reliable wireline service of 25/3 Mbps. Funded projects must be capable of delivering, or be scalable to deliver, symmetrical 100 Mbps service while encouraging the deployment of fiber networks.

In keeping with West Virginia’s emphasis on public-private partnerships, the programs encourage private investment in cooperation with local development initiatives. To promote greater utilization of

broadband service in West Virginia, the programs require participation in federal affordability programs and encourage the availability of a low-cost service.

Under LEAD and GigReady, the need for broadband expansion is analyzed at the individual address level. Conversely, the MBPS data focuses on the need for broadband expansion within eligible service areas as determined by the Office of Broadband. West Virginia's broadband maps can be found at:

<https://broadband.wv.gov/>

### **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. 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; 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
- 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.

Figure 7: ARPA project sequence.



### 5.4.1 Line Extension Advancement and Development (LEAD)

The Line Extension Advancement and Development (LEAD) program awards competitive grants to internet service providers to expand their existing fiber and cable networks. During the first round of LEAD, applications were accepted in multiple batches from November 2021 through January 2022, with funding decisions made through early 2022. LEAD program projects must be completed within 12 months of being awarded, and projects in other categories must be completed within 24 months of being awarded. All projects will be subject to continuous progress audits throughout their implementation to ensure early identification and correction of problems. For the second round of LEAD (i.e., LEAD2), WVDED accepted applications from February 2023 to March 2023.

The third round of LEAD is currently underway with announcements anticipated to be made in January of 2023. The State has awarded over \$53,275,390 to twelve LEAD grantees. With grantees providing a total of \$16,561,117 in additional matching funds, \$69,836,507 was invested into broadband through the LEAD program.

### 5.4.2 GigReady Incentive Program (GigReady)

The U.S. Treasury allocated more than \$500 million from the ARPA Local Fiscal Recovery Fund to local governments for public improvement projects. Many of these local governments chose to use these funds to invest in local broadband expansion. The GigReady program provides matching state funds for local governments that develop projects to pool their broadband investments. The State accepted applications on a rolling basis beginning in November 2021 and announced decisions throughout 2022.

Public-private partnerships in broadband infrastructure represent a critical alliance in bridging the digital divide and enhancing connectivity, especially in unserved and underserved rural areas. By combining the efficiency and innovative capabilities of the private sector with the regulatory and financial support of public entities, these partnerships can effectively address the challenges of high infrastructure costs and logistical complexities associated with broadband deployment.

Such collaborations not only expedite the rollout of high-speed internet services but also ensure that these services are both accessible and affordable for a wider population. This synergy is essential for fostering digital inclusion, supporting economic growth, and enabling communities to benefit from advancements in education, healthcare, and business, driven by reliable and fast internet connectivity. The success of these partnerships often hinges on a shared vision and commitment to serve community needs, making them a valuable model for achieving widespread digital connectivity.

The State has awarded \$41,389,105 to five GigReady grantees. With grantees providing a total of \$13,796,368 in additional matching funds, \$55,185,473 was invested into broadband through the GigReady program.

### 5.4.3 Major Broadband Project Strategies (MBPS)

The Major Broadband Project Strategies Program (MBPS) is designed for projects that can transform broadband availability across a significant extent of coverage in West Virginia. The Program will fund larger scale projects designed to serve large numbers of Targeted addresses.

MBPS focuses on larger projects than LEAD that may consist of new networks or major enlargements of existing networks. Compared to LEAD that focuses on funding for projects at the address level, MBPS defines projects by Eligible Service Areas. The mapping for Eligible Service Areas (ESAs) classified by city locations.

The Target Address map provides an estimate of the unserved addresses within Eligible Service Areas that are not part of another funded project. Winning projects will have an obligation to provide service to any unserved address within the awarded Eligible Service Areas.

Eligible applicants include:

- a. Private for-profit or non-profit corporations
- b. Local governments
- c. Economic Development Authorities
- d. Economic Development Corporations
- e. Regional Planning and Development Councils

The State has awarded \$58,191,311 to MBPS grantees. With grantees providing a total of \$41,824,675 in additional matching funds, \$100,015,986 was invested into broadband through the MBPS program.

### 5.4.4 Wireless Internet Networks

The State Legislature allocated approximately \$10 million to the WIN Program to fund extensions or upgrades of existing last mile wireless broadband networks that can be constructed quickly. WVDED provided interested applicants with a set of targeted state parks and addresses, and its prioritized

projects that benefited both at the same time. The application period ran from May to June 2022. As of July 2023, WVDED has provided nearly \$1 million in funding for two projects.

U.S. Cellular received \$679,950 from the West Virginia Legislature's Broadband Development Fund for the Coopers Rock State Park Project and \$250,000 for the Watoga State Park Planning Grant.

## 5.4.5 Guide to Reporting and Compliance Obligations for West Virginia ARPA Broadband Investment Plan Grant Recipients

To assist project teams in the implementation of federally funded projects, the West Virginia Office of Broadband has issued an [ARPA-Subrecipient-Compliance-and-Reporting-Guidance-Document-for-Awardees](#). This document was developed in cooperation with the West Virginia Broadband Enhancement Council and Tilson Technology Management, Inc. This Guide to Reporting and Compliance Obligations for West Virginia ARPA Broadband Investment Plan Grant Recipients covers three different programs administered by the West Virginia Department of Economic Development, Office of Broadband (WVDED). These programs are the GigReady Incentive Program (GigReady), the Line Extension Advancement and Development Program (LEAD), and the Major Broadband Project Strategies Program (MBPS).

The document is intended as a guide, not as a substitute for a thorough knowledge of state and Federal laws and regulations referenced in this document. This document may be updated to more fully incorporate requirements. In the event of any discrepancy, Federal regulations will prevail. The Grantee is responsible for compliance with the most current and stringent of any applicable local, State or Federal law or regulation(s).

## 5.5 2023 Project Announcements

Governor Justice has issued project approval announcements throughout 2022 and 2023. Announced projects will result in over 4,000 miles of new fiber infrastructure, providing high-speed broadband access to more than 47,000 targeted homes and businesses. Projects announced through 2023 are funded by the American Rescue Plan Act (ARPA). West Virginia has awarded \$152 million in ARPA funding to date, including:

- \$95 million in Capital Projects Funds, and
- \$58 million in SLFRF funds

As critical partners in West Virginia's broadband expansion initiative, Internet Service Providers in West Virginia have dedicated matching funds in the amount of \$72 million for a total investment of more than \$225 million in 37 broadband infrastructure projects throughout West Virginia across all projects announced to date. Governor Justice has issued project approvals on a rolling basis throughout 2023, as detailed below:

- a. **LEAD Announcements:** Governor Justice has announced the approval of 20 applications under the Line Extension, Advancement and Development (LEAD) Program.

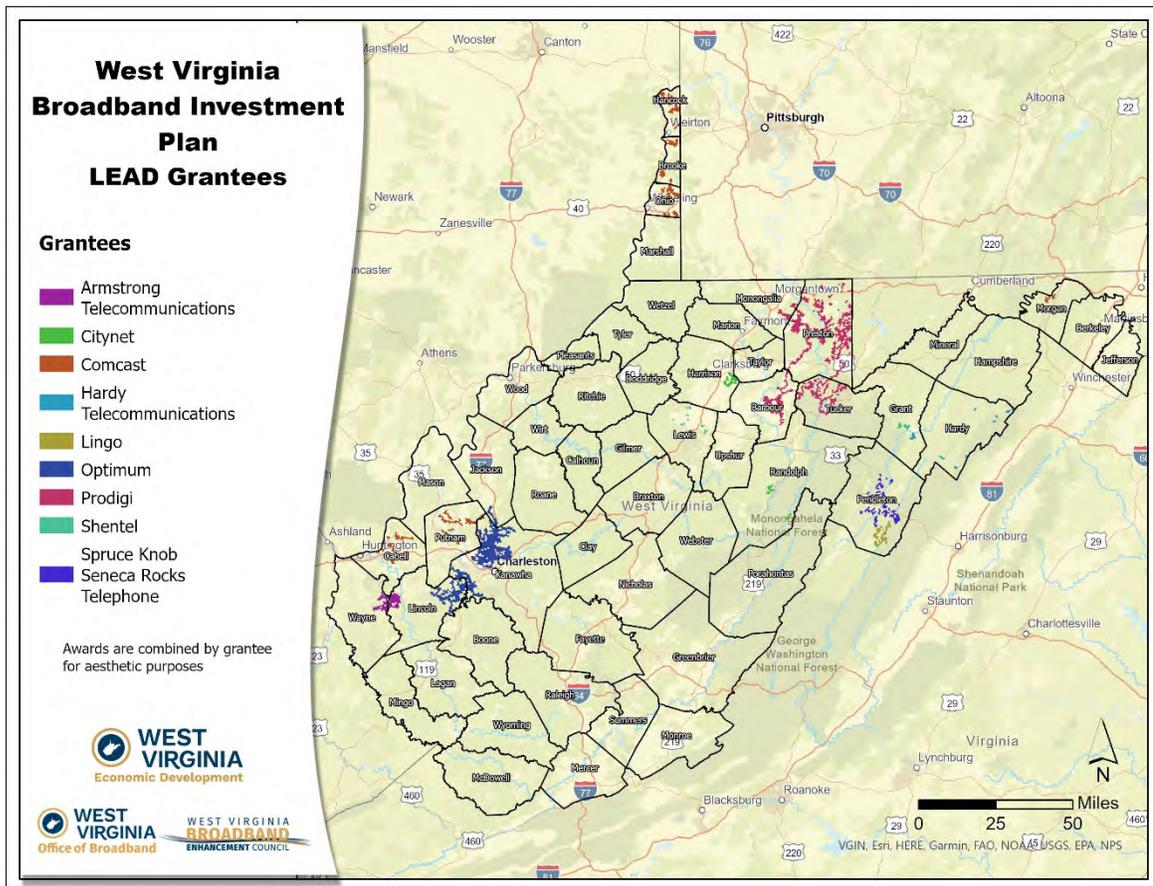
The 20 LEAD awards to date represent an allocation of \$53,275,390, through which companies will construct 1,721 miles of fiber, serving 18,197 targeted locations in West Virginia. These projects will leverage an additional \$16,561,117 in match contributions for a total infrastructure investment of \$69,836,507.

LEAD Applicant	LEAD Project Name	Amount	Matching Funds	Targeted Addresses	Fiber Miles
1. Citynet	Green Valley Line Extension	\$1,191,535	\$188,500	265	26
2. Citynet	Shavers Fork, Helvetia, Crestview Line Extension	\$713,560	\$162,500	96	10
3. Comcast	Brooke, Hancock, Ohio, Marshall Line Extensions	\$4,721,590	\$2,064,978	1,462	59
4. Comcast	Cabell, Kanawha, Morgan, Putnam Line Extensions	\$2,885,246	\$1,111,628	716	119
5. Hardynet	East Hardy Line Extension	\$183,241	\$64,800	58	10
6. Hardynet	South Mill Creek Line Extension	\$416,984	\$140,000	117	5
7. Lingo-MGW Networks	East Pendleton Phase I South Mill Creek	\$2,257,834	\$297,000	86	31
8. Prodigy	Northcentral Preston	\$4,592,645	\$870,500	1,203	93
9. Prodigy	West Preston-Valley District	\$3,840,913	\$803,500	1,455	60
10. Shentel	North Fork, Sunset Drive	\$420,630	\$238,500	141	9.5

11. Altice	Greater Sissonville	\$4,000,000	\$6,062,482	5,895	538
12. Altice	North Lincoln-Alum Creek	\$2,000,000	\$2,304,283	3,442	230
13. Prodigy	East Monongalia and East Preston Rural Broadband	\$4,362,723	\$661,500	799	103.39
14. Armstrong Telecommunications, Inc.	Wayne-Lincoln-East Lynn Extension	\$3,400,931	\$399,500	551	56.15
15. Prodigy	Tucker County-Parsons, Hambleton, Aurora	\$7,906,924	\$111,000	644	140.59
16. Prodigy	Preston to Barbour Rural Expansion	\$6,591,470	\$722,500	803	135.07
17. Spruce Knob	Pendleton County-Franklin, Milam	\$1,254,945	\$77,000	83	22.66
18. Spruce Knob	Pendleton County-Franklin, Upper Tract	\$1,277,412	\$113,400	123	29.91
19. Spruce Knob	Pendleton County-Brandywine, Sugar Grove, Milam	\$888,620	\$91,700	114	18.81
20. Shentel	Lewis County-Jane Lew, Weston,	\$398,189	\$75,846	144	6.95

	Camden, Horner				
<b>LEAD TOTALS</b>		<b>\$53,275,390</b>	<b>\$16,561,117</b>	<b>18,197</b>	<b>1,721.35</b>

Table 6: LEAD awards announced to date.

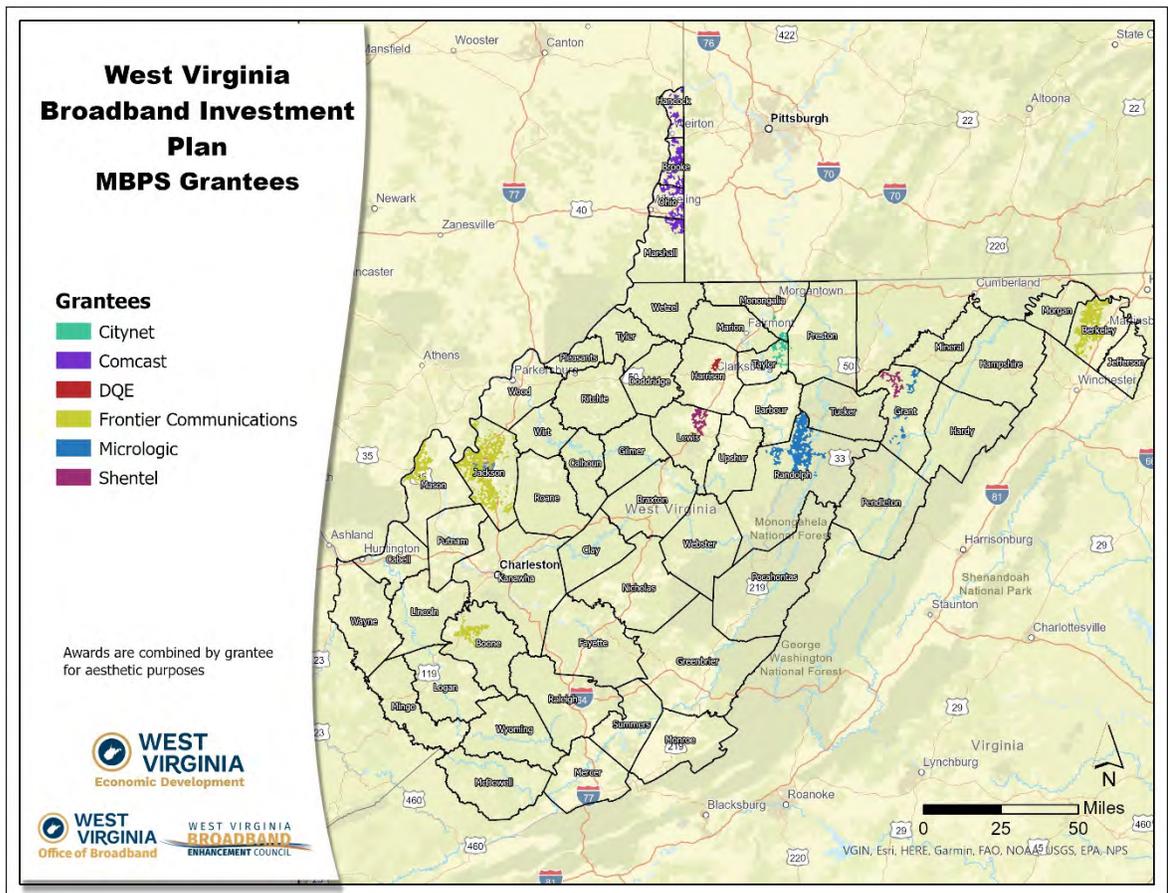


- b. **MBPS Announcements:** Governor Justice has announced the approval of over \$45.8 million in grant funding for twelve broadband infrastructure projects across the state through the Major Broadband Project Strategies (MBPS) program.

The 12 MBPS awards to date represent an allocation of \$58,191,311, through which companies will construct 1,670 miles of fiber, serving 15,500 targeted locations in West Virginia. These projects will leverage an additional \$41,824,675 in match contributions for a total infrastructure investment of \$100,015,986.

MBPS Applicant	MBPS Project Name	Amount	Matching Funds	Targeted Addresses	Fiber Miles
1. Citynet	Thornton, Gladesville, Morgantown South	2,200,635	733,545	376	86
2. Comcast	Northern Panhandle Broadband Expansion	14,726,012	6,265,607	1,402	304
3. DQE	Greater Hepzibah Area FTTH	1,088,276	373,000	650	15
4. Frontier	Boone County-Turtle Creek	671,385	1,993,688	1,566	83
5. Frontier	West Mason	1,039,734	3,447,586	1,398	113
6. Shentel	Lewis County Broadband Expansion	1,119,113	466,500	457	27
7. Micrologic	Randolph County MBPS	13,977,410	2,979,000	3,991	282
Frontier	Ravenswood (Jackson Co) Broadband	\$7,642,581	\$7,642,581	1,635	238.00
Frontier	Ripley (Jackson Co) Broadband	\$5,471,280	\$3,921,793	899	144.00
Frontier	Berkeley County MBPS-Hedgesville, Gerrardstown, Martinsburg, Inwood, Bunker Hill	\$6,326,283	\$11,748,811	2,531	285.95
Micrologic	Grant County MBPS-Maysville, New Creek, Cabins, Keyser	\$2,868,035	\$956,012	266	55.14
Shentel	Grant County MBPS-Gormanian, Bismarck, Mount Storm	\$1,116,204	\$1,791,853	809	41.00
<b>MBPS TOTALS</b>		<b>\$34,822,567</b>	<b>\$16,258,926</b>	<b>9,840</b>	<b>910</b>

Table 7: MBPS awards announced to date.



- c. **GigReady Announcements:** Governor Justice has announced the approval of over \$41 million in grant funding for five broadband infrastructure projects across the state through the Major Broadband Project Strategies (MBPS) program.

The 5 GigReady awards to date represent an allocation of \$41,389,106, through which companies will construct 665 miles of fiber, serving 13,540 targeted locations in West Virginia. These projects will leverage an additional \$13,796,368 in match contributions for a total infrastructure investment of \$55,185,473.

GIGREADY Applicant	MBPS Project Name	Amount	Matching Funds	Targeted Addresses	Fiber Miles
1. Greenbrier County Commission	Greenbrier Co. Broadband Expansion	12,940,988	4,313,663	5,316	177

Figure 9: MBPS awards grouped by grantee.

2. Monroe County Commission	Seneca Trail-Green Valley Road	1,797,904	599,301	633	30
3. Raleigh County Commission	Ghent Fiber Expansion	5,889,198	1,963,066	1,677	106
4. Roane County Economic Development Authority	Multi-County Broadband	17,057,869	5,685,956	4,878	287
5. Summers County Commission	Mountview to Bellepoint	3,703,147	1,234,382	1,036	65
<b>GIGREADY TOTALS</b>		<b>\$41,389,106</b>	<b>\$13,796,368</b>	<b>13,540</b>	<b>665</b>

Table 8: GigReady awards announced to date.

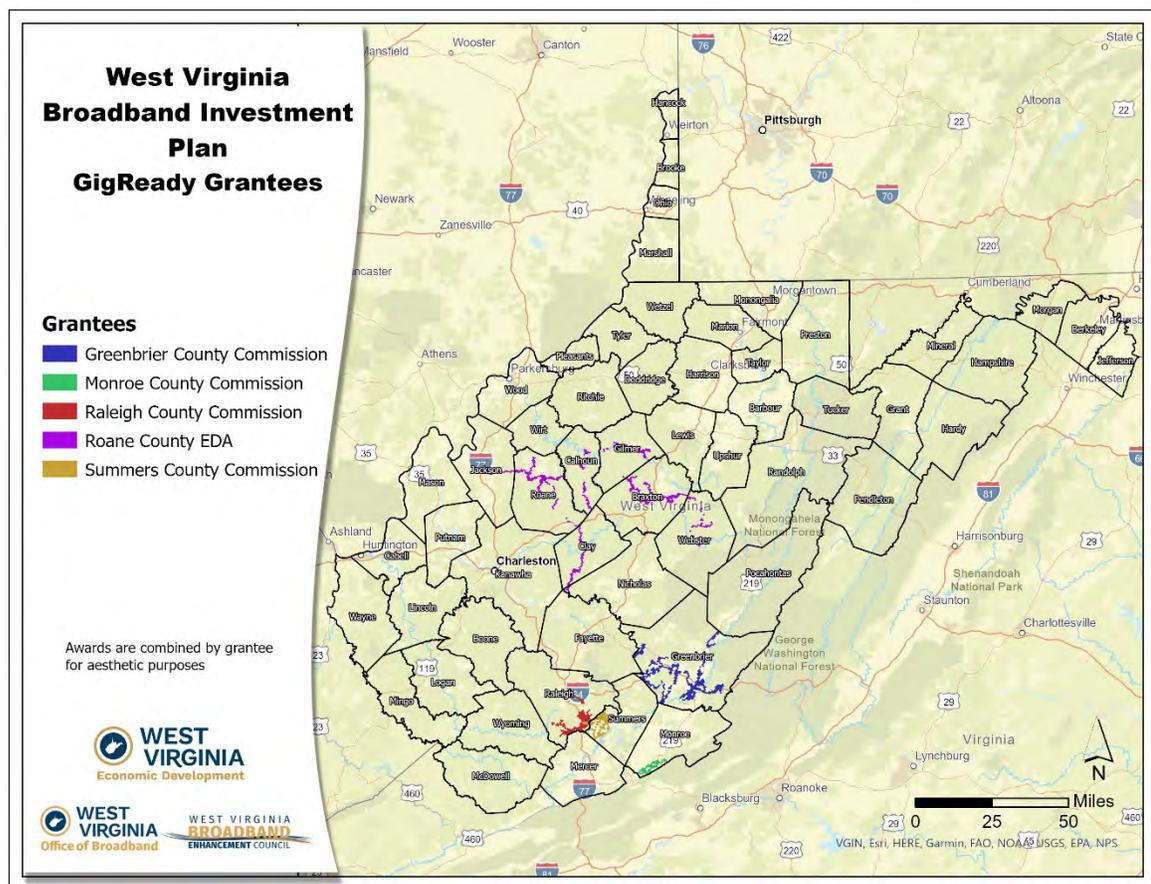
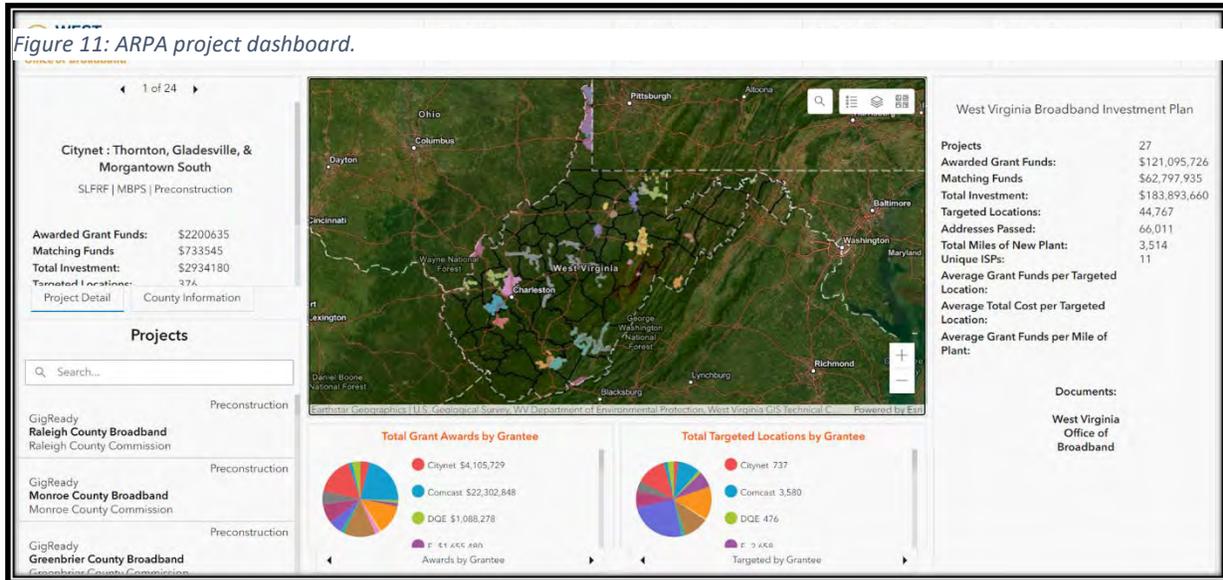


Figure 10: GigReady awards grouped by grantee.

## 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 [broadband.wv.gov](https://broadband.wv.gov) and [ARPA Dashboard \(arcgis.com\)](https://arpa.dashboard.arcgis.com).



## 2023 ARPA Construction Forecast

The WVDED 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).

Five ARPA projects are currently under construction, two of which have already been completed. An additional seven projects are currently in design phase and were expected to be authorized to begin construction near the end of December 2023, as noted in the table below. However, project teams continue working through required permitting at the time of this report. The main source of permitting delay is attributed to the pole attachment permitting process.

Table 9: ARPA construction forecast.

ARPA Projects - Construction Forecast				
Grantee Name	Funding Source	Targeted Addresses	Approximate Mileage	Construction Status

Citynet LLC Green Valley Line Extension	SLFRF	265	26	Complete
Citynet LLC Shavers Fork, Helvetia, and Crestview Extension	SLFRF	96	14	Under Construction
Comcast Cable Communications LLC Brooke, Hancock, Ohio Line Extension	SLFRF	1462	132	Q4 2023
Comcast Cable Communications LLC Cabell, Kanawha, Morgan, Putnam Line Extension	SLFRF	716	59	Q4 2023
Digital Connections Inc. DBA, Prodigy Northcentral Preston Network Extension	SLFRF	1203	93	Under Construction
Digital Connections Inc. DBA, Prodigy West Preston-Valley District Extension	SLFRF	1455	60	Under Construction
Digital Connections Inc. DBA, Prodigy East Monongalia and East Preston Rural Broadband	SLFRF	799	103	Q4 2023
Hardy Telecommunications Inc. East Hardy Line Extension Project	SLFRF	58	10	Complete
Hardy Telecommunications Inc. South Mill Creek Road Line Extension	SLFRF	117	5	Q4 2023
Frontier, West Virginia Inc. Boone County - Turtle Creek	SLFRF	1566	83	Q4 2023
Frontier, West Virginia Inc. West Mason	SLFRF	1092	108	Q4 2023
MGW Networks LLC, DBA Lingo Eastern Pendleton, Phase 1 Extension	SLFRF	86	31	Q4 2023
Roane EDA Multi-County Broadband Expansion	CPF	4878	287	Q4 2023
Micrologic Inc. Randolph County Fiber Deployment	CPF	3991	282	Q4 2023

## 5.6 Speed Data

Following the lead of the West Virginia Broadband Enhancement Council, the WVDED continues to champion speed testing. The West Virginia Broadband Enhancement Council has licensed Speedtest® by Ookla®<sup>2</sup> speed test data for West Virginia every year since the Council’s inception in 2016. The Council values speed testing because it provides consumers with a voice and a method for reporting broadband data.

Ookla® performance data plays a pivotal role in evaluating broadband performance in West Virginia, offering valuable insights into the state's digital infrastructure. By measuring key metrics such as download and upload speeds, and latency, these tests provide a clear, quantitative assessment of internet

<sup>2</sup> “Ookla is a global leader in connectivity intelligence and network insights. For almost two decades, Ookla has set the industry standard for both fixed and mobile network testing and analysis. From its world-renowned Speedtest and Dwnndetector platforms to an accompanying and growing suite of end-to-end enterprise solutions, Ookla’s mission is to measure, understand, and help improve connected experiences.” Ookla, “About”, <https://www.ookla.com/about>.

connectivity across different regions. For policymakers, service providers, and consumers alike, the data supports data-driven decisions for identifying areas with inadequate broadband service, guiding infrastructure investments, and benchmarking improvements over time.

In West Virginia, where topographical challenges and rural expanses pose unique obstacles to broadband deployment, these tests are especially important. They help in ensuring that efforts to expand and upgrade broadband networks are effectively targeted, thereby enhancing the digital inclusivity of communities and supporting the state's overall economic and technological growth. Moreover, the transparency and ease of access to Ookla's data empower consumers to make informed decisions about their internet service providers, fostering a competitive and quality-focused broadband market.

Performance data has been instrumental in participating in the FCC's Broadband Data Collection (BDC) challenge process. This initiative by the FCC aims to create a more accurate and comprehensive map of broadband coverage across the United States. By leveraging the granular data from performance data, the Office actively contributed to this national effort by challenging and verifying the accuracy of the FCC's broadband deployment data.

The data provided insight into areas where official records may not reflect the actual user experience. The speed test results can highlight discrepancies in reported coverage, speeds, and service quality, enabling a more truthful representation of broadband accessibility in the state. This data-driven approach ensures that federal funding and policy decisions for broadband expansion are based on realistic and current information, ultimately leading to more effective strategies to eliminate coverage gaps and enhance internet performance in underserved regions. The active participation in the BDC challenge process, fueled by reliable data is a vital step towards achieving equitable broadband access for all communities in West Virginia.

In mid-2023, the Broadband Enhancement Council approved the licensing of Ookla's Mobility data, including Cell Analytics and Tower Source Data. This license was executed in anticipation of the FCC's Mobility Fund Phase II, and to assist the West Virginia Office of Broadband with any state challenges to reported mobile data.

West Virginians typically take about one million speed tests per year through the State's speed test portal located at <https://broadband.wv.gov>, which includes a custom State survey, or directly through the Speedtest apps for iOS and Android as well as on the web via Speedtest.net at <https://www.speedtest.net>. Analyzing performance results has allowed for West Virginia to determine area in need of broadband investment, improve mapping through participating in formal challenge processes, and demonstrate growth. Figures 12 and 13 demonstrate the improvement in broadband in just one year.

Figure 13: Performance results for 2022.

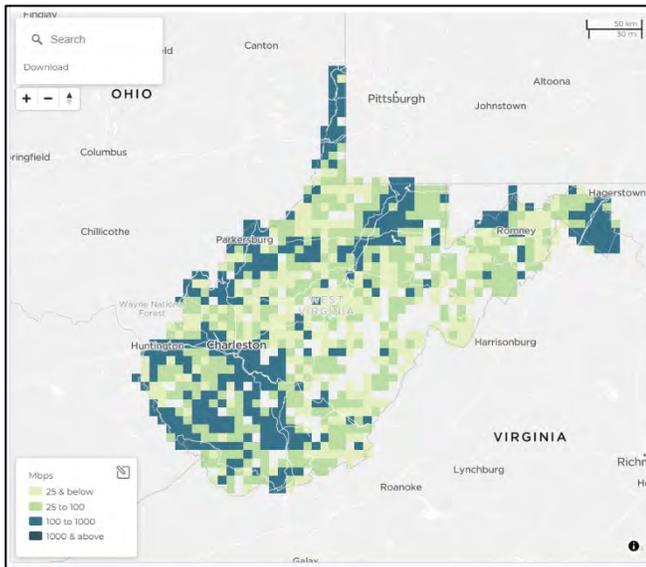
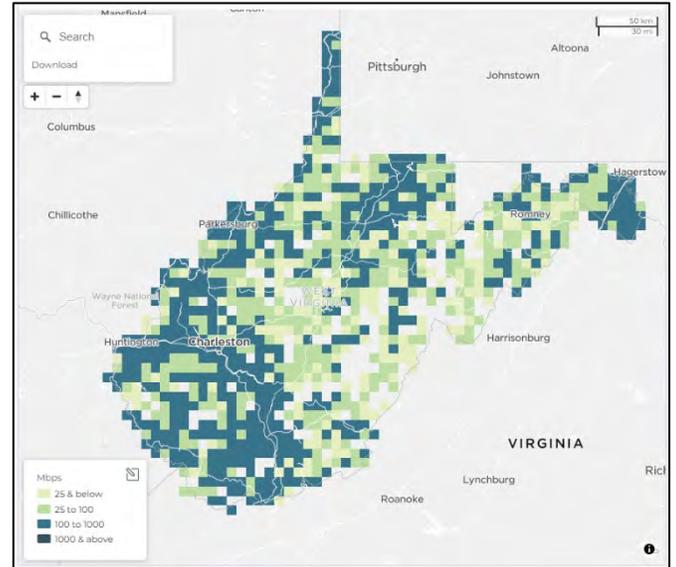


Figure 12: Performance results for 2023.



## 6. FCC Rural Digital Opportunity Fund

Launched by the FCC, RDOF offers internet service providers funding to extend service to designated underserved areas. The program centers on a reverse auction in which internet service providers compete for grants to connect underserved Census blocks; each block is awarded to the internet service provider that can connect it with the least amount of requested federal funding.

The FCC conducted Phase 1 of the RDOF multi-round, reverse auction in October and November 2020. Through the entire RDOF program, the FCC outlined plans to award up to \$20.4 billion to support fixed broadband development nationwide. Phase 1 of the RDOF auction program included \$16 billion in potential funding. Of the \$16 billion, \$9.2 billion, or 57.5%, was awarded through a competitive, reverse auction framework designed to reduce costs through repetitive rounds of bidding by location(s). Winning bidders were announced on December 7, 2020.

West Virginia's initial auction eligibility profile, as determined by the FCC, included 120,506 locations. The maximum statewide award possible was slightly more than \$766 million, or \$76 million per year, for 10 years. This figure was the maximum potential subsidy to be awarded by the FCC to carriers that competed in the auction process. However, through the reverse auction process, the ultimate subsidy amount awarded in West Virginia was \$362 million, approximately 47.2% of the maximum amount.

Additionally, of the 120,506 initially eligible locations, 119,267 (98.9%), were ‘won’ by auction participants.<sup>3</sup>

Of these, six service providers serving 109,087 RDOF locations in West Virginia have been approved to provide broadband service under RDOF. All six will offer service that meets the fully served BEAD classification.<sup>4</sup> Of these, approximately 80,000 of those are assigned to Frontier.<sup>5</sup>

All six service providers bid and won in the auction’s Gigabit Performance Tier, specifying the use of “Optical Carrier – Fiber to the End-User” as the technology to be utilized to satisfy deployment obligations. All auction winners must fulfill deployment obligations to serve 40% of the total locations won in a state by the end of year three (starting when the FCC announces final approval of auction winners to receive Universal Service Funds) and an additional 20% of auction subsidized locations per year until 100% completion by the end of year six.

The specification of “Optical Carrier – Fiber to the End User” as a technology necessitates the deployment of a Gigabit Passive Optical Network (GPON) as a fiber-to-the-home (FTTH) network that is able to provide service to each of the subsidized locations in West Virginia.

All auction winners must fulfill deployment obligations to serve 40% of total locations won across West Virginia by the end of the third year from RDOF Final Approval. An additional 20% must be served each following year until 100% completion is achieved by the end of year six.<sup>6</sup> See **Error! Reference source not found.** for each.

These deployment milestones apply to all auction participants and represents a significant investment in broadband infrastructure in West Virginia.

*Table 10: RDOF Milestones*

<b>Internet Service Provider</b>	<b>Date of RDOF Final Approval</b>	<b>40% Milestone Date</b>
Citynet	11/12/2021	12/31/2024
Micrologic	02/14/2022	12/31/2025
PRODIGI	03/15/2022	12/31/2025
Frontier	05/12/2022	12/31/2025
GigaBeam Networks	12/15/2022	12/31/2025
Suddenlink	08/05/2022	12/31/2025

<sup>3</sup> WVOB, West Virginia Broadband Enhancement Council, 2022 Annual Report, [https://www.wvlegislature.gov/legisdocs/reports/agency/B19\\_CY\\_2022\\_15837.pdf](https://www.wvlegislature.gov/legisdocs/reports/agency/B19_CY_2022_15837.pdf), p. 52

<sup>4</sup> “Auction 904: Rural Digital Opportunity Fund,” Federal Communications Commission, accessed May 19, 2023, <https://www.fcc.gov/auction/904>.

<sup>5</sup> WVOB, West Virginia Broadband Enhancement Council, 2022 Annual Report, [https://www.wvlegislature.gov/legisdocs/reports/agency/B19\\_CY\\_2022\\_15837.pdf](https://www.wvlegislature.gov/legisdocs/reports/agency/B19_CY_2022_15837.pdf), p. 52

<sup>6</sup> “Rural Digital Opportunity Fund,” Universal Service Administrative Company, accessed May 19, 2023, <https://www.usac.org/high-cost/funds/rural-digital-opportunity-fund/>.

## 7. Infrastructure Investment and Jobs Act Programs

The Infrastructure Investment and Jobs Act (IIJA) of 2021 provides a historic \$65 billion investment to expand internet access and adoption throughout the United States. Four federal agencies are leading the nation's Internet for All initiative with programs to support high-speed internet planning, data development, infrastructure, and adoption. These agencies include: the National Telecommunications and Information Administration (NTIA), the Federal Communications Commission (FCC), the Department of the Treasury, and the U.S. Department of Agriculture (USDA). The federal agencies have consolidated funding programs under the national [Internet for All](#) initiative.

NTIA administers two major programs under this initiative – the \$42.5 billion Broadband Equity, Access, and Deployment (BEAD) program, and the \$2.75 billion Digital Equity Act (DE) programs. The Digital Equity Act includes \$60 million for a State Planning Grant Program, \$1.44 billion for a State Capacity Grant Program, and \$1.25 billion for a Competitive Grant Program.

On May 13, 2022, NTIA released a Notice of Funding Opportunity (NOFO) for three national broadband programs under the Infrastructure Investment and Jobs Act (IIJA):

1. Broadband Equity, Access, and Deployment (BEAD) Program (\$42.5 billion)
2. Enabling Middle Mile Broadband Infrastructure Program (\$1 billion)
3. State Digital Equity Planning Grant (\$60 million)

NTIA has awarded initial planning funds to the West Virginia Department of Economic Development, Office of Broadband as described by the table below.

Program	Amount	Date of Award	Plan Due Date
BEAD Planning Grant	\$5,000,000	November 14, 2022	August 12, 2023
Digital Equity Planning Grant	\$732,640	September 30, 2022	December 28, 2023

On June 26<sup>th</sup>, 2023, NTIA announced that West Virginia will receive over \$1.2 billion in implementation funding through the BEAD Program. Overall, these programs represent a historic opportunity to achieve universal connectivity in the Mountain State, where many residents have had to deal with the digital divide for too long.

WVDED's activities pertaining to each program are 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. Each State is eligible to receive a minimum of \$100 million, of which \$5 million can be allocated as Planning Funds. As announced this year, West Virginia will receive \$1,210,800,969.85 in total. States that do not complete the BEAD Planning process will not be eligible for BEAD Implementation funds.
- b. West Virginia was among the 34 initial states that submitted a Letter of Intent (LOI) to participate in [the BEAD Program](#).
- c. West Virginia's BEAD application was submitted to NTIA on August 11, 2022, in advance of the August 15, 2022, application deadline. West Virginia's BEAD application was approved on November 14, 2022.
- d. The State's Five-Year Action Plan was submitted to NTIA on August 11, 2023, in advance of the August 12<sup>th</sup> due date. The Five-Year Action Plan was approved shortly after.
- e. WVDED has completed and submitted its Initial Proposal, Volumes I and II, to NTIA. Volume I was submitted on October 30, 2023, and Volume II was submitted on December 12, 2023. Each Volume was released for a 30-day public comment period.
- f. In early 2024, the BEAD Challenge process will be executed. In late 2024, the BEAD Final Proposal will be submitted, moving the BEAD plan into implementation in early 2025, pending relevant approvals from NTIA.

**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>) is 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. Digital Equity Plans must be coordinated in alignment with the BEAD Five-Year Action Plan.
- c. West Virginia's application was submitted on July 1, 2022, in advance of the July 12, 2022 Digital Equity Planning Grant application deadline. West Virginia's Digital Equity Planning Grant was approved by NTIA on September 30, 2022.
- d. In accordance with NTIA requirements, WVDED released the first draft of its Digital Equity Plan for public comment on July 17, 2023. WVDED accepted public comments until August 21, 2023. Public feedback was incorporated into the final draft, including a section that responded to each category of comment.
- e. The State's Digital Equity Plan underwent an early submission on August 31, 2023. NTIA provided feedback which was implemented for a resubmission on November 6, 2023.
- f. The final draft of the State Digital Equity Plan, incorporating revisions from all NTIA curing comments, was submitted to NTIA on December 14, 2023.
- g. In 2024, WVDED will apply for the Digital Equity Capacity Grant program to put the West Virginia Digital Equity Plan into action. WVDED will also work with relevant and

interested stakeholders who wish to apply for the Digital Equity Competitive Grant Program.

### 3. NTIA Middle Mile Broadband Infrastructure Grant

- a. The Middle Mile Broadband Infrastructure Grant Program (<https://broadbandusa.ntia.doc.gov/enabling-middle-mile-broadband-infrastructure-program>) provides funding for the construction, improvement, or acquisition of middle-mile infrastructure. Grant funds will be used to expand middle mile infrastructure to reduce the cost of unserved last-mile networks to connect to the internet backbone.
- b. NTIA will prioritize projects that meet at least two of the following five criteria, as outlined in Section 60401(d)(2) of the Infrastructure Act. Preferred projects will:
  - Adopt "fiscally sustainable middle mile strategies"
  - Commit to offering non-discriminatory interconnect
  - Identify specific, documented and sustainable demand for middle mile interconnections
  - Identify conditions/resources to speed up project
  - Demonstrate benefits to national security interests
- c. The Middle Mile Program's Notice of Funding Opportunity states that applicants must coordinate with the State Office of Broadband prior to submitting an application *"to ensure that the proposal is consistent with the State's broadband plan and priorities."*<sup>7</sup>
- d. Middle Mile Program grant applications were submitted directly to NTIA in September 2022.
- e. The Office of Broadband issued Request for Information (RFI) to gauge interest in potential middle mile grant applications from West Virginia on June 24, 2022. The RFI closed on July 20, 2022. The RFI was later extended, to close on August 31, 2022.
- f. Eligible applicants are defined as: *"(A) a State, political subdivision of a State, Tribal government, technology company, electric utility, utility cooperative, public utility district, telecommunications company, telecommunications cooperative, nonprofit foundation, nonprofit corporation, nonprofit institution, nonprofit association, regional planning council, Native entity, or economic development authority; or (B) a partnership of two (2) or more entities described in (A)."*<sup>8</sup>
- g. Following the success of their Logan Mingo Broadband project<sup>9</sup>, Appalachian Power Company and Wheeling Power Company (AEP) developed a feasibility study in 2022 which included five counties in southeastern West Virginia, including Raleigh, Mercer, Wyoming, McDowell, and Summers counties. The West Virginia Broadband Enhancement Council approved this study in March 2023.
- h. AEP applied to the NTIA Middle Mile Expansion Program and received a \$25 million grant for this project in June 2023. Upon completion, the project will result in 658 miles

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<sup>7</sup> <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/MIDDLE%20MILE%20NOFO.pdf>, page 22-23

<sup>8</sup> page 5

<sup>9</sup> "BROADBAND PROJECT KICKS OFF IN LOGAN, MINGO COUNTIES" <https://www.capito.senate.gov/news/in-the-news/broadband-project-kicks-off-in-logan-mingo-counties>

of new middle mile fiber and will utilize nearly 300 miles of the company’s existing fiber infrastructure to reach more than 20,000 unserved and underserved locations.

## 7.1 Internet For All West Virginia

The [Internet for All West Virginia website](#), which was launched in February 2023, was developed to disseminate information about West Virginia’s participation in the Digital Equity Act and BEAD Programs and provide a centralized location to engage with stakeholders and communities. The website includes information about how to enroll in the Affordable Connectivity Program, upcoming events, guidance on completing a Consumer Complaint with the West Virginia Office of the Attorney General and listed the Core Planning Team and Digital Equity Steering Committee membership. The website also included a link to the West Virginia Digital Access and Equity (DAE) Survey while still active.

The DAE survey was designed to collect information from statewide organizations, agencies, offices, and businesses that improve digital equity in West Virginia. This information helped inform the State’s digital equity asset inventory. The Core Planning Team, in collaboration with the Commerce Communications Team, will continue to update the Internet for All West Virginia website throughout Digital Equity and BEAD Plan implementation.

## 7.2 West Virginia’s Core Planning Team

The WVDED formed the Core Planning Team and Digital Equity Steering Committee at the outset of its digital equity efforts. The Core Planning Team was created to assist WVDED in all aspects of developing and drafting the BEAD and Digital Equity Plans. This included research and analysis, outreach, recommendation, material creation, and drafting as needed. The Steering Committee worked closely with the Core Planning Team to provide guidance, advice, and recommendations. The Committee provided valuable information about digital equity efforts across the state and other organizations that could aid digital equity efforts.

Members of the Core Planning Team include representatives from Tilson Technology Management; the Marshall University Center for Business and Economic Research (CBER); WVU’s Startup West Virginia, Data Driven West Virginia, Land Use and Sustainability Law Clinic, and Survey Research Center; the West Virginia Broadband Enhancement Council; and WVDED.

## 7.3 Partnerships for IJA Grant Planning

Throughout the development of the Five-Year Action Plan and Digital Equity Plan, WVDED engaged with and solicited feedback from a wide range of partners. These partners include organizations already engaged in issues related to broadband deployment and digital inclusion, such as local governments, institutions of higher education, school systems, faith-based organizations, foundations, and more. Table 11 offers a non-exhaustive list of these partners and their roles in broadband deployment or adoption.

*Table 11: List of Partners and Their Current or Planned Role in Broadband Deployment and Adoption*

<b>Partner</b>	<b>Current or planned role in broadband deployment and adoption</b>
AARP West Virginia	Steering Committee member

Appalachian Prison Book Project	Offer insights on incarcerated individuals
Appalachian Regional Commission	Act as a key partner, and potential source of funding, for a variety of broadband deployment projects; member of the Workforce Development Council
Black by God	Provide feedback and information relevant to the deployment of broadband and digital equity activities for persons of color
Blue Ridge Community and Technical College	Member of the Workforce Development Council
Chancellor of the Community and Technical College System	Member of the Workforce Development Council
Citynet	Exchange information on challenge and considerations for broadband deployment in West Virginia; member of the Workforce Development Council
Comcast	Exchange information on challenges and considerations for broadband deployment in West Virginia
Communications Workers of America	Member of the Workforce Development Council
Community and Technical College System of West Virginia	Member of the Workforce Development Council
CyberGenerations	Provide information on existing digital equity programs related to aging individuals
Eastern West Virginia Community & Technical College	Member of the Workforce Development Council
Frontier	Exchange information on challenge and considerations for broadband deployment in West Virginia
Gassaway Public Library	Offer insights related to broadband deployment at CAIs
Generation West Virginia	Steering Committee member
GigaBeam Networks	Exchange information on challenges and considerations for broadband deployment in West Virginia
Innovative Community Solutions (ICS)	Covered populations outreach and potential partner on digital literacy training and workforce development
Marshall University, Center for Business and Economic Research	Member of the core planning team
Mary H. Weir Public Library	Offer insights related to broadband deployment at CAIs
Micrologic, Inc.	Exchange information on challenges and considerations for broadband deployment in West Virginia; member of the Workforce Development Council
Morgantown Public Library System	Offer insights related to broadband deployment at CAIs
Mountain State Educational Services Cooperative	Community outreach and potential partner on digital literacy training and workforce development
Multiple Senior Centers	Provide information on existing digital equity programs related to aging individuals

National Digital Inclusion Alliance	Provide feedback and information relevant to the deployment of broadband and digital equity activities
National Electric Contractors Association (West Virginia/Ohio Valley Chapter)	Member of the Workforce Development Council
New River Community and Technical College	Member of the Workforce Development Council
Other Public Libraries	Offer insights related to broadband deployment at CAIs
Pierpont Community & Technical College Center for Workforce Education	Member of the Workforce Development Council
Prodigy	Exchange information on challenge and considerations for broadband deployment in West Virginia
Putnam County Library System	Offer insights related to broadband deployment at CAIs
Randolph County Development Authority	Member of the Workforce Development Council
Region 10 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 11 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 2 Planning & Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 3 Planning & Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 4 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 5 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 6 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 7 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 8 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 9 Planning and Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Region 1 Planning & Development Council	Conduct listening sessions with constituents and provide details and feedback to WVDED
Regional Optical Communications, Inc.	19 county consortium focused on the planning and collaboration to improve broadband within the region
Southern West Virginia Community and Technical College	Member of the Workforce Development Council
StartUp West Virginia	Member of the core planning team
State of West Virginia Governor's Office	Member of the Workforce Development Council

Suddenlink/Optimum	Exchange information on challenge and considerations for broadband deployment in West Virginia
The Thrasher Group	Member of the core planning team
Three Sixty Strategies, LLC	Member of the Workforce Development Council
Tilson Technology	Member of the core planning team
U.S. Department of Labor	Member of the Workforce Development Council
West Virginia Broadband Enhancement Council	Steering Committee member; Core planning team member; the West Virginia Office of Broadband exists as an extension of the WVBECC and its mandate, yet the Office of Broadband is a separate entity
West Virginia Department of Commerce	Member of the Workforce Development Council
West Virginia Department of Education	Provide feedback and information relevant to the deployment of broadband and digital equity activities; Member of the Broadband Enhancement Council
West Virginia Library Commission	Steering Committee member
West Virginia University at Parkersburg	Member of the Workforce Development Council
West Virginia University, Data Driven WV	Member of the core planning team
West Virginia Department of Education - Career Technical Education	Member of the Workforce Development Council
West Virginia Department of Veterans Assistance	Member of the Workforce Development Council
West Virginia - Herbert Henderson Office of Minority Affairs	Member of the Workforce Development Council
West Virginia Higher Education Policy Commission	Member of the Workforce Development Council
West Virginia NAACP Chapters	Provide feedback and information relevant to the deployment of broadband and digital equity activities for persons of color
West Virginia Northern Community College	Member of the Workforce Development Council
West Virginia Office of Technology	Member of the Broadband Enhancement Council
West Virginia University	Member of the Workforce Development Council
Workforce Development Board of Kanawha County	Member of the Workforce Development Council
Workforce WV	Member of the Workforce Development Council
WVCTA - The Internet and Television Association	Member of the Workforce Development Council

## 7.4 West Virginia’s Digital Equity Steering Committee

West Virginia employed its Digital Equity Steering Committee for feedback and assistance, leveraging their expertise in public outreach, organizing, and program design throughout the Digital Equity planning process.

The Committee includes representatives of organizations that serve covered populations including AARP West Virginia, Generation West Virginia, the West Virginia Library Commission, and the West Virginia Broadband Enhancement Council. The Committee meets monthly and has provided input on relevant materials, including the RPDC Community Engagement Plans, the Digital Equity Subgrantee Pilot Program, the Digital Equity Plan, and the BEAD Non-Deployment Program Procedures.

### Digital Equity Steering Committee Members

Angela Vance	Associate State Director, Advocacy, AARP WV
Roger Calhoun	Member, Rural Residential User, West Virginia Broadband Enhancement Council
Alex Weld	Executive Director, Generation WV
Annie Stroud	Broadband Coordinator, Generation WV
Donna Calvert	Director, Special Services, WV Library Commission

## 7.5 Digital Equity Planning

West Virginia’s digital equity planning team is dedicated to planning, expanding, and funding accessible high-speed internet in West Virginia.

**“Digital equity is a condition in which all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy. Digital equity is necessary for access to essential services, civic and cultural participation, employment, and lifelong learning.” --Digital equity definition, National Digital Inclusion Alliance (NDIA)**

WVDED, together with its partners, has drafted a plan to achieve digital equity in West Virginia. This plan will ensure that everyone in the State has access to affordable high-speed internet, affordable devices to use the

internet, and the opportunity to learn the skills necessary to take full advantage of everything the internet offers. All Digital Equity Plans must include:

- a. A statewide vision for digital equity
- b. A digital equity framework and scorecard
- c. Plans for digital literacy innovation programs
- d. Proposed technology-related apprenticeship or other workforce opportunities
- e. Integration with the State's Economic Development Strategy, educational and health outcomes, and civic and social engagement

Action steps to implement the Digital Equity Plan that contains all requirements set forth in the [Notice of Funding Opportunity](#). West Virginia submitted its Digital Equity Plan to NTIA on August 30, 2023 for early review. Prior to this, WVDED provided 30 days for public comment. WVDED incorporated public feedback, as well as review comments from NTIA, and resubmitted the Digital Equity Plan on November 6, 2023. A final version with revisions from NTIA curing comments was submitted on December 14, 2023.

Digital Equity Program deliverables include:

- a. a printed Digital Equity Plan, with an electronic version hosted on the [Internet for All WV website](#);
- b. an open access, interactive online dashboard and downloadable map displaying the data collected to inform the measurable objectives, and
- c. a Digital Equity asset inventory and community resource library.

WVDED has completed the first deliverable, while the second and third deliverables will be completed in the near future.

## 7.6 Digital Equity Timeline

- a. Submission of Digital Equity application (July 1, 2022).
- b. WVDED is awarded Digital Equity Planning Grant funds, period of performance begins (October 1, 2022).
- c. Internet for All West Virginia Kickoff Conference (February 1, 2023).
- d. Internet for All West Virginia Listening Sessions are held (March—July 2023).
- e. Inaugural West Virginia Broadband Summit (July 25-26, 2023).
- f. Early submission of Digital Equity Plan to NTIA (August 30, 2023).
- g. Public follow-up meetings are held (October—November 2023).
- h. Resubmission of Digital Equity Plan to NTIA for preliminary review (November 6, 2023).
- i. Submission of Digital Equity Plan Final Draft to NTIA (December 14, 2023).
- j. Digital Equity Planning Grant period of performance ends (December 28, 2023).
- k. Notice of Funding Opportunity (NOFO) and application for Digital Equity Capacity Grants open. (Early 2024).
- l. Digital Equity Capacity Grants are awarded. Digital Equity Competitive Grant Program is launched within one month of State Capacity Grant Awards (Summer--Fall 2024).
- m. Five-Year State Capacity Implementation. Competitive Grant Application process and Four-Year Implementation (2024 - 2026+); a more detailed timeline is available in the Digital Equity Plan.

## 7.7 BEAD Planning

The Broadband Equity, Access, and Deployment (BEAD) Program provides \$42.45 billion to expand high-speed internet access by funding planning, infrastructure deployment, mapping, equity, and adoption activities in all 50 states, Washington D.C., and U.S. Territories. BEAD prioritizes unserved locations that have no Internet access or that have service under 25/3 Mbps. Key requirements are outlined in the [BEAD Notice of Funding Opportunity](#).

West Virginia received \$5 million in initial planning funds, which supported the development of the State Five-Year Action Plan and Initial Proposal. The Five-Year Action Plan establishes the State's high-speed internet goals and priorities and serves as a comprehensive needs assessment that will inform infrastructure expansion strategies. The Initial Proposal describes the specific requirements and procedures for both deployment and non-deployment activities.

On June 30<sup>th</sup>, 2023, NTIA and the federal government announced the full state allocations under the BEAD Program; West Virginia was allocated more than \$1.2 Billion dollars to execute its BEAD Plan.

The Five-Year Action Plan, its goals, and its objectives were developed through the following processes:

1. Collecting data and mapping the current state of broadband
2. Identifying needs and gaps
3. Inventorying hard and soft assets
4. Assessing legislative and regulatory barriers
5. Understanding West Virginia's workforce development landscape and needs
6. Engaging partners, stakeholders, and members of the public

In compliance with federal requirements, WVDED coordinated processes and efforts across both BEAD and Digital Equity planning. WVDED staff and partners worked together across both grant programs to ensure alignment and efficient use of staff time and planning funds. On August 11<sup>th</sup>, 2023, the [State Five-Year Action Plan](#) was submitted to NTIA and approved shortly after.

Meeting West Virginia's ambitious connectivity goals also requires coordination across the public and private sectors to ensure that publicly funded projects are data-informed, contribute to the common good, and are an effective use of taxpayer funds. To achieve its goals and objectives, WVDED commits to:

- a. ongoing collaboration and communication with all stakeholders
- b. ensuring BEAD investments strengthen and promote existing broadband programs
- c. collecting Geographic Information System (GIS) data that broadband internet service providers can use to plan and estimate the cost of their networks

True partnership means committed, continuous engagement for the development of a more connected and equal West Virginia.

## 7.8 BEAD Initial Proposal

The Initial Proposal builds upon the BEAD Five-Year Action Plan by further describing how the goals described in the latter document will be achieved. As recommended by NTIA, WVDED split its Initial Proposal document into two volumes.

There are 20 topics each Initial Proposal is required to cover.

Figure 14: Initial Proposal requirements.

Initial Proposal Requirements		Volume I	Volume II
Req. 1	Objectives		Req. 11 Labor Standards and Protection
Req. 2	Local, Tribal, and Regional Broadband Planning		Req. 12 Workforce Readiness
Req. 3	Existing Broadband Funding		Req. 13 MBE's/WBE's/LSA's
Req. 4	Local Coordination		Req. 14 Cost and Barrier Reduction
Req. 5	Unserved and Underserved Locations		Req. 15 Climate Assessment
Req. 6	Community Anchor Institutions		Req. 16 Low-Cost Broadband Service Option
Req. 7	Challenge Process		Req. 17 Use of 20% of Funding
Req. 8	Deployment Subgrantee Selection		Req. 18 Eligible Entity Regulatory Approach
Req. 9	Non-Deployment Subgrantee Selection		Req. 19 Cert. of Compliance with BEAD Req.
Req. 10	Eligible Entity Implementation Activities		Req. 20 Middle Class Affordability Plans

Initial Proposal Volume 1 (IPV1) covers four 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.

Initial Proposal Volume 2 (IPV2) covers the remaining 16 requirements:

1. Objectives;
2. Local, tribal, and regional broadband planning;
3. Local coordination;
4. Deployment subgrantee selection;
5. Non-deployment subgrantee selection;
6. Eligible entity implementation activities;
7. Labor standards and protection;
8. Workforce readiness;

9. Minority business enterprises (MBE), Women business enterprises (WBE), and Labor surplus area (LSA) inclusion;
10. Cost and barrier reduction;
11. Climate assessment;
12. Low-cost broadband service option;
13. Use of 20% of funding;
14. Eligible entity regulatory approach;
15. Certification of compliance with BEAD requirements; and
16. Middle class affordability plans.

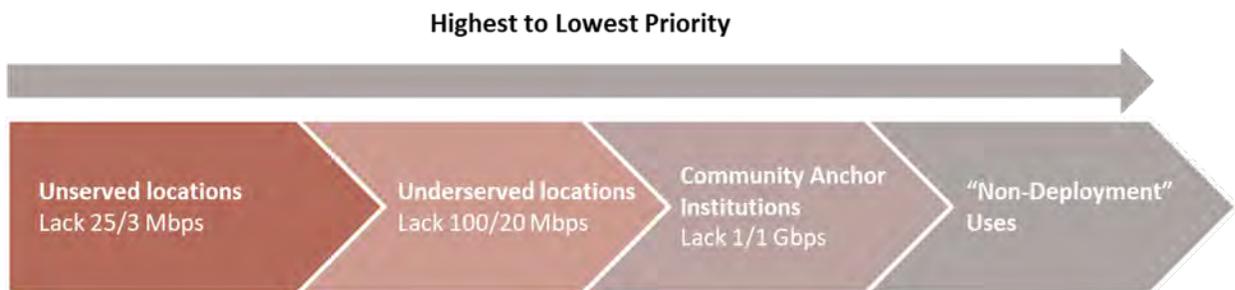
Another requirement is that each document must be released for a 30-day public comment period. IPV1 was released for public review on August 30, 2023, and received 15 comments. Feedback from the public, NTIA, and industry groups was incorporated into the final draft, which was submitted on October 30, 2023. IPV2 was released for public comment on October 20, 2023 and received 41 comments. Feedback from the previously mentioned groups was incorporated into the final draft, submitted on December 26, 2023. At the time of this report, WVDED is awaiting NTIA approval of IPV1 and IPV2.

A series of 12 public meetings occurred around the State to promote IPV2’s public comment and provide an overall BEAD and DE progress update. These meetings were facilitated by the 11 RPDCs—with one meeting held by WVDED—and took place between October 30, 2023, and November 16, 2023. Meetings were held in Hamlin, Parkersburg, Summersville, Buckhannon, Wheeling, Martinsburg, Princeton, Lewisburg, Clay, Morgantown, Weirton, and Petersburg.

Draft program procedures for both deployment and non-deployment under BEAD were also released for public comment during the second half of November 2023. This action was not required by NTIA, but was a measure taken by WVDED to ensure that all BEAD Programs were being thoroughly vetted by all relevant partners and stakeholders.

As directed by NTIA, BEAD funding places the highest priority on expanding broadband to unserved locations, followed by underserved locations, community anchor institutions, and non-deployment uses.

Figure 15: BEAD priorities.



## 7.9 BEAD Timeline

The Office of Broadband continues to reach significant in BEAD timeline. Now that Initial Proposal Vol. I and II have been submitted, the Challenge Process is anticipated to begin in early January 2024. A conceptual timeline, subject to change, for BEAD application and implementation is provided below:

Figure 16: BEAD timeline



### BEAD Timeline Overview

- a. BEAD Letter of Intent (LOI) submitted to NTIA (Summer 2022).
- b. Submission of BEAD Application (August 1, 2022).
- c. BEAD planning funds awarded to WVDED (November 14, 2022).
- d. Internet for All West Virginia Listening Sessions are held (March—July 2023).
- e. Announcement of State funding allocation amounts under BEAD Program (June 26, 2023).
- f. Inaugural West Virginia Broadband Summit (July 25-26, 2023).
- g. Submission of BEAD Five-Year Action Plan (August 11, 2023).
- h. Submission of BEAD Initial Proposal Vol. 1 (October 30, 2023).
- i. Public follow-up meetings are held (October—November 2023).
- j. Submission of BEAD Initial Proposal Vol. 2 (December 12, 2023).
- k. BEAD Challenge Process (January—March 2024).
- l. Competitive project selection process (Summer 2024).
- m. Final Proposals must be submitted to NTIA no later than 365 days after the approval of the Initial Proposal (Fall/Winter 2024).
- n. Final Funding: Four-Year Implementation. (2024 - 2028+).

## 7.10 Relevant Links

- West Virginia Office of Broadband Website: <https://broadband.wv.gov/>
- Internet for All West Virginia Website: <https://internetforallwv.wv.gov/>
- Internet for All National Website: <https://www.internet4all.gov/>
- FCC National Broadband Map: <https://broadbandmap.fcc.gov/home>
- FCC Affordable Connectivity Program Information: <https://www.fcc.gov/acp>
- National Digital Inclusion Alliance (NDIA): <https://www.digitalinclusion.org/>

## 8. Demographic Adoption Data

The Digital Equity Act is fundamentally concerned with promoting full participation in the digital economy and society by all, especially populations that do not yet have access to modern advancements. Achievement of digital equity requires strategic investments in human and community capacity.<sup>10</sup> The Digital Equity Act therefore requires the State of West Virginia, through the West Virginia Office of Broadband, to provide a comprehensive baseline assessment of its covered populations, including identifying areas of higher need across the State.

WVDED undertook considerable research measures to develop the baseline assessment. Externally generated data came from the U.S. Census Bureau, American Community Survey (ACS), and other miscellaneous research. WVDED did, however, generate much of its own data via surveys and listening sessions throughout the State.

### 8.1 Census and American Community Survey Data

The ACS is an ongoing survey conducted by the U.S. Census Bureau that is designed to provide up-to-date information on a yearly basis about the United States and its people.<sup>11</sup> ACS provides reliable and timely social, economic, housing, and demographic data every year. Data from the ACS Digital Equity Act Population Viewer provides insight into the unique challenges at West Virginia's baseline. Approximately 96.9% of West Virginians belong to a covered population, as approximately 90% of the overall population live in rural areas.<sup>12</sup> The West Virginian covered populations exhibit much overlap, especially because of the large population in rural areas. The high volume of covered populations is why WVDED has elected to take a comprehensive, statewide digital equity strategy, while keeping close collaboration with organizations that serve covered populations to ensure they are adequately aided.

In some instances, data on certain covered populations is not available from the Census Bureau and ACS. In these cases, tables were chosen to match NTIA's *State Total Covered Populations* source data whenever

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<sup>10</sup> <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/DE%20PLANNING%20GRANT%20NOFO.pdf>

<sup>11</sup> <https://www.census.gov/programs-surveys/acs/about.html>

<sup>12</sup> U.S. Census Bureau, Digital Equity Act Covered Population Viewer, <https://mtgis-portal.geo.census.gov/arcgis/apps/webappviewer/index.html?id=c5e6cf675865464a90ff1573c5072b42>.

possible. To determine areas with higher rates of those with English language barriers as a result of low English literacy, the most recent Department of Education literacy data was chosen.<sup>13</sup>

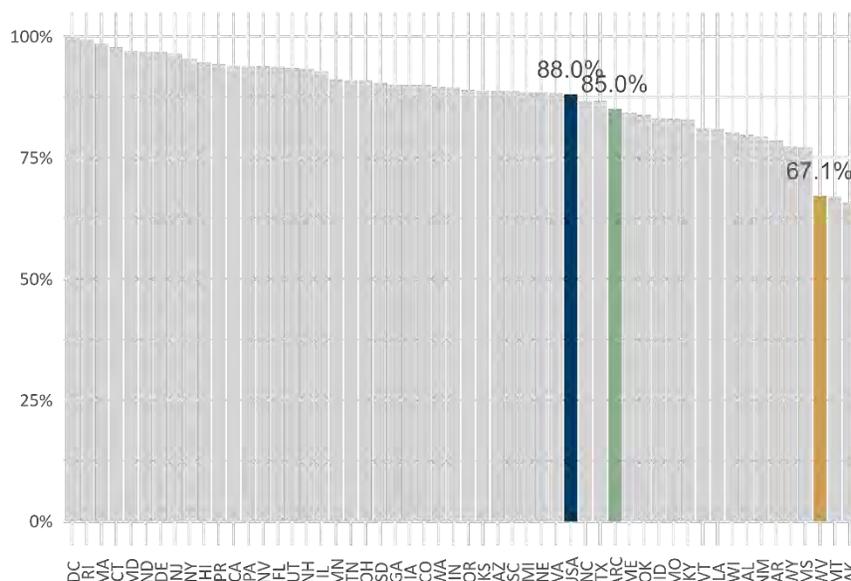
Overall, ACS data indicates that 96.9% of West Virginians fall into at least one covered population under the Digital Equity Act. Please note that these percentages do not add up to 100% — many West Virginians fall into more than one of these covered population categories.

Table 12: Digital Equity Act Covered Populations.

Covered Population	% of WV Population
Covered Households	26.5%
Aging Individuals	28.0%
Veterans	6.8%
Incarcerated Individuals	0.5%
Individuals with Disabilities	20.3%
Language Barrier: English Learner	0.7%
Language Barrier: Literacy	20.9%
Racial or Ethnic Minority	8.0%
Rural	90.0%
<b>Total</b>	<b>96.9%</b>

Source: U.S. Census Digital Equity Act [Population Viewer](#)

Figure 17: Percent of Residences with Access to at Least 100/20 Mbps Residential Broadband Availability by State



Source: Calculated using December 31, 2022, National Broadband Data Collection Availability Data provided by the Federal Communications Commission

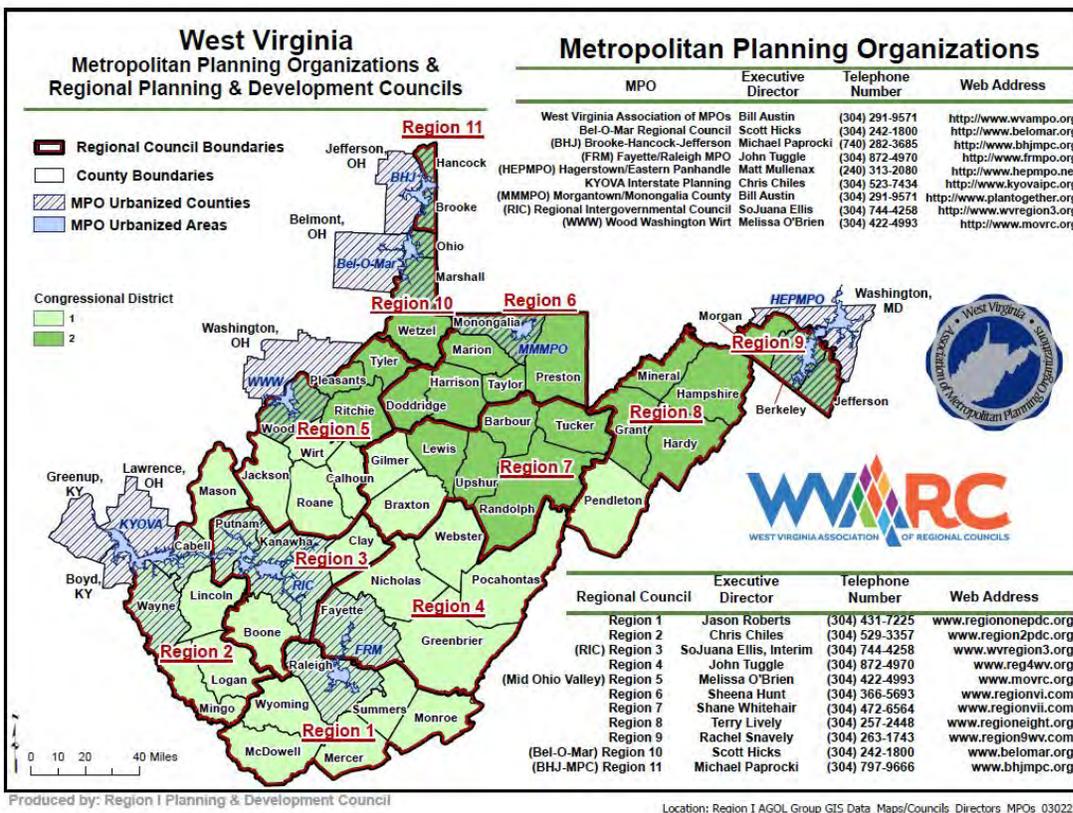
<sup>13</sup> <https://nces.ed.gov/surveys/piaac/skillsmap/>

## 8.2 RPDC Listening Sessions

The RPDC listening sessions sought to engage residents and communities with the greatest digital equity, access, and adoption needs. During the sessions, attendees were asked to share information about their experiences with internet and device use, internet service at home, access barriers, and digital skills and cybersecurity. Attendees were also encouraged to provide feedback on the West Virginia Digital Equity Plan draft vision statement. All answers were recorded anonymously through a Google Form.

When planning data collection, WVDED wanted trusted community partners to engage with citizens. As such, it chose the 11 West Virginia RPDCs as its partners. In 1971, the Regional Planning and Development Act divided the State into 11 regions serving as development districts “to more effectively utilize funding resources and maximize small communities’ chances of attracting funds from federal, state, and local organizations to foster community and cooperation throughout the state.” As stated by the West Virginia Association of Regional Councils, the RPDCs focus on expanding and improving water and sewer facilities, infrastructure, transportation, employment, industry, housing, health care, education, and recreation. Figure 18 depicts the regional boundaries.

Figure 18: West Virginia Metropolitan Planning Organizations and Regional Planning and Development Councils

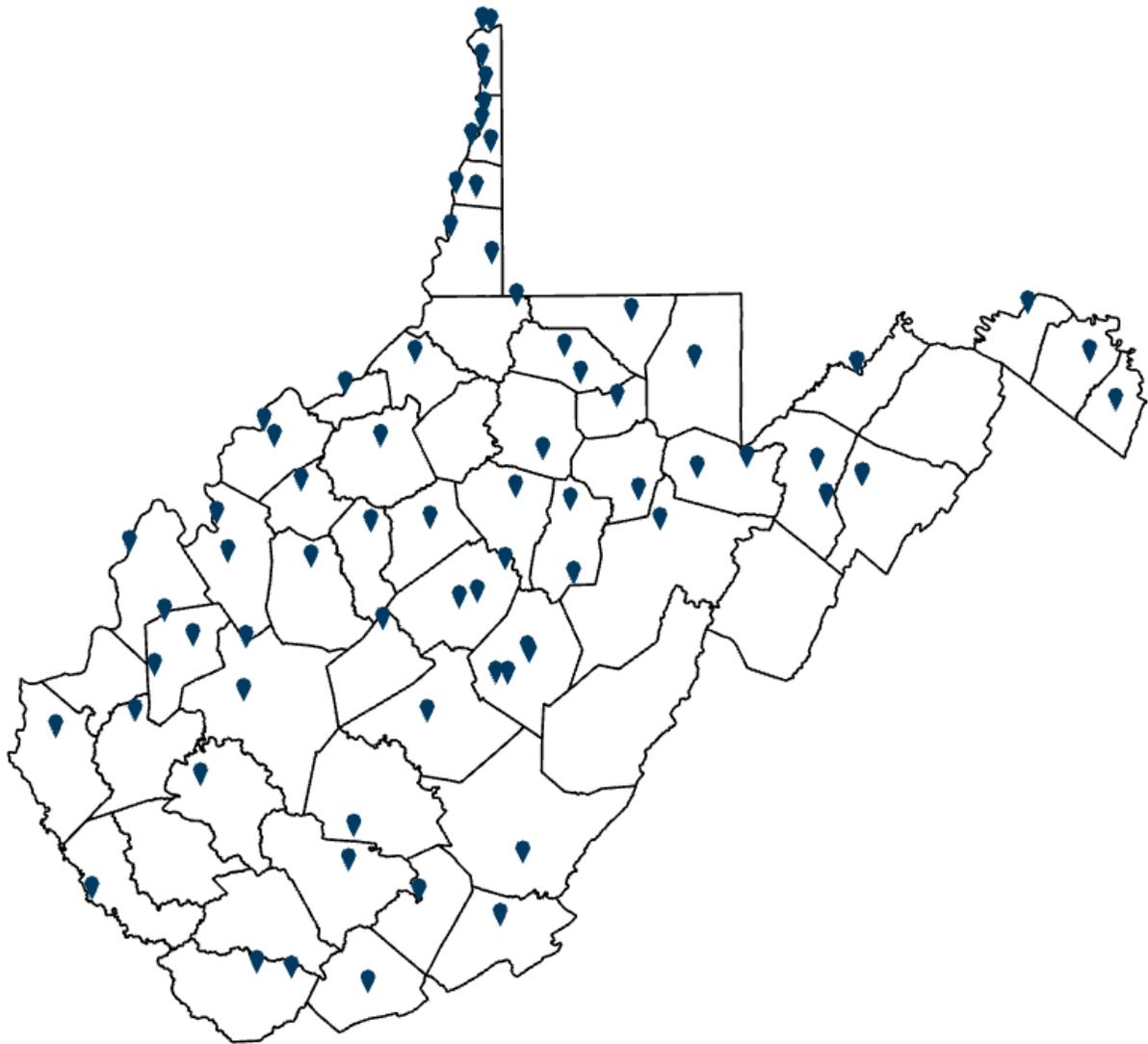


Source: Region I Planning & Development Council,  
<https://cdn.sanity.io/files/2avbnain/production/fc5bb0201dd9e787427927a3920d544fbb16c77d.pdf>

The RPDCs began holding their listening sessions in May 2023 and completed them by the first week of June 2023. The format for a listening session requires a representative sample from each of the eight target populations. To achieve this, RPDCs were given the option to either pursue a representative sample or gather a minimum number of attendees. This format nearly guaranteed that at least five individuals from each target population would be in attendance.

Under the RPDC leadership, a total of 130 small-to-mid sized listening sessions were held over a three-month period in 2023 with broad representation from members of covered populations and organizations that serve them. A total of 1,876 West Virginians attended the statewide listening sessions. Attendance ranged from 1 to 178 community members, with an average of 11.9 attendees per listening session. Figure 19 maps the locations of each of these listening sessions, save for a handful that could not be isolated. Please note there was a session in every RPDC region, not every county.

*Figure 19: Map of Where RPDCs Held Listening Sessions*



Source: Data Driven WV

Data collected at listening sessions revealed consistent themes pertaining to West Virginian digital equity needs. In turn, these findings informed the high-level strategic development and baseline of the State Digital Equity Plan.

## 8.3 Digital Access and Equity Survey

The WVDED, in collaboration with the Core Planning Team, conducted an inventory of existing digital equity programs and services. Methods for collecting and validating this information include:

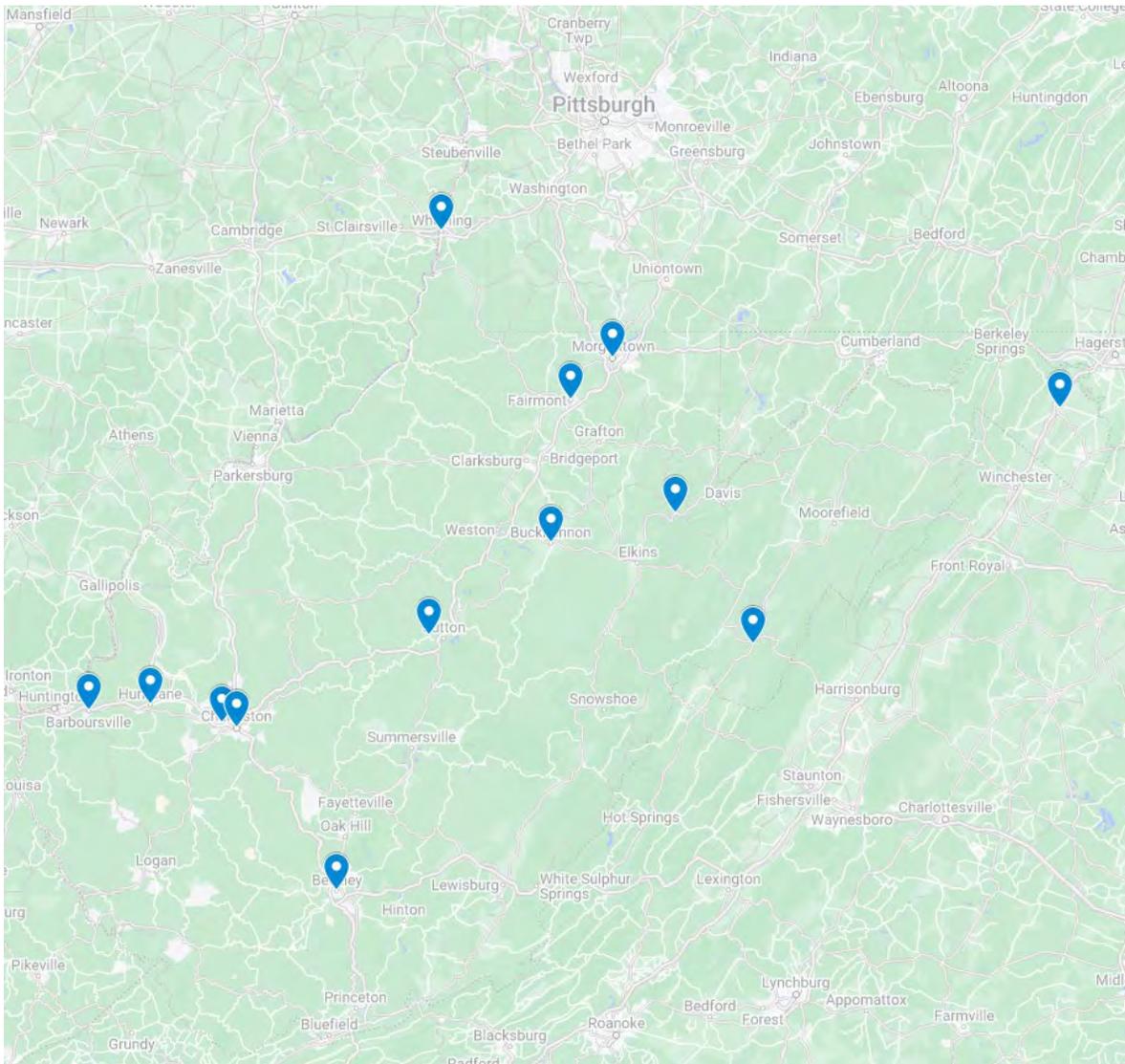
1. statewide listening sessions
2. one-on-one meetings with state cabinet secretaries, commissioners, and agency directors
3. members of the Digital Equity Steering Committee
4. outreach to organizations serving covered populations and
5. paper and electronic surveys, including the [West Virginia Digital Access and Equity Survey](#)

The DAE survey is designed to collect information regarding existing programs, activities, and skill-development opportunities in West Virginia. The survey was targeted to organizations representing or serving at least one of the eight covered populations.

DAE survey responses helped supplement information gathered from other sources, such as the statewide survey detailed in Section 0. The 60-question survey included questions regarding digital literacy, plans that overlap with the goals and objectives of the BEAD and Digital Equity programs, and broadband service subsidies. Depending on the type of respondent, the survey asked different questions to reduce length and complexity. West Virginia rigorously marketed the survey but acknowledges the barriers preventing individuals from completing it. However, West Virginia was able to supplement the survey results with other data collections methods, for example: discussions with organizations that included the survey material. Importantly, these included meetings with Internet Service Providers of various sizes that operate in West Virginia, including Armstrong, Micrologic, Citynet, Prodigy, GigaBeam, Comcast, and Frontier, as well as other stakeholders such as Appalachian Power, the West Virginia Department of Education, NTIA, EducationSuperHighway, and more.

Figure 20 maps the locations of the respondents. Most respondents are in or near urban areas, which may be a result of them having both access to broadband and communication channels.

Figure 20: West Virginia DAE Survey Respondents by Location



WVDED asked all non-Internet Service Provider DAE survey respondents for information on programs or services they offer, and which covered populations they target. They were provided the following list of potential services to choose from:

- Digital literacy and digital skills training
- Subsidized or low cost-devices (e.g., computers, tablets) with affordable maintenance costs
- Awareness and outreach activities related to digital inclusion
- Public computer labs
- Digital Navigator programs
- Loaner computer/hotspot programs
- Computer refurbishing programs
- Discount or subsidized broadband service and equipment programs

- Public Wi-Fi and networks (public access points)
- One-to-one computer training programs

The survey revealed that there are organizations in West Virginia that offer a range of digital inclusion awareness and outreach activities. Most of these groups orient their programs to anyone, not to targeted populations, indicating that a more deliberate focus on “covered populations” may be needed. See the State Digital Equity Plan for further details.

## 8.4 Statewide Survey

The Core Planning Team gathered input from West Virginia’s covered populations and communities through an online survey. This West Virginia Broadband Survey was developed in partnership with Thomas P. Miller and Associates (TPMA), with additional input provided by the DE Steering Committee and the WVU Survey Research Center. The Core Planning Team engaged TPMA to collect responses that would add additional context to previous findings and contact individuals that might not have been able to attend the RPDC listening sessions. As with the rest of the data collection plan, the statewide survey was in line with WVDED’s focus on meeting people where they are. As such, paper versions of the survey were also distributed—the only difference being the omission of the speed test present in the online version. TPMA worked with WVDED, the Core Planning Team, and the Digital Equity Steering Committee to identify potential distribution lists and strategies for reaching unconnected West Virginians, including through U.S. Mail surveys. West Virginia’s public libraries were another core distribution partner, as they made the paper version of the survey available to library patrons.

The survey requested demographic information from respondents so their covered population status could be determined. Demographic information gathered through the survey included race, household income, age, education level, English learner status, veteran status, general household location info, disability status, and more. Following the demographic screening, the survey requested information on the respondent’s relationship to broadband service and internet-enabled technology. Specifically, this section asked questions on internet usage, digital skill level, service connection type, service connection speed, service cost, satisfaction with service, barriers, device usage, affordability program knowledge, and more. By gathering this information, WVDED and TPMA were able to conduct meaningful analysis, relating important digital equity data to covered populations.

Responses were collected from June 28, 2023, to August 16, 2023. WVDED and TPMA collected 2,050 responses, with 422 responses being from ZIP codes with high numbers of unserved or underserved BSLs. The number of responses exceeded expectations. The demographic composition of survey respondents closely matched West Virginia’s demographics statewide. Over 70% of respondents reported internet speeds below 25/3 or had no internet at all.

Key findings in the analysis shed further light on digital equity barriers in West Virginia. Complementing findings from the RPDC listening sessions, the statewide survey’s most prominently reported barriers were *lack of broadband service availability*, *available but unreliable service*, and *high cost of broadband service*. Approximately half of the West Virginians surveyed reported paying between \$59.99 and \$119.99 monthly for internet service. Most West Virginians surveyed reported dissatisfaction with their internet speed, reliability, and internet service provider. The data is clear: West Virginians are spending too much money for too little in return. Results from this survey have been incorporated into the State

Digital Equity Plan’s needs assessment and will further inform West Virginia’s BEAD and Digital Equity initiatives. The final survey report will be posted to [broadband.wv.gov](https://broadband.wv.gov) in early 2024.

## 9. FCC Affordable Connectivity Program

The Federal Communications Commission (FCC) administers the Affordable Connectivity Program (ACP). The ACP helps ensure that households can afford the broadband they need for work, school, healthcare, and more by providing a \$30 discount on monthly internet bills. The FCC estimates that about 48 million families are eligible for the program—nearly 40 percent of households in the United States.

Affordable Connectivity Program (ACP) enrollment in West Virginia falls well below the national average, particularly in more rural counties. In the West Virginia Digital Equity Plan, WVDED has prioritized increased ACP enrollment as a key objective. WVDED anticipates multiple barriers that may slow progress. These barriers mirror those of many other federally funded programs and include:

- a. distrust or disbelief in a program offering cheaper or free service
- b. difficulty reaching individuals in more rural locations, of which there are many in the State
- c. the eventual expiration of the program or depletion of funds

WVDED has dedicated a portion of its Digital Equity Planning Grant to ACP outreach activities. In addition, WVDED applied for and was awarded additional grant funds through the FCC’s National Competitive Outreach Program (NCOP) to continue ACP promotion in West Virginia.

There are no easy answers for West Virginians worried about the eventual expiration of funds. At the time of this report, the Affordable Connectivity Program has approximately \$4.8 billion remaining from the original \$17 billion allocation.<sup>14</sup> As states push to enroll more residents, the ACP will likely deplete funds at an accelerating rate. In March 2023 alone, the total ACP support claimed totaled approximately \$390 million. It is estimated that ACP funding will be completely drawn down in the second quarter of 2024.

At the time of this report, there have been moves to renew ACP funding at the federal level, with some calling for the Universal Service Fund (USF) to be used as a funding vehicle; however, the program’s future after funding is depleted is still uncertain. WVDED is monitoring the situation surrounding ACP’s renewal as it develops.

### 9.1 Affordable Connectivity Program Enrollment Resources

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;

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<sup>14</sup> Universal Service Administrative Co., ACP Enrollment and Claims Tracker, <https://www.usac.org/about/affordable-connectivity-program/acp-enrollment-and-claims-tracker/>. accessed May 19, 2023

- 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.

There are two steps to enroll in the ACP:

1. Visit <https://www.getinternet.gov> to submit an online or mail-in application.
2. Contact a participating provider to apply the discount.



Additional resources are available at:

Support Contact

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

## 9.2 FCC National Competitive Outreach Program

To bolster its resources and efforts to promote ACP adoption in West Virginia, WVDED applied for the second round of funding under the FCC’s ACP Outreach Grant Program. The official goal and objectives of the ACP Outreach Grant Program are as follows:

**“The goal of the ACP Outreach Grant Program is to facilitate the promotion of the ACP and increase awareness of and participation in the ACP among eligible households.**

To support the ACP Outreach Grant Program goal, the FCC identified three objectives:

- Expand and support diverse and impactful outreach efforts nationwide;
- Strengthen outreach partners nationwide by empowering them to mobilize people and organizations to help raise awareness about the ACP; and
- Increase ACP enrollment as a result of ACP Outreach Grant Program funded activities.”

The ACP Outreach Grant Program is divided into two categories: the National Competitive Outreach Program (NCOP) and the Tribal Competitive Outreach Program (TCOP). WVDED applied for and was awarded \$400,000 in NCOP funds.

The Core Planning Team has created a two-pronged approach to improving ACP awareness and increasing enrollment in West Virginia. NCOP funds will be used to:

1. Create an ACP media campaign to bolster ACP awareness through radio, television,

- newspaper, social media, and other digital advertisements.
2. Plan and facilitate a series of in-person enrollment assistance events. Taking best practices from campaigns in other states, these events will meet West Virginians where they are and assist them in fully enrolling in the ACP.

The media campaign will be planned and facilitated by the West Virginia Department of Commerce’s Communications team (Commerce Communications) and the private advertising firm, Digital Relativity—both of which are established partners. At the time of this report, WVDED has not yet identified a partner in planning and facilitating the in-person event campaign.

**NCOP Timeline:**

1. Second round of NCOP funding announced (May 25, 2023).
2. WVDED submits application for NCOP funding (June 30, 2023).
3. NCOP Awards announced, WVDED awarded \$400,000 (August 17, 2023).
4. Start date of period of performance (September 1, 2023).
5. ACP media campaign (December 2023—June 2024).
6. WVDED releases subrecipient application (December 21, 2023).
7. ACP enrollment assistance events (May—August 2024).
8. End date of period of performance (August 31, 2024).

## 10. AEP Logan-Mingo and Southeastern West Virginia Broadband Projects

AEP’s involvement in seeking broadband funding dates to 2019, where they prepared a Broadband Feasibility Study for the construction of a middle mile fiber optic network in Logan and Mingo Counties, known as the Logan-Mingo Broadband Project. Studies must be reviewed and approved by the Broadband Council and the West Virginia Public Service Commission.

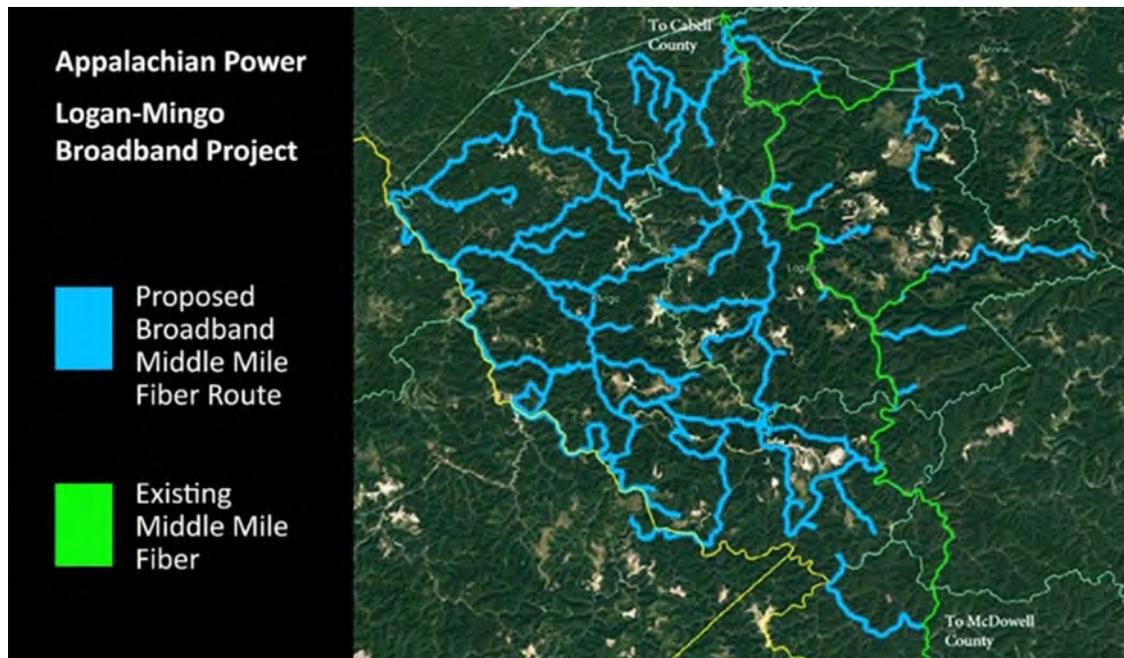


Figure 13.1: AEP Logan-Mingo Project Proposal

The network will provide utility communications and contain fiber optic strands that AEP could lease to internet service providers who would provide broadband internet service to end-user, “last mile” customers through the construction of more than 400 new fiber miles and the utilization of approximately 200 existing fiber miles to reach more than 13,000 unserved and underserved locations.

AEP’s study included a review of statutory requirements authorizing electric utilities to prepare such studies. It also identified regulatory and public policy hurdles, a number of which were addressed in legislation enacted into law in 2020. In 2020, the West Virginia Legislature passed HB 4619, which amended §24-2-1 of the W. Va Code and added a new section, §24-2-10, both of which concern the powers and duties of the West Virginia Public Service Commission (WVPSC). HB 4619 allows electric utilities to install “middle mile” broadband fiber on their existing infrastructure to facilitate the expansion of broadband service into unserved and underserved areas of the State.

AEP conducted a Request for Proposal process and selected GigaBeam Networks, LLC, as an internet service provider partner. The project continued with formal submission to the WVPSC, in 2020.

In 2022, NTIA announced the award of \$19.6 million to complete a fiber to the premise project to bring qualified broadband to more than 12,000 unserved households across the region. This application was submitted by the Logan County Commission in partnership with the Mingo County Commission and GigaBeam Networks, LLC. The project team held an official construction kickoff event in July 2022.

Following the success of the Logan-Mingo project, AEP developed a second feasibility study in 2022 which included five counties in southeastern West Virginia, including Raleigh, Mercer, Wyoming, McDowell, and Summers counties.

Appalachian Power Company and Wheeling Power Company submitted a Broadband feasibility study proposing a project to install 658 miles of new broadband fiber and utilize 297 miles of existing fiber within

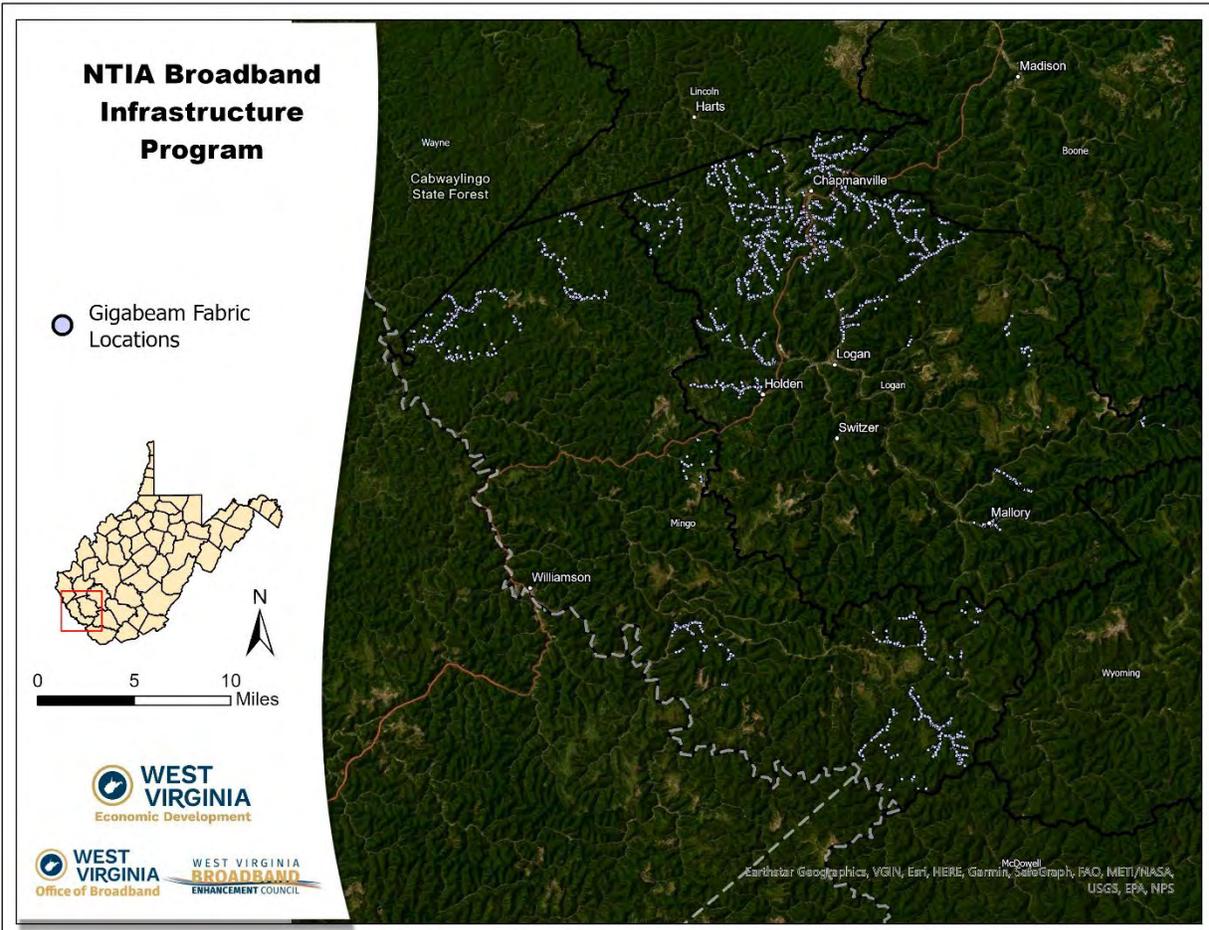
portions of McDowell, Mercer, Raleigh, Summers, and Wyoming Counties to the Council on January 9, 2023.

The Council approved the Study and suggested terms for inclusion in a lease between the company and its partner by a Resolution adopted on March 9, 2023 subject to the Applicants submitting to the Council the final negotiated lease between the Applicants and the successful ISP. The Council reviewed the draft lease terms at its December 2023 meeting. The Council is authorized pursuant to *West Virginia Code §31G-4-5* to review and render a decision upon a feasibility study for a middle-mile broadband expansion project proposed by an electric utility.

In June of 2023, Appalachian Power received a \$25 million grant from the National Telecommunications and Information Administration (NTIA) to expand its fiber optic network in southern West Virginia, aiming to provide broadband access to around 22,000 unserved households. The project involves constructing 658 miles of new fiber optic cable and utilizing an additional 297 miles of existing infrastructure. The project plan was unanimously approved by the West Virginia Broadband Enhancement Council in March of 2023. This project will not only improve broadband connectivity but also enhance the efficiency and effectiveness of Appalachian Power's electrical grid management.

The AEP Logan-Mingo Fabric locations are now shown as funded in the [FCC Broadband Funding Map](#).

Figure 21: NTIA Logan-Mingo award Fabric locations.



## 11. USDA Broadband Programs

In anticipation of increased funding for broadband expansion in rural areas, the U.S. Department of Agriculture (USDA), West Virginia Rural Development, team partnered with the West Virginia Broadband Enhancement Council to conduct a series of workshops in West Virginia with a focus on increasing the number of USDA project proposals from West Virginia. This focused initiative resulted in numerous successful proposals through which project teams secured USDA funds for broadband expansion projects in West Virginia. The USDA awarded significant funds to projects in West Virginia through three broadband programs listed below. WVDED's involvement in two of the three USDA programs is detailed subsequently.

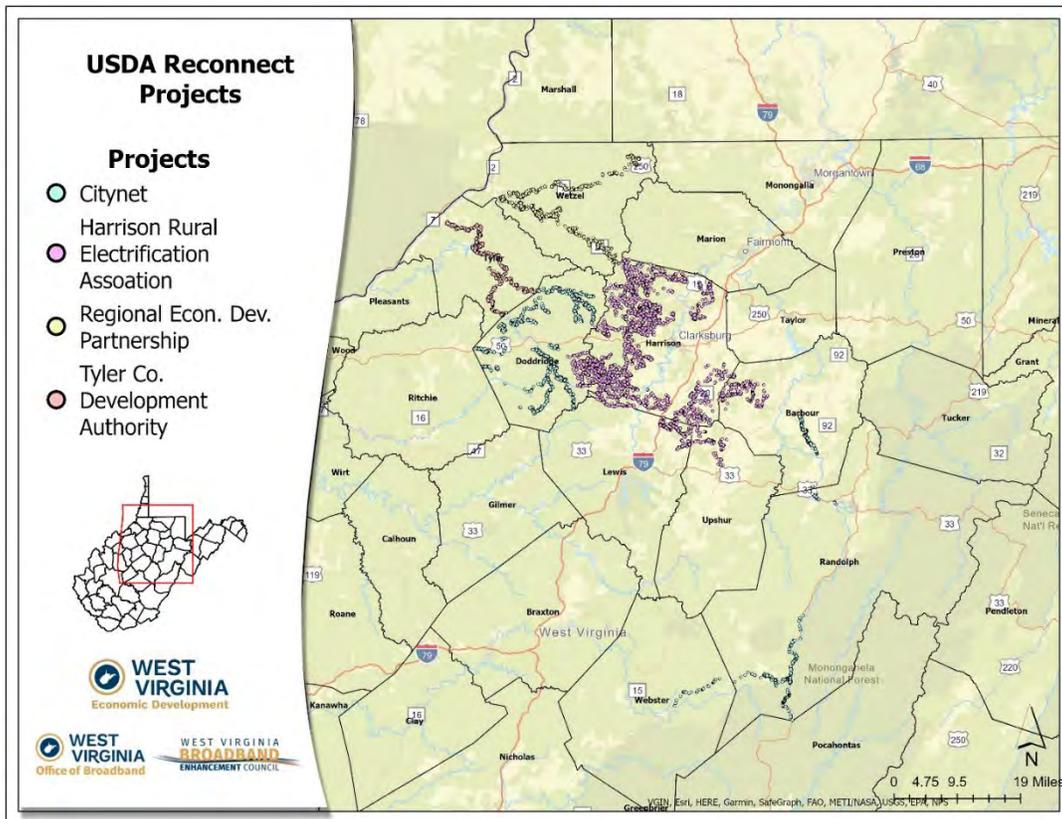
- USDA ReConnect
- USDA Community Connect
- USDA Distance Learning and Medicine

**U.S. Department of Agriculture (USDA) ReConnect.** In 2018, Congress provided \$600 million to USDA to expand broadband infrastructure deployment in rural America. Funds are awarded to projects with

financially sustainable business models that bring high-speed broadband to rural homes, businesses, farms, ranches, and community facilities such as first responders, healthcare sites, and schools. Since then, Congress has appropriated an additional approximately \$4 billion for the program. Eligible applicants include both for- and nonprofit entities, such as cooperatives, corporations, state and local governments, territories, and tribes. For a geographic area to be eligible, it must be rural and at least 50% of households in the area must lack sufficient access to broadband service. Funding opportunities are available each fiscal year.

Four USDA ReConnect projects are underway in West Virginia, representing approximately \$40 million in USDA loans and grants.<sup>15</sup>

Figure 22: USDA awarded locations.

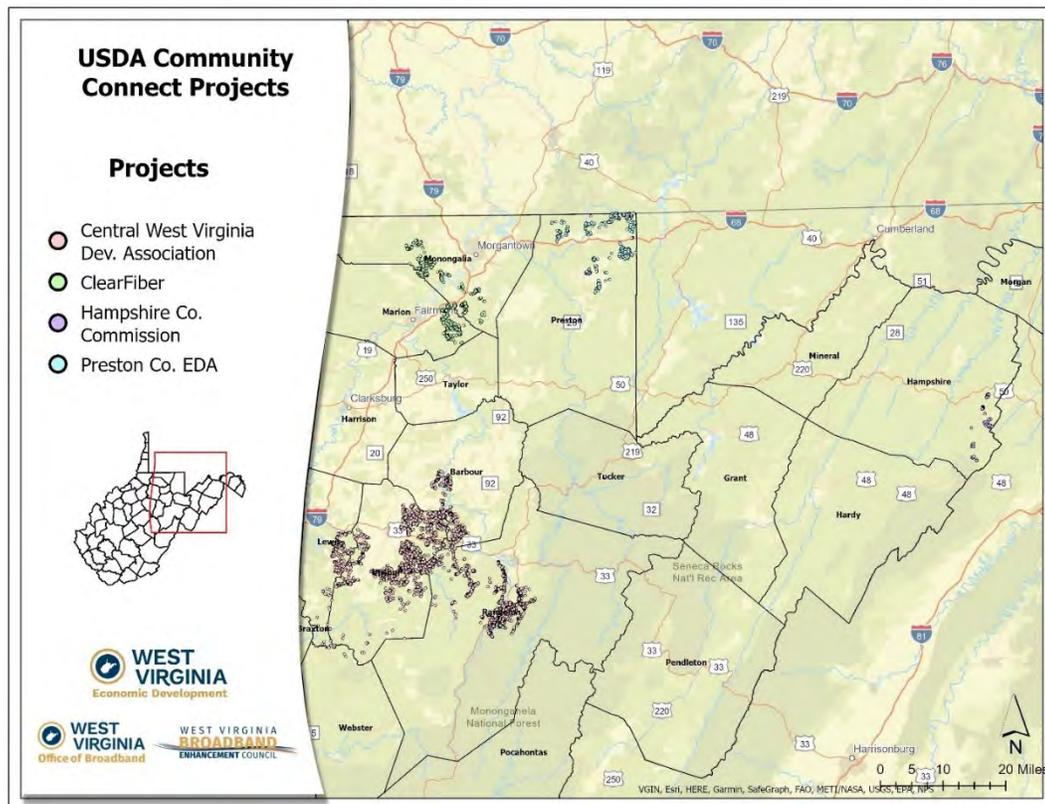


<sup>15</sup> WVOB, West Virginia Broadband Enhancement Council, 2022 Annual Report, [https://www.wvlegislature.gov/legisdocs/reports/agency/B19\\_CY\\_2022\\_15837.pdf](https://www.wvlegislature.gov/legisdocs/reports/agency/B19_CY_2022_15837.pdf), p. 86

**U.S. Department of Agriculture (USDA) Community Connect.** Community Connect provides financial assistance to state and local governments, nonprofits, and other for-profit organizations which intend to provide broadband service in rural, economically challenged communities where service does not currently exist. Funds may be used in rural areas considered unserved under BEAD (less than 25/3 Mbps internet availability). Additional funding opportunities are available from USDA in FY 2023.

West Virginia received four Community Connect grants intended to cover 8,000 households from 2017 to 2020. Of these, three grant projects were expected to provide broadband service meeting or exceeding the requirements for full service as defined under the BEAD program.

Figure 23: USDA Community Connect awarded locations.



**USDA Distance Learning and Telemedicine (DLT).** The USDA Distance Learning and Telemedicine (DLT) program helps rural communities use the unique capabilities of telecommunications to connect to each other and to the world, overcoming the effects of remoteness and low population density. West Virginia was strongly represented in recent application cycles and funding announcements. For more information, visit: <https://www.rd.usda.gov/programs-services/telecommunications-programs/distance-learning-telemedicine-grants>. Applications were accepted through January 30, 2023.

**Recent USDA Distance Learning and Telemedicine (DLT) Funding Awards in West Virginia**

**a. Clay County School District \$464,614**

This USDA Rural Development investment will be used to provide distance learning technology and telemedicine stations for each of Clay County's six schools. This project will benefit approximately 2,000 residents in Clay County, West Virginia.

**b. Pocahontas County Board of Education \$434,779**

This USDA Rural Development investment will be used to purchase distance learning supplies that will connect students K-7 grade and teachers, K-12 grade with Microsoft Surface Go 2 and Microsoft Surface Pro 7 devices. The project will benefit approximately 3,000 residents in rural West Virginia.

**c. Shepherd University \$96,891**

This USDA Rural Development investment will be used to fund the "Bridges to Degrees" project that creates pathways to postsecondary education for rural high school students by providing high quality distance learning through Shepherd University, located in the Eastern Panhandle of West Virginia. The university proposes to provide distance learning through live-streamed dual enrollment courses to over 400 eligible high school students per calendar year.

**d. West Virginia Higher Education Policy Commission \$744,328**

This Rural Development investment will be used to purchase distance learning equipment that will develop a statewide network to provide interactive telecommunications links. The West Virginia Higher Education Policy Commission will serve as the hub of the project and will serve approximately 5,600 residents in rural West Virginia.

Table 13: USDA DLT projects.

USDA Distance Learning and Telemedicine (DLT) Projects in West Virginia		
<i>Approved and Administered by U.S. Department of Agriculture</i>		
Applicant	Awarded Funds	Year
1. Rainelle Medical Center	\$614,048	2021
2. Ohio Valley Physician	\$429,841	2021
3. Morgan County Partnership	\$999,999	2021
4. New River CTC	\$149,789	2021
5. Lincoln County Primary Care	\$686,656	2021
6. Glenville State	\$292,000	2021
7. Garret County* <i>MD applicant with benefit to West Virginia</i>	\$430,000	2020
8. Cabell Huntington Hospital Foundation, Inc.	\$206,000	2019
9. Salem University, LLC	\$231,436	2019
10. Charleston Area Medical Center Health Education and Research Institute	\$163,223	2018
11. CHANGE, Inc.	\$500,000	2018
12. Toronto Board of Education* <i>OH applicant with service benefit in WV</i>	\$500,000	2018
13. Lincoln County Board of Education	\$440,295	2017
14. Charleston Area Medical Center Health Education and Research Institute	\$100,079	2017

## 12. Appalachian Regional Commission

ARC is a partnership between states and the Federal Government. Covering 423 counties across 13 states, ARC works with local Appalachian communities to improve overall quality of life. ARC has a variety of grant programs that local governments can use for efforts that align with its Strategic Plan, including building and improving Appalachian businesses, workforce ecosystem, infrastructure, culture and tourism, and community leaders and capacity.<sup>16</sup> In many cases, funds can be used for broadband-related projects. For instance, in January 2023, ARC awarded \$6.3 million to bolster broadband access across 50 communities through its Appalachian Regional Initiative for Strong Communities (ARISE).<sup>17</sup>

<sup>16</sup> Appalachian Regional Commission (ARC), *Appalachia Envisioned: ARC's 2022-2026 Strategic Plan*, Accessed April 10, 2023, <https://www.arc.gov/strategicplan/>.

<sup>17</sup> ARC, *Appalachian Regional Initiative for Stronger Economies (ARISE)*, Accessed April 10, 2023, <https://www.arc.gov/ARISE/>.

ARC can either directly fund projects itself or it can provide the funds to states, such as West Virginia, for state-level grant programs. Funding opportunities are ongoing and are available each fiscal year.

ARC funds broadband through three programs in West Virginia: Partnerships for Workforce and Economic Revitalization (POWER), Central Appalachian Broadband, and North Central Appalachian Broadband. WVDED administers most ARC-funded broadband infrastructure projects in West Virginia. WVDED may accept applications and recommend approval of projects under the latter two funding sources. ARC grants are unique in that POWER projects are approved directly by ARC whereas Central Appalachian and Northcentral Appalachian funds are granted to WVDED for administration of a state-led program in which WVDED has a more direct role in project selection. In either scenario, WVDED is the Responsible State Basic Agency (RSBA) for ARC broadband infrastructure projects.

Seven ARC grants are commitments to provide broadband service meeting or exceeding the requirements for full service as defined under the BEAD program.

## 12.1 ARC POWER

The Appalachian Regional Commission (ARC) launched the (Partnerships for Opportunity and Workforce and Economic Revitalization) [POWER Initiative](#) to help communities and regions that have been affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of America's energy production. The West Virginia Department of Economic Development, Office of Broadband, administers ARC POWER broadband projects in West Virginia.

In 2022, ARC awarded POWER funds to the Boone County Economic Development Authority and the Summers County Commission. Projects funded in 2020 and 2021 include the Pocahontas County Commission, Wayne County Commission, and Woodlands Development Group, and the Thundercloud project; a 25-mile fiber loop in downtown Huntington. Recent ARC POWER projects are briefly described below:

- **Pocahontas County Commission:** received a \$2,500,000 to build FTTH to over 1,000 households in Pocahontas County.
- **Wayne County Commission:** received \$1,551,000 to build a 16-mile middle-mile route along WV-152 connecting households and businesses along the route with fiber. The project also targets last-mile FTTH in Lavallette, Beech Fork, and Arden. The future potential of this middle-mile route can expand FTTH to rural areas of Wayne County.
- **Woodlands Development Group:** a non-profit entity received \$2,500,000 to construct a 33-mile middle-mile fiber route along Route 33, from Elkins to Davis.
- **Boone County Community and Economic Development Corporation:** received \$1,692,507 to build an 8.2 fiber network with one wireless tower. This initiative will support the redevelopment of surface coal mine with businesses that rely on connectivity including a 3,000-acre solar field and other diversified industries.
- **Summers County Commission:** received \$2,400,000 to build 28 miles of fiber to connect 489 homes and 179 businesses in Summers County.

## 12.2 Central Appalachian Broadband

In addition to ARC POWER funding, the Office of Broadband administers the ARC Central Appalachian Broadband program through designation as a Responsible State Basic Agency (RSBA).

The goal of this ARC funding initiative is to provide funding for the deployment of broadband that will increase economic and business development or provide service to unserved customers. Funding is limited to ARC-designated distressed counties in West Virginia that have been most negatively impacted by the downturn in the coal industry. Eligible counties are Boone, Clay, Logan, Lincoln, McDowell, Mingo, Webster, and Wyoming.

Current projects include the \$1.9 million Southern West Virginia Broadband Expansion project awarded to the Webster County EDA.

## 12.3 Community Development Block Grant

Congress established CDBG through the Housing and Community Development Act of 1974.<sup>18</sup> The West Virginia CDBG provides grants to local governments that do not receive CDBG direct funding from the U.S. Department of Housing and Urban Development (HUD). The grants focus on providing decent housing, a suitable living environment, and expanded economic opportunities principally for persons of low to moderate income. In response to COVID-19, HUD also granted West Virginia approximately \$20 million for a supplementary program called CDBG-CV. CDBG-CV funding can be used for broadband projects focused on closing the digital divide. Funding opportunities are available each fiscal year.

Through 2020, approximately \$6.3 million in CDBG funding has been dedicated to broadband planning and infrastructure projects. Twenty CDBG projects, covering 41 counties, involved broadband planning and community outreach. Eleven projects specifically focus on broadband infrastructure deployment, of which seven are commitments to provide broadband service matching or exceeding the requirements to be fully served under the BEAD program.

## 13. State and Federal Policy Updates

West Virginia's leaders continue to develop policies that encourage broadband development throughout the State. The West Virginia Legislature has advanced innovative broadband policies, developing an ideal environment for broadband infrastructure expansion. These policies encourage competition, discourage monopolies, and enhance the business environment for Internet Service Providers within the State of West Virginia.

State, federal and local policies and regulations must recognize broadband as essential economic infrastructure and align in support of broadband infrastructure expansion. The West Virginia Broadband

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<sup>18</sup> Congress.gov. "S.3066 - 93rd Congress (1973-1974): Housing and Community Development Act of 1974." August 22, 1974. <https://www.congress.gov/bill/93rd-congress/senate-bill/3066>.

Enhancement Council and the West Virginia Office of Broadband will continue to advocate for policies and regulations that support efforts to expand broadband throughout West Virginia.

## 13.1 West Virginia Economic Development Authority Broadband Loan Insurance Fund

Since 2018, West Virginia has provided incentives for investors to support the deployment of broadband infrastructure, through a non-lapsing fund administered by the WVEDA.

As outlined in W. Va. Code § 31-15-8, et seq, the **Broadband Loan Insurance Program** (BLINS) insures the repayment of debt on capital costs related to broadband service which is provided either:

- a) to unserved or underserved areas of the State
- b) by linking a segment of a network operator's core network to a local network plant that serves an unserved area or an area with no more than two wireline providers

The BLINS program is essential to broadband expansion in West Virginia. One of the requirements of the RDOF process was for winning bidders to post a letter of credit with the FCC for up to 30% of the award amount to secure performance. To support this requirement, Governor Justice issued Executive Order (EO) 66-20 on September 3, 2020, pursuant to his authority to suspend statutory regulations during a state of emergency. EO 66-20 suspended the per-recipient and per-program dollar limits in the BLINS program and directed the WVEDA to make modifications to the BLINS program consistent with the EO.

The WVEDA, in consultation with the Council, completed modifications to its guidelines for the BLINS program, providing insurance to banks for letters of credit to winning RDOF bidders.

Statutory changes were implemented in the 2021 Legislative Session enabling the BLINS program to support applicants proposing broadband expansion in West Virginia using funds from RDOF and other federal programs.

Under the BLINS program prior to the Governor's Executive Order, the WVEDA could insure up to 80% of a bank loan for a broadband infrastructure or development project. The insured portion could not exceed \$10 million and had a maximum term of 20 years. The WVEDA's revised guidelines issued in November 2020, permit the BLINS program to insure up to 100% of a letter of credit, and the cap of \$10 million per recipient has been eliminated. This change will further encourage and support broadband projects.

Prior to the Governor's Executive Order, the program required the certification of eligibility by the Council. Since the FCC and other federal programs have extensive vetting processes, the Council recognized this certification under a federal broadband expansion program.

Public notice is required for all projects, except those that plan to provide a downstream data rate of at least 1Gbps throughout the proposed project service area. The process for funding has detailed requirements for as-built plans, mapping, modifications, project completion, and closeout.

## 13.2 West Virginia Attorney General Consumer Complaint

As directed by House Bill 2002, and in compliance with W.Va. Code §31G-1A-2(b)(9), the West Virginia Office of Broadband has coordinated with the West Virginia Attorney General Consumer Complaint Division to establish procedures for consumer complaints related to broadband service.

Consumers who believe that they have been the victim of unlawful practices in the purchases of goods and services are first encouraged to fill out the appropriate form and return it to the West Virginia Attorney General's (WVAGO's) Consumer Protection Division. The office provides three options for submitting complaints:

- Option 1: Download and print the forms, complete and mail (with any copies of documents related to the complaint) to: Office of the Attorney General, Consumer Protection Division, P.O. Box 1789, Charleston, WV 25326-1789.
- Option 2: Download and fill out the appropriate PDF form and email the form and any additional documents related to the complaint in PDF format to [complaint@wvago.gov](mailto:complaint@wvago.gov). (25MB limit on attachments)
- Option 3: Complete an online version of the General Consumer Complaint form.

Individuals who need assistance may call the WVAGO Consumer Protection Hotline at 1-800-368-8808. Clicking the links below will download a PDF of the form in a separate tab.

- [Instructions for Filing a Consumer Complaint Form](#)
- [Documents Needed for Filing a General Consumer Complaint Form](#)
- [Broadband Complaint Form](#)

## 13.3 Dig Once Policy

In 2018, the West Virginia Legislature enacted a Dig Once Policy, passing legislation that will create incentives over the long term to create spare conduit or opportunities to lay fiber in a joint trench. HB 4447 created a new article of code, §17-2E-1 *et seq.*, that established the “Dig Once” policy. It directed the West Virginia Division of Highways (WVDOH) to install vacant broadband conduit during highway construction projects. Interested ISPs apply to the Council for approval to use the conduit. Conduit is leased at cost-based rates.

The Council is also charged with creating a strategy to facilitate the timely and efficient deployment of broadband infrastructure on state-owned lands and buildings, and to assist local governments with development of similar Dig Once and deployment policies.

The West Virginia Division of Highways (WVDOH) has updated [guidance](#) to implementing the State's Dig Once Policy Act. [The Dig Once Application Submission Checklist](#) is now available online.

In 2019, Senate Bill 270 amended the Dig Once Policy, W. Va. Code § 17-2E-1 *et seq.*, in addition to W. Va. Code § 17-2A-17a, which governs utility accommodation leases. Section 17-2A-17a provides that the Commissioner (Commissioner) of the WVDOH may lease real property held by the Division to accommodate any utility providing telecommunications or broadband services if the Commissioner finds that entering said lease is in the public interest.

The utility is required to pay fair market value for the real property interest under the lease. Senate Bill 270 amends this section to provide that the fair market value of such property interest shall be \$0 in monetary compensation. However, the legislation does not prohibit in-kind compensation if the lease concerns multiple districts within the Division.

Senate Bill 270 amended § 17-2E-3 of the Dig Once Policy to provide that the fair market value of the Division's spare conduit or related facilities shall be \$0 in monetary compensation. It also amends the Dig Once Policy by eliminating the newspaper notice requirements, and by reducing the notice period from thirty (30) days to fifteen (15) days.

- This legislation also provided new exemptions from the Dig Once Policy's requirements, including:
  - Projects that are less than 1,000 feet in length,
  - Projects that use the direct bury of cable or wire,
  - Projects that are solely for the service of entities involved in national security matters, and
  - Projects where the carrier installs an amount of spare conduit or innerduct equal to what is being installed for its own use and which is made available for lease to competing carriers on a nondiscriminatory basis at rates established by the FCC.

Finally, the legislation permits the WVDOH, with the Governor's written approval, to transfer or assign ownership, control, or any rights related to any in-kind compensation received by the Division to any other state agency.

Based on WVDED's experience and findings, there are few instances of trenches being shared as a result of the Dig Once program. The program may require modifications to be more effective. As part of its BEAD planning process, WVDED has initiated a Broadband Middle Mile Infrastructure Study (Middle Mile Study) for the State of West Virginia. As a component of broader goals, the study will incorporate a review of existing Dig Once policies. Included in the West Virginia BEAD Plan is the goal to improve Dig Once policies to fully take advantage of their unharnessed potential. WVDED will recommend improvements to the State's Dig Once policy, including establishing guidelines for laying conduit during major highway construction or reconstruction.

## 13.4 Policy Concerning Bridge Attachments

Bridge Attachments are governed by the WVDOH Utility Manual, available at the following link: [https://transportation.wv.gov/highways/engineering/files/ACCOMMODATION\\_OF\\_UTILITIES.pdf](https://transportation.wv.gov/highways/engineering/files/ACCOMMODATION_OF_UTILITIES.pdf)

## 13.5 One-Touch Make-Ready

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.”

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. However, FCC regulations only apply to so-called “FCC states.” 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.”

West Virginia’s pole attachment regulations are comparable to those at the FCC and have similar OTMR timeframes. 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.”**

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.

While West Virginia's current statutes and rules addressing pole attachments are conducive to the deployment of broadband infrastructure, in practice there is still some room for 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.**

Importantly, 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. The Public Service Commission's Pole Attachment Rules require that pole owners provide a **"detailed, itemized estimate" of make ready charges to attachers.**

## 13.6 Trench Sharing/Pole Attachment Rules

The June 16, 2022, Commission Orders adopting and implementing trench sharing rules also proposed revisions to the Rules for the Government of Pole Attachments, which Rules appear at 150 W. Va. C.S.R. 38. The revisions were necessitated by 2021 legislative amendments to the Make-Ready Pole Access Act in Chapter 31G, Article 4 of the West Virginia Code. Among other things, the amendments require the PSC to promulgate rules to address "abandoned cable, conductor, and related facilities attached to utility poles." They also require the promulgation of rules governing the "timely transfer of facilities from an old pole to a new pole and the removal of utility poles that have had electric facilities moved to new poles but continue to have other facilities attached in the telecommunications space on the old existing poles." Further, the amendments require the rules to include "the right and mechanism of the pole owner itself to transfer the facilities to the new pole, to remove the old pole, and to recover its costs fully and timely from the owner of the facilities transferred."

The PSC's proposed revisions to the Rules for the Government of Pole Attachments are attached to the Commission Order, which directs the revised Rules to be filed with the West Virginia Secretary of State and promulgated as proposed rules for comment. The Commission Order notes that the revised Rules do not enjoy the unanimous support of all members of the Task Force with respect to one issue. That issue is whether pole owners are mandated by the legislative amendments to the Make-Ready Pole Access Act to transfer abandoned attachments or facilities on an old pole.

The Commission Order notes that PSC staff interprets the amendments to require pole owners to make such a transfer, whereas certain telecommunications carriers and utilities on the Task Force read the amendments as being permissive. The PSC accepts the view of its staff, and this is reflected in the Commission Order and in the revised Rules for the Government of Pole Attachments attached thereto.

Following the conclusion of the comment periods on the proposed rules, on November 14, 2022, the Commission adopted the rules proposed in its June 16, 2022 orders without modification.

## 13.7 Show Cause Petition

As referenced above, in November 2022, the West Virginia Public Service Commission entered a Commission Order in Case No. 22-0885-T-E-SC, a show cause proceeding initiated by PSC staff to require Frontier West Virginia, Inc. (“Frontier”) to show cause why the PSC should not prohibit Frontier from requiring duplicative pole attachment applications, timelines, and fees.

The proceeding arose out of telecommunication carrier complaints about the time and cost impediments they face attempting to attach to poles that are jointly used by Frontier and Monongahela Power Company/Potomac Edison Company (“MP/PE”). These “joint use poles” are subject to a 1988 Joint Use Agreement. The Joint Use Agreement gives Frontier the right to license space on the poles to third-parties for the installation of telecommunications facilities, including broadband fiber. Frontier and MP/PE required the third-party telecommunication carriers to submit applications for attachment to both Frontier and MP/PE, and to pay associated costs and fees to both Frontier and MP/PE. The carriers asserted that this duplicative application process, and the duplicative costs and fees, were unreasonable, unnecessary, and delayed the efficient deployment of broadband.

The Commission Order granted staff’s Petition and required Frontier and MP/PE to file a proposed new or amended joint use agreement expediting the pole attachment process and reducing the costs and fees imposed on third-party attachers. The Commission Order also required MP/PE to file with the PSC their policies and procedures for the review of pole attachment applications, and it directed Frontier and MP/PE to file with the PSC information on, among other things, the number of joint use poles the companies operate. Additionally, the Commission Order granted Citynet, LLC’s (“Citynet”) petition to intervene as a third-party telecommunication carrier that was prejudiced by the 1988 Joint Use Agreement and Frontier’s ineffective responses to Citynet’s pole attachment requests.

On December 15, 2022, MP/PE filed with the PSC proposed amendments to the Joint Use Agreement, amended policies and procedures for the review of pole attachment applications, and the pole count information requested by the PSC.

As noted above, 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.

## 13.8 Vertical Real Estate Management and Availability Act

In 2020, HB 4015 created a new article of the W. Va. Code, § 31G-1-3; §§ 31G-5-1-4, known as the Vertical Real Estate Management and Availability Act, which requires the West Virginia Department of Administration to request proposals to manage state-owned Vertical Real Estate. “Vertical Real Estate”

is defined as towers or other structures mounted on rooftops or other prominent places, and any facilities associated with that structure, including ground facilities.

All funds in excess of management fees will be deposited by the West Virginia Office of Technology (WVOT) as follows: 50% to the Technology Infrastructure Reinvestment Fund for reinvestment in Vertical Real Estate or other infrastructure supporting broadband on state-owned property, and 50% to the Broadband Expansion Fund established in § 31G-1-5 and under the control of the Council.

WVOT is currently researching opportunities and potential relationship links of the vertical real estate initiative with other state technology initiatives, such as modernization of the State Interoperable Radio Network (SIRN) and the State's Wide Area Network. A professional services firm has been procured to address the full range of requirements to be completed as part of this project.

WVOT is currently examining the locations and condition of publicly owned tower assets and completing an asset inventory initiative. In April 2023, WVOT announced that it planned to finalize a draft RFP that

will:

- a. create a valuation method for space on towers
- b. allow for the completion of needed tasks such as tower engineering
- c. review policies and processes for how the partnership will work
- d. enable local jurisdictions to build on the process to increase asset availability

## 13.9 Wireless Technology Business Property Valuation Act

This act of the Legislature created a new article of the West Virginia Code, designated as § 11-6L-1 *et seq.* and known as the Wireless Technology Business Property Valuation Act. It provides for the valuation of towers constructed or erected between July 1, 2019, and July 1, 2024, that host antenna or other equipment used for transmitting cellular or wireless communications signals.

Under this article, for the five years immediately following the tower's erection, the value of the tower is its "salvage value," or five percent of its original cost. Thereafter, the value of the tower is determined in accordance with existing West Virginia Code § 11-6-1 *et seq.*

## 13.10 Small Wireless Facilities Deployment Act

Senate Bill 3 also created a new chapter of the West Virginia Code, designated as § 31H-1-1 *et seq.* and known as the **Small Wireless Facilities Deployment Act**. The Legislature found that small wireless facilities, also known as small cells and distributed antenna systems, are often deployed most effectively in public rights-of-way. Therefore, this chapter allows wireless providers to collocate small wireless facilities and install, modify, or replace utility poles for such facilities in public rights-of-way.

This chapter also sets rates for the occupancy and use of the rights-of-way and provides some zoning and permitting guidelines.

## 13.11 Establishment of Broadband Cooperatives

The State of West Virginia also provides a statutory mechanism for residents, businesses, and political subdivisions in West Virginia who have no good options for internet service providers to create a cooperative association to address their community's connectivity problems. These co-ops are authorized to establish a service provider focused on their communities, bond or finance the building of infrastructure, and engage in other related activities (W. Va. Code § 31G-2-1 *et seq.*).

To assist communities considering this option, the West Virginia University Entrepreneurship & Innovation Law Clinic has developed a Broadband Toolkit. The Toolkit contains a diagram detailing options for broadband network development in West Virginia. The Broadband Enhancement Council will continue its partnership with the Law Clinic to assist communities in the formation of cooperatives. Communities pursuing this option are encouraged to contact the Broadband Enhancement Council for additional information.

## 13.12 Permitting Microtrenching

West Virginia Code § 31G-3-1 *et seq.* establishes the ability of fiber network builders to utilize microtrenching in the State of West Virginia, an innovative lower-cost, lower-impact option for installing underground fiber facilities. It also requires the installation of vacant conduit when a provider is performing microtrenching operations.

## 13.13 Nonregulation of VoIP Services

West Virginia also has legislation clarifying that the Public Service Commission does not have jurisdiction over companies that offer Voice over Internet Protocol (VoIP) telephony services. W. Va. Code § 24-2-1(e).

## 13.14 Oversight of Cable Franchising

Cable franchising in West Virginia is subject to licensing by the State or municipality under W. Va. Code § 24D-1-1 *et seq.* The Commission determines the appropriate authority for issuance of a license, prescribes the standards for construction, operation, and safe, adequate, and reliable service to subscribers. The municipality in which the cable system will be located usually serves as the permitting authority.

# JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

December 12, 2023

11:00 a.m. – 12:00 p.m.

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

**Speaker Hanshaw:** “Good morning, all. Let’s go ahead and call this month’s meeting of the Joint Committee to order. First order of business today is approval of the minutes that are in your packets. We do have a draft of the November 14<sup>th</sup>, 2023, meeting minutes available for inspection. If everyone would please take a moment and review the draft that’s been made available. Are there questions about anything in the draft set of minutes? If not, Chair recognize the President.”

**President Blair:** “Mr. Speaker, I move the minutes from November the 14<sup>th</sup>, 2023, 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 November 14<sup>th</sup> meeting of the committee be approved as distributed. Is there discussion on the motion? If not, those in favor of the motion will please say aye, those opposed please say no. The ayes have it, that motion is adopted, those draft minutes are approved. Let’s take up our first report this morning, Mr. Muchow.”

**Secretary Muchow:** “Good morning.”

**Speaker Hanshaw:** “Good morning.”

**Secretary Muchow:** “Mark Muchow, Department of Revenue. Revenues for the month of November were...from our standpoint...were very strong. We collected \$404.8 million dollars overall, that was \$44 million above estimate, it was 15.7% below last year but we have a big personal income tax cut involved as well as lower energy prices. So, taking those factors into consideration, we did pretty well.

In terms of the individual components for November, the sales tax was \$162 million collections, \$5.4 million above estimate, a healthy 5.7% ahead of last year. I think five seven is a pretty good number given that inflation...just came out today...it’s running about 3.1% year over year. So, that’s a good number on the sales. Year to date on the sales tax we’ve collected \$701.7 million dollars, that’s \$17.3 million above estimate, and four and a half percent ahead of last year. Personal income tax, in the month of November we collected \$140.7 million, that was \$9.3 million ahead of estimate, it was 11.4% below last year but again considering a twenty-one and a quarter percent tax cut that’s a pretty good number. Wage...wage income has been rising consistently for a few quarters now at about a 6% clip and that certainly plays a part in that role. Year to date on the income

tax \$937.5 million in collections, \$130.7 million above estimate, only four a half percent below last year and so that's a really good number. Now I do believe somebody...a question came up earlier this morning about the tax cuts and the withholding on that because of the...the tax cuts took effect January 1<sup>st</sup>, we built into the estimates that there would be higher tax refunds when we get in to the spring months so you'll see a little more refund activity in the spring months as a result of the tax rate coming down and when final adjustments occur on individual income tax returns. Severance tax, we collected \$41.3 million in November, that was \$8.9 million above estimate, but down 63% from last year. The decrease is solely due to energy prices. Natural gas is down about 83%, coal is down closer to 20%, not as much as natural gas but the lower energy prices definitely have an impact on the severance tax. Year to date on severance tax we've collected \$76.3 million for general revenue, that's \$44.6 million below estimate, and 83.2% below last year. We did have a surplus in November collections relative to the estimate. I expect that gap...that \$44 million dollar gap...to basically dissipate during the remainder of this year and we should run...by the end of the year...we should run a surplus relative to the estimate in severance tax. Now, we will probably still be down maybe about 50% from a year ago but basically it's energy prices...energy prices have come down from their heights. A year ago, we were talking about all-time record highs for severance tax and we weren't going to stay there forever so, it's come down a little bit but it's not bad news for the industry, the industry...coal industry is...production is pretty close to 90 million tons this year which is above our projections and natural gas we're over three trillion cubic feet in natural gas, which again is up from prior years. So, the production numbers are strong. Corporate income tax in the month of November we collected nine and a half million, that was six

and a half million above estimate, and it was down from last year by about 19.7%. November is not a big month for corporate tax. Year to date is more interesting, year to date we've collected \$161.8 million, that's \$92.7 million above estimate, and 20.8% ahead of last year. As with the personal income tax, I do expect corporate tax refunds to trend higher in the next few months compared to past history due to some changes that we made in corporate policy over the last couple years but still good numbers, well above estimate. Beyond that, tobacco tax...I'll just go to the year to date on tobacco tax through November we were down \$1.9 million, 5.3% below last year. By the end of the year, I still expect tobacco tax to be pretty close to estimate. It all depends on the timing of cigarette stamps. Other items of note, the interest income...the amount of state investments in the state (...inaudible...) is about double what it was about three years ago. So, we have much more funds available for investment and the rate of return is pretty close to five a half percent at least in terms of the money market. Put that together we collected seven...almost \$17.8 million in interest income in November, that was 101% higher than last year, \$13.9 million above estimate. Year to date \$92.2 million in interest income, which is \$72.7 million above the official estimate, and 258% ahead of last year...so, that's been a positive component. Overall, after five months...collections of \$2.2 billion dollars, we're \$286.2 million above estimate, we are down 11.4% from last year which is about a \$286 million dollar decrease...it's kind of an interesting symmetry there we're \$286 million above estimate and \$286 million dollars below year...so, kind of gone halfway there but that's really good because the official estimate for the entire year...we will exceed that and the official estimate is about twenty-five, almost 26% below what we actually collected last year. We should not get anywhere near that...that official estimate...we'll be above

the official estimate. On the state road fund, November the motor fuel tax...I think last month I mentioned the motor fuel tax we had a big surplus in revenue in motor fuel tax, that was all due to timing and it's all due on the last day of the month and that timing shows up in November where we collected \$16 million in motor fuel tax, that was \$20.6 million below estimate, 54% below last year....purely timing. Year to date we're \$5 million below estimate but we're 3.4% ahead of last year. I mentioned earlier this morning that due to lower energy prices for...for gasoline and diesel...that the variable portion of the tax rate will decrease come January 1<sup>st</sup> by about one a half cents per gallon, and that's built into the estimate. We assumed that that was going to occur when that estimate was set up for motor fuel so motor fuel should be on track this year. Registration fees we collected \$9.8 million in November, that was almost \$2 million below estimate, 15% below last year. Year to date we've collected \$50.8 million, that's nearly \$13 million below estimate, 10.1% below last year. That particular component has been a little bit disappointing. The motor vehicle sales tax were...we...\$23.6 million in collections, we're \$3.6 million above estimate, only 0.1% ahead of last year for November. For the year to date we're actually 0.2% ahead or \$10.6 million above estimate. Couple things going on in the motor vehicle front. First, good news for consumers, used car prices are coming down and of course lower used car prices mean a little bit of a slack in terms of the yield on the sales tax...and then the other thing that's going on which is not as good is interest rates are high so when interest rates are high and I'm thinking about buying a big ticket item, I may put some big ticket items off a little bit until those interest rates come down. So, the interest rates do have a negative effect on...on that front. Miscellaneous, I'll mention year to date is \$196.9 million versus last year was \$160.2 million. Both cases

we...\$150 million of that amount of money came from appropriations by the legislature out of the general revenue fund. So, the general revenue fund has contributed \$150 million dollars each year to the state road fund's viability. The other thing I'd like to mention is the federal reimbursement numbers. I can never...cannot recall a month in past history where we saw \$115 million dollars in federal reimbursements, that's got to be a high watermark. That's 148% ahead of last year for November, for the year-to-date total federal reimbursements through five months were \$396.3 million, that's 51.6% ahead of last year...and you could probably go in the last ten fifteen years...there has been some years where the total reimbursements for the entire year were right around \$400 million dollars. So, the reimbursements are high of course, that's because the highway program is spending extra money out of the bond proceeds and some of those projects get a federal match, and the federal match has been doing well...and with that I'll open up to any questions you might have."

**Speaker Hanshaw:** "Okay Mark, thank you very much. Senator Tarr."

**Senator Tarr:** "Thank you, Mr. Speaker. Mark, I had another question that I didn't get out in Joint Finance with you here earlier. The reduction income tax collections on...by 5%...how much of that is also attributed to the tax cut that the legislature did with past through entities with the SALT bill?"

**Secretary Muchow:** "The SALT bill has actually enhanced collections in the short term because what happened was the SALT bill was made retroactive to tax year '22 and most of the owners had already made estimated payments all the way through the period so basically we required folks to double pay the tax...those people that elected to do it for

'22. So, you have the extra money in the bank and that should result in tax credits and refunds coming out in the next few months for those—”

**Senator Tarr:** “So, offset on that climb. Do you have any idea on the forecast for what we have with income tax collections because even though we do twenty-one and a quarter percent income tax reduction we’re still...income tax collections are still pretty strong because of wages going up and the other things. I would like to know...maybe it’s on the next report that you do for us...is what the forecasts now are around that tax cut with the SALT bill.”

**Secretary Muchow:** “I think that when the year ends the decline in revenues will probably be in the ten to fifteen percent range and I could pin it down a little closer down the road but ten to fifteen percent given a twenty-one and quarter percent reduction, the difference is the growth.”

**Senator Tarr:** “All right. Well and that’s...I’m talking about for SALT though. That twenty-one a quarter was the income tax cut with just the income tax cut bill itself which was a separate entity from the other tax cut that was provided with SALT.”

**Secretary Muchow:** “Well we really didn’t cut taxes with SALT. What we did, that work around...in fact the people who paid retroactively had to pay a six a half percent rate...the companies...and all the pass-through entities for twenty-three pay five...5.12...the real, the real benefit from SALT is these companies get to take a federal deduction for taxes paid. So, the real benefit is going to be on the federal side not the state side—”

**Senator Tarr:** “So, you’re not going to see any revenue reduction here on that. It’ll just be on the credit—”

**Secretary Muchow:** “No, it’ll just be the—”

**Senator Tarr:** “—to the federal.”

**Secretary Muchow:** “—the credit should offset the revenue coming in at the state level. Now, the timing is always going to be a little bit odd but—”

**Senator Tarr:** “Okay.”

**Secretary Muchow:** “—it’s purely a federal benefit and I think I just saw an article today that there is only five income tax states left that haven’t done a SALT workaround. So, just about everybody...I believe all our surrounding states have a SALT workaround. We do too...the rules may be a little different from state to state...but it’s in place. Now, on the...right now the...all federal tax laws tend to be temporary and if the temporary federal tax cut of twenty...I think it was 2017...is supposed to expire come 2026. If that expires come 2026...who knows what’s going to happen between now and 2026...then we’d no longer need a SALT workaround but a whole bunch of other things would happen in that same process.”

**Senator Tarr:** “Okay and just one other question on the miscellaneous. Maybe you said it and I missed it when I was looking at some of the numbers. The increase of 1202%...what makes up that difference? So, going from...on the—”

**Secretary Muchow:** “Oh! Oh! On miscellaneous and general revenue!”

**Senator Tarr:** “Yeah.”

**Secretary Muchow:** “That’s because in October the...according to state code, any...any net proceeds or excess abandoned unclaimed property...program...would come to the general revenue fund, and then in October the state treasurer transferred \$10 million dollars of abandoned unclaimed property monies to the state general revenue fund. So, that was a one-time deal that hadn’t happened last year. So—”

**Senator Tarr:** “Okay—”

**Secretary Muchow:** “—that’s what’s going on there.”

**Senator Tarr:** “—thank you, Mr. Speaker.”

**Speaker Hanshaw:** “President Blair.”

**President Blair:** “Thank you. I’m going to make a request if I could? Here’s what I’m...I’m sitting here thinking about this and its sort of odd the folks from the AARP just come walking in behind you...you didn’t see it...but part of my question was is that we made some tax changes for seniors under \$100,000 dollars. We want to phase in on being able to eliminate the personal income tax for under \$100,000 in income and it got me thinking that when it comes to...we’ve eliminated the food tax and there’s a bunch of these taxes that we’ve changed and reduced....is there any way to package together what has taken place over the last fifteen years and make it so that we can see the revenue reductions and then we compare that to the revenue increases in the state of West Virginia?”

**Secretary Muchow:** “We can—”

**President Blair:** “I don’t...I can’t...never remember all the things that we’ve done. Whether...when we get into the severance taxes and the different things that we’ve done and you’re one of the sharpest guys I’ve ever seen when it comes to doing this so...I was sort of asking for a Christmas present so to speak.”

**Secretary Muchow:** “Well, I can sort of give you the food tax. Food tax is pretty consistent—”

**President Blair:** “Well, the food tax was the easy part of it.”

**Secretary Muchow:** “That’s the easy part, yeah. Of course, the income tax is still in play, it’s going to play out over a couple years here but it’s in play now and then we also got rid of tax on social security benefits for those incomes that you mentioned below 100,000 or 50,000 and I think when we did that...I call that about a half a loaf. Now, this under the old income tax rates. Under the old income tax rates social security...taxes on social security were pretty close to a hundred million dollars...I’m just rounding it...hundred million dollars a year. We got rid of about fifty million and we had fifty million dollars left over for those...or above those...thresholds...because of the income tax rate cuts, pulls down...pulls down that estimate. The remaining tax on social security benefits is probably a lot closer...we’ll have to square it up a lot better...closer to \$37 million dollars was what we’re collecting because of the...the tax cut pulled the...pulled the tax down for those folks.”

**President Blair:** “And the reason I ask for this is that corporate net is another one and this...that was done in previous control also but what we’re seeing...record numbers, businesses are profitable again in the state of West Virginia and that’s why corporate net

is clearly a profit tax on that but we've reduced our corporate net down and but yet we're bringing in greater revenues than ever before and that's the reason why I ask this or ask for some sort of a package to be put together so that we can actually look at that and see the cause and effect of...that has taken place over the last twenty years."

**Secretary Muchow:** "Yeah corporate rate started almost...about 2006, 2007—"

**President Blair:** "Right."

**Secretary Muchow:** "—so it goes back away...and then we got rid of the charter...the charter tax if you remember the charter tax? I don't know if anybody remembers the charter tax but we got rid of that, we got rid of the state tax..."

**President Blair:** "Is it...but I'm going to go back to the question...is it...can you put something together like that for us? I don't expect it...but...in the next day or two but over the course the next couple months or whatever...while we're in session to put something together and put us a history of what we've done. Would that be possible?"

**Secretary Muchow:** "That's possible. I mean I...we'll do the best we can on that but...yeah."

**President Blair:** "Well, I've been around a long time and I know that we've done a lot of good things and the dividends are being paid from the work that has been done over the years and it'd be nice to have something put together like that. I've not seen anything like that...I'll stop. Thank you, Mr. Speaker. I don't know whether he told me he'd do it or not but...he said it's possible, that doesn't mean I'll do it."

**Secretary Muchow:** "Well no I...we will...we will provide something."

**President Blair:** “Thank you—”

**Secretary Muchow:** “We will.”

**President Blair:** “—and Merry Christmas.”

**Secretary Muchow:** “Merry Christmas.”

**Speaker Hanshaw:** “Okay, other questions for Mr. Muchow? Going once, going twice, okay...Mark, thank you very much. We have Commissioner Cindy Beane next with us today from the Bureau for Medical Services for a Medicaid update.”

**Commissioner Beane:** “Good morning, Speaker Hanshaw, President Blair, members of the committee. Thank you for allowing me to come speak today and give you an overview of where we’re at with the Medicaid budget. I’m going to go through these slides and then of course leave time for some questions as well.

First of all, the overview...overview of Medicaid. Medicaid expenditures represent the largest portion of the DHHR budget. Approximately thirty-six West Virginia citizens are enrolled in the Medicaid program. As you know, the Medicaid program provides a comprehensive healthcare package. What I like to say, it’s from...you know...birth to conceivably the end of life. We go from pregnant women, long term care, hospice care, hospital care, your therapies...comprehensive coverage for Medicaid beneficiaries. It is a federal and a state program, meaning that in West Virginia...and I’m rounding numbers here and then we’ll get into the more specifics as the presentation goes along...is about a three to one match. The federal government is matching us at 3% and that’s called our FMAP rate...and Speaker Hanshaw, the largest percentage of the FMAP rate...you asked me this the other day...is based on your per capita income. So, as West Virginians

start making more money and prospering, your FMAP is going to go down. Medicaid has been able to operate below the healthcare inflationary trends. West Virginia Medicaid, our inflationary trend is around a 3%. National Medicaid programs across the country are at about a 5.5% and commercial plans are around 11%. So, West Virginia does a pretty good job when you compare us nationally, even to other Medicaid programs, about keeping our spend down.

With that information about the Medicaid program, there's lots of federal rules that we have to follow and there are mandatory services that the Medicaid program has to have in order for us to be in this partnership. If you see on the left hand of the slide, those are your mandatory benefits. These are the things that the federal government says you have to provide these things, you cannot cut these things. So, these are things like your inpatient hospital, outpatient hospital, all your services for pregnant women you're going to see on there, your nursing facility services, home health services, your federally qualified health centers...all of those things are mandatory. On the right hand of the slide, you're going to see options benefits. These are areas where the state has discretion to make cuts. Now, you'll see the first one on the optional benefits is prescription drugs. It doesn't make sense to cut prescription drugs because once you cut prescription drugs then what happens? Everybody's not getting the medicines they need to stay well so they're in the hospital. Other things on there, things like physical therapy, occupational therapy, speech therapy. You cut those things, again, people digress, maybe end up in the hospital. A lot of the things that you see on the optional side are preventative services. On the...I do want to point out because I know some of you might note that behavioral health services are not noted on this optional benefit chart. Behavioral health services in

Medicaid speak are considered rehab services. So, if you go a few bullets down you'll see other diagnostic screening and preventative and rehab services, that's where you're going to see your behavioral health and your SUD services...dental services...all these services are considered optional. Our 1915c Home and Community-Based Waivers, these are waivers that keep people in their home, keeps our aging population aging in their home, keeps people on disabilities in their home versus institution. All of those are optional services as well.

So, the next slide if you look at Medicaid in our total state expenditures, you're going to be like well what happened in 2021 and 22? That is when we were getting an extra 6.2% FMAP for the pandemic. If you look at my five-year growth and take out those pandemic years where I'm getting that extra FMAP, the state dollar growth in a five-year period is...that we are at...is this little over 3%. So, for a five-year period of growth that's pretty phenomenal when you look at the state dollars. Again, Medicaid...West Virginia Medicaid, is far below the national average of all other Medicaid programs across the country.

What has caused the current situation that we are in? So, in March of 2020 we were at 504,760 individuals. That was right when the pandemic started. When the pandemic started the federal government said we're going to give this 6.2% of increased FMAP but you cannot take anyone off your rolls during the course of the pandemic. I will say, when the pandemic first started...me being naïve was like okay, that's going to be about six months, it ended up being three years. So, for three years we could not take anyone off the Medicaid rolls. So, for an example, we know a lot of people receive their Medicaid...for example, pregnant women is a large category for us. If you were giving

birth in March of 2020, your Medicaid would have termed three months post birth, right? Now, that person has stayed on from March of 2020 to April of 2023. So, our rolls basically skyrocketed. In April of 2023, when we were...the pandemic was over and we were allowed to start disenrolling, we did so immediately. Our high number was 667,471 individuals. So, if you think about how many more individuals we were paying for during this time. Now, starting in 4/23...April of '23...we have started our unwind process. I will say West Virginia is doing a good job in unwinding. We are down to 539,250 individuals. During this time of unwinding though, that 6.2% is going away. So, if you look at our FMAP and where we were and this column on your right that is by quarter, what we were receiving in FMAP has slowly decreased this past year during the unwind to the point that we are now...virtually in January we are at a 0% enhanced FMAP but as you can see I have 539,000 individuals versus the 504 I started with. We would like to possibly...hopefully...get down to at least a 515 but we are doing that exponentially. We are making sure that people that are eligible remain eligible. People that are not eligible need to move to the marketplace or move somewhere else off the Medicaid rolls. Any decrease in our FMAP is a four million additional in state dollars per quarter and if you can see our FMAP even after the unwind money goes away, we are going down. For West Virginia, that means that our economy is getting better, people are coming out of poverty but for the Medicaid program that's an increase in need of state dollars.

Our next slide is our six-year projection. For Medicaid, we do a six-year projection. If you can see our projection, we are projecting about 3% growth in the program year after year...and what are our drivers? What is causing the growth that we are having and the current shortfall that we are in which is approximately \$114 million dollars? The

unwind...which I've just explained...you know, we had...we ballooned, we had a lot of people on our rolls that were no longer eligible that we had to keep on our rolls. We have work force shortages and provider rate increases that have...incurred during the last few years in order to keep providers out there moving. I call it the great mass exodus of COVID, all the sudden nobody was working and we had issues. I know one issue this body is familiar with is the ambulance providers and the EMT providers and those providers were getting rate increases and we also did some short-term rate increases with some of the federal funds that we had as well. Our nursing rate (...inaudible...) methodology, we are the only state that currently does nursing rate evaluation for rate methodology every six months. We are changing that; we have been working with our nursing homes because that is unsustainable and I'll go into that a little bit further here in a moment. Our federally qualified health centers...while primary care is definitely something that we need and can be a preventative service and help you with cost in the long term down the road, it is also the change of scope policy and the policy that we are currently under is unsustainable...and we are having meetings with the primary care association to talk about changing that policy and tidying that up as well. Some other...sorry...some other items that you'll see is increased cost due to new drugs entering the market. Prescription drugs are definitely going up, the FDA just approved a \$2 million dollar cure for sickle cell and we will have to cover as a Medicaid program based on federal and state guidelines but when you have \$2 million dollar drugs and that's not our only two million we have another drug that's a million dollars for a disorder for young infants and so...when you have those kinds of prices for drugs you're going to see your prescription drug costs go up. Some other things that...that have definitely...can be

a driver and a risk is CCBHC's, which this body wanted to bring on and we agree that in the long run I think that that will enhance our behavioral health services but in the short term up front there will be some additional dollars...and then we also have our Children With Emotional Disorder Waiver, which in the long run again will save us dollars but in the short term is costing some dollars.

So, I've talked about some of the things that we're doing for cost savings and containment. One of the things we do at West Virginia Medicaid is we do make sure that we are working with our MCOs but keeping their MLR to an 85% maximum. We also do independent audits of the MLR, not just auditing based on what (...inaudible...). Those independent audits are required only once every three years for CMS but we have started as of last year doing those independent audits once every year to make sure that we are capturing all those dollars with regards to our medical loss ratio and our MCO's. We do have some contracts...during the pandemic some of our contracts were based on a per member per month. Well, during the pandemic we saw an influx of members so those contracts conceivably went up. Our NEMT contract has given us rebates, we have that built into the contract so their profits can only be at a 7.5%. Anything else is rebated back to the state...and again we do have the work group started for our FQHC's to really look at that policy and change that policy. We do have...this is not approved yet but we are looking at our Justice-Involved Waiver. What this will allow...it will not be cost savings to the Medicaid...but could be an overall cost savings to the state where we could conceivably pay for the medical care and the substance use disorder care for inmates ninety days post discharge and in addition, we are working with our providers...not only is the program cost effective but we are making sure that we are driving for quality. We

have negotiated a \$60 million dollar quality withhold for our nursing facility providers that would start next fiscal year. We also have our direct to payment programs which this body approves which adds additional dollars for our physician groups and our hospitals. They also have to meet quality metrics to receive those payments and this will be a baseline year since we have possibly a new MCO coming into the market...based on the bill from last year...then we will do it next year, a quality withhold on our MCOs as well.

So, I told you about the hole. Now, I'm giving you a solution to plug that hole. We currently have an MCO tier tax. We are suggesting that we increase that...that tax on our MCO's. I will say that this is a tax that is...not your typical tax...it gets folded back into the rates to our managed care players. We currently have three managed care providers and I can say that I've talked to all three of those Senate Presidents and they have no problem...I mean...not Senate Presidents, MCO Presidents...and they have no problem with us increasing this tax because it is, for the most part, folded back into their rates. What you see on this slide is a model that takes us up to a four a half to a five percent, we can go up to a six percent. Six percent would be the maximum and so, that could conceivably raise a little over a hundred million in order to fill the current deficit that the Medicaid program is in. Without that, the other cost containment opportunities that you have for a Medicaid program are provider rate cuts, freezes of rates, we could eliminate...if you remember back on that previous slide those optional benefits...you can eliminate some of those benefits or cut those benefits. We can delay implementation, although I do think that these services will be helpful down the road of increasing our quality in our behavioral health system but we do have CCBHC's and Mobile Crisis Interventions that have yet be implemented...and then one of the opportunities that is on

the slide that is a difficult opportunity...I was at the Medicaid program in a different role when we had to delay payments and slow payments for our providers. That's something that I think is very difficult because a lot of our providers...some are bigger than others and once you start slowing those payments it's very difficult for them to stay afloat especially if they have a large Medicaid book of business. The other thing I just wanted to highlight is this slide kind of shows you all the metrics that we are over a ninetieth percentile in the Medicaid program. The Medicaid program has been recognized nationally by Robert Wood Johnson for our work with Aetna and the Mountain Health Promise program. UniCare has received back-to-back NCQA awards, not only for their program with Smart H2O for Clarksburg and the lead...the lead outbreak there in the water but also for their work in health equity. Aetna is a four-star rated NCQA...West Virginia Aetna...program. They're only thirteen MCO's that are above that and our health plan continuously works locally and has been recognized for their work with the retina specialists in getting individuals into eye exams with diabetes. So, while we are talking dollars here today, I want there to be a recognition that the Medicaid and all the different players in the Medicaid program are really out there making sure that quality healthcare is delivered to West Virginia citizens.

The next request you see is our administrative budget request. Since I have been here, we have not asked for any increase in our admin budget. If you can see on the slide, you can see that our...we've had a shortfall since 2020. How have you been doing it? Well, I can tell you how we do it. We start slowing payments starting probably in March. I don't think it's a good way to do business. I think it's...you know...I think paying our vendors timely, paying our bills timely is good and not just pushing them to the next fiscal

year. So, that is why we are asking for an appropriation to right size the Medicaid administrative budget.

What are our drivers? We have lots of drivers and usually I will...I will say it's usually the federal government. There are a lot of mandates for the Medicaid program that we have to have. For example, if you look on bullet six, the Electronic Visit Verification system, that was a whole new system that we had to put in place for anybody that does any kind of home health in home work. That was required by CMS or you lost part of your home and community based FMAP. The CMS is also no longer...as of this coming July... going to pay for our Federal Services Data Hub. This is the hub that we (...inaudible...) for eligibility to make sure that the people that we are putting on the program are eligible for the program. That's something that will be coming up. We have a variety of different grants and different evaluations that we have to do for our different programs to make sure that the programs are giving us the outcomes that we need but also they are required...and then of course all the different systems modifications that we've had to do from the unwind to turn it off, turn it back on, make this system do this, make it do this, and I'm sure you've seen some of that in the media. All of those things and all those modifications cost additional dollars as well.

If you kind of look at what we're asking for, we're still under 4% admin nationally. Medicaid programs are at a 5%. I will say, years ago before I was ever in this role, when I first came to Medicaid...and that was a long time ago I'm going to probably date myself...back in 2005, the Medicaid program had a 4% admin budget. So, through the years the admin budget has gone down and I think we've done a good job about making sure that we enable our program to get ninety ten match as much as possible so the state

spend for admin is low as possible...but we are asking for additional admin dollars as well. So, with that, are there any...any questions?"

**Speaker Hanshaw:** "Thank you, Commissioner. Questions for Commissioner Beane? Delegate Summers."

**Delegate Summers:** "Thank you, Mr. Speaker and I requested this presentation because I do have lots of questions. So, I'll ask one or two and see if anyone else has another question. So, my first question has to do with recent rate study that Medicaid did of its service providers...I guess would be the right way to term that. Could this...and there was a 31% request in the study, that's what you've said that we needed...would you consider this a cost savings in actuality by providing an increase to these individuals because it costs a lot more money through Medicaid to take care of these...this vulnerable population in nursing homes or psychiatric hospitals?"

**Commissioner Beane:** "So, yes...I mean the waiver programs have cost far less than if you're in an institution. So, for an example somebody on the IDD Waiver...you know...where we're at a \$75,000 dollar average and that's an average, some people cost more, some people cost less but if you are in an ICF, which is the institutional level for somebody that would be on the IDD Waiver, that's around 150,000...160,000. Nursing homes the same way, somebody on our aged and disabled Waiver, their costs are around a 25,000 mark and our nursing home costs are...I think it's around ninety-five but let me double check that number but it's exorbitantly different. You know...even if it's ninety...twenty-five to ninety."

**Delegate Summers:** “So, that’s why I’m saying maybe this is a...is a cost containment opportunity for us because as these workers have not received a raise in quite a while and people are leaving to go to other jobs. You know, we always talk about...you know...the convenience stores, etc....certainly less stressful. If we don’t have those workers, we don’t have those opportunities, we are still required to care for those individuals. So, we have to put them in the higher level of care.”

**Commissioner Beane:** “Yes, I mean we are required to...I mean...the state doesn’t have state institutions anymore, we don’t have Colin Andersons anymore so...I mean...those individuals have to go somewhere. There are some individuals that are home with their families that their families will probably do whatever it takes, quit their jobs or whatever, in order to not put them in an institution but a...we do have several members on our...on our IDD Waiver that these are individuals in groups homes that have no other family except the staff that come in and support them. So, yes that is an increased cost. I mean it is...if you are a rebalance state, you are spending more on your home and community based and less on your institutions and we are definitely not a rebalance state. We spend more on institutional care than the HCBS care.”

**Delegate Summers:** “Disability Rights West Virginia quoted that for a...an IDD patient to be at Sharpe or Bateman Hospital, it costs around \$900 dollars a day. I don’t know if that’s accurate, I’m just...that’s what they stated so, I’m asking you. So, that’s around \$27,000 dollars a month. They report that we have thirty individuals in those institutions that don’t have another placement to go. So, that’s around \$810,000 thousand dollars a month we spend for that care if we cannot shift those people down to a lower level of service. Does that seem accurate?”

**Commissioner Beane:** “I don’t know the exact number but it does seem accurate. I mean hospital...in-patient hospital care is eight and nine hundred dollars. So, I just don’t have the Sharpe rate but it does seem accurate to me.”

**Delegate Summers:** “What is the amount of money in the rate study that we would need to bring these workers pay up to a competitive level for all of the workers? I think you told me 47 million but I don’t want to...”

**Commissioner Beane:** “The rate study for the home and community based rates that was asked for from Senate Bill 617, the total amount if we did all the rates from the rate study is 45 million...45.1 million in state dollars and it infuses 170 million in when you...when you match it into the community for workers’ pay...and companies to admin and all those kinds of things.”

**Delegate Summers:** “Okay and my other question is we moved foster care to managed care years ago. Would West Virginia save money if we considered doing that for long term care?”

**Commissioner Beane:** “So, for long term care...whenever you move something into managed care, you initially will have...in order to move something into managed care will be like you have to pay this rate in order to get it moved but it would be a cost savings because we’re not a rebalance state and what MCO’s would do in order to not only probably do what’s best for the individual but also save on those costs...they would push people towards that Aged and Disabled Waiver. They would push people towards that non-institutional care which is cost effective...which now there’s not an entity care managing those people that would push them towards that. It’s...quite frankly it’s easier

to get into a nursing home in West Virginia than it is to be on the Aged and Disabled Waiver. It's a little bit easier of a process."

**Delegate Summers:** "Okay, thank you."

**Speaker Hanshaw:** "Senator Tarr."

**Senator Tarr:** "Thank you, Mr. Speaker. Cindy, of the three MCO providers, how many of those are meeting their max loss ratio? How many of them are having that profit margin of 15%?"

**Commissioner Beane:** "Hold on one second. I know that we also have...and I want to try not to drag somebody else up here but I might if I...I think during basically these pandemic times a lot of...a lot of them are at the five fifteen and we actually had a rebate. Hold one second, Senator Tarr. In year 2021, we had 6.8 million from one of the plans that we were able to get a rebate at...from that independent review that I said we're going to start doing every year...and the other thing, if they are at their maximum MLR, one of the things that we have in our contract is community investments. We allow them to use some of those excess payments and there was presentation...for example... yesterday from Aetna Better Health where they were able to infuse basically millions of dollars out there into the community to increase services for foster care...bringing in needed services such as psychiatric care for individuals, children that need those services, and...for example, I know one of our MCO's was able to purchase the van for Health Right that goes into southern West Virginia and provide care there. So, those community investment dollars are also something that we allow the MCO's do as well."

**Senator Tarr:** “I guess what I would be interested in is seeing what that community investment dollar total is compared to how much profit we’ve funded the MCO’s.”

**Commissioner Beane:** “Yeah.”

**Senator Tarr:** “So, if there are three MCO’s hitting 15% on the MLR, what is that total for the 15% and then what has been that community investment total on there? So, I mean if we’re talking...the ask here I think that you’re...you have, that you’re saying maybe a deficit is around 114, 115 million, something like that. Is that about what we’re looking at?”

**Commissioner Beane:** “That’s if you choose not to do that MCO tax.”

**Senator Tarr:** “Okay, so...and that’s getting to my point. So, about every year that...before Finance...and you’re really good at being conservative on your estimations and I appreciate that because we usually come in with a prediction that we’re going to have a Medicaid shortfall and we end up in a surplus by whatever changes and things that are recommended and so, it’s...the MCO tax I believe is one good way to do it but I don’t think it’s the only way to do it and I think that looking at that potential of how much dollars are in the profit for the MCO’s through this taxpayer funding is probably worth looking at relative to what the community money is actually going back on the piece we’re not giving the rebate on. So, the 539,000 that we have now as opposed to in 2019 we had 504,000 individuals on Medicaid and so, that...those 35,000 individuals, and you’re saying it’s also driving part of the increased cost...”

**Commissioner Beane:** “Absolutely.”

**Senator Tarr:** “Do you...does Medicaid look at how many of our individuals are staying on Medicaid because of fiscal cliff issues? Like if I’m choosing to not earn more because it costs me more to go work and then potentially have to buy my healthcare than to stay on Medicaid because the Medicaid benefit...which is pretty solid when you’re looking at healthcare costs—”

**Commissioner Beane:** “Sure.”

**Senator Tarr:** “—that there’s a reason for them not to find a job that earns more. Do you have any idea what that expense is to the state?”

**Commissioner Beane:** “I don’t have an idea. I’m going to do some guesstimates based on a bill that ran last year that I don’t think got out of committee and it was like a Medicaid buy in bill and I think we estimated nine to twelve thousand individuals that would be able to get...to buy into Medicaid at that time based on that bill. That...that particular buy in bill...you know, I’d like to have called it the Medicaid workforce bill because I think those are individuals that are working that are on that bubble...and we could use...and that...it’s a little bit complicated. It takes the tax incentives that those individuals...those tax (...inaudible...) they get and it puts that towards their premium that we would pay MCO’s but it’s 100% federally funded.”

**Senator Tarr:** “Okay. All right, that’s all I have. Thank you, Mr. Speaker.”

**Speaker Hanshaw:** “Are there other questions for Commissioner Beane? Delegate Summers.”

**Delegate Summers:** “Sorry, I didn’t want to monopolize. So, I wanted to give you time to do that. I have been hearing reports from psychologists, dentists, that they’re

having issues getting credentialed with Medicaid and so we have less providers because of that. The psychologists are telling me it takes them like six months to get credentialed and then they can't bill...and also the dentists are talking about the twenty-five page form they have to fill out to get credentialed through...let me see the name of the company...I think it's SKYGEN that you have a contract with. Is there any way to improve the credentialing process?"

**Commissioner Beane:** "So...yes. So, basically to have NCQA certification you have to have credentialing. So, the credentialing actually goes through our different MCO's. So, with SKYGEN I know that we've had one provider complaint that we've addressed with the MCO's that I'm hoping that that has been now resolved but...but it shouldn't take over six months to get credentialed. So, if you have any of those specific complaints, Delegate Summers, please let me know so I can address which MCO you're experiencing that with so I can talk to them...and we do have contract provisions around credentialing and it shouldn't be taking over six months."

**Delegate Summers:** "Okay. All right, thank you and that HMO tax...provider tax...when that comes in, does that go to general revenue or does that go right back to Medicaid?"

**Commissioner Beane:** "So, basically the tax comes in and comes back...back to Medicaid. We funnel that tax through...it goes to our general...to get matched. The MCO's are made whole because those taxes due to (...inaudible...) have to be basically built back into their rates. So, it's...it's a way for us to have additional federal dollars to come into the...to the Medicaid program to actually fund the services that we're providing."

**Delegate Summers:** “Okay thank you...and one comment to Senator Tarr on the Medicaid cliff. It’s been suggested that a taper might not be a bad idea. So, as you’re earning more money you could stay on Medicaid over one year and taper...taper off of that as you raise more money and maybe could get insurance through a different job but that’s been a suggested—”

**Senator Tarr:** “Yeah, that’s something worth looking at for sure—”

**Delegate Summers:** “—idea. Yeah.”

**Speaker Hanshaw:** “Other questions or comments? Senator Nelson.”

**Senator Nelson:** “Thank you, Mr....or thank you, Speaker...Mr. Chair. Quick question, you mentioned something about slow payments and it’s been a standard policy. What kind of dollars are we talking about and for how long are these providers delayed payment?”

**Commissioner Beane:** “So—”

**Senator Nelson:** “Maybe this is something for the next meeting. I don’t want to carry this on too long.”

**Commissioner Beane:** “Yeah, I’m really proud that the Medicaid program has really...our payments are within thirty days or less and most of our payments are at fifteen to twenty days but you can slow them down and start...you know...we’re going to pay, we’re going to let your claims age for sixty days or let your claims age for ninety days before we pay. If you’re out of money you don’t have a choice, right? So, those are things that...I’ve had to do that once in my career when I was an acting commissioner and it

only lasted for a couple months but it's not pleasant because providers start calling and they need their dollars to run their business."

**Senator Nelson:** "Okay. All right, thank you. Thank you."

**Speaker Hanshaw:** "Others? Okay Commissioner, thank you very much for being here today."

**Commissioner Beane:** "Thank you."

**Speaker Hanshaw:** "Ladies and gentlemen, that completes our agenda for today. Are there other items of business for this meeting? Senator Trump."

**Senator Trump:** "Thank you, Mr. Speaker. Just...I want to take one moment if I may. All of us who serve in the legislature know that on those occasions when we're successful, it's always a consequence of work and effort of dedicated people who are behind the scenes and behind the curtain. The next time this committee meets, we will be without someone who's been with us for thirty years and I'm told his retirement is announced and it's not a secret. If I'm wrong, I'm making a big boo boo here...but I would like to express my gratitude and I think the gratitude of this whole committee and both houses of the legislature for the work of Aaron Allred over the last thirty years for this committee and for both houses of the West Virginia legislature."

**Speaker Hanshaw:** "Other business to come before today's meeting? If not, President Blair."

**President Blair:** "I move we adjourn."

**Speaker Hanshaw:** "Question is on the motion to adjourn. Those in favor will please say aye, those opposed will please say no. Thank you, very much."

# WEST VIRGINIA LEGISLATURE

*Office of the Legislative Auditor*



*Budget Division  
Building 1, Room 314-West Wing  
1900 Kanawha Blvd. East  
Charleston, WV 25301*

*304-347-4870*

January 02, 2024

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

- West Virginia Lottery as of November 30, 2023  
Gross profit as of November 30, 2023, was \$243.5 million. Gross profit as of November 30, 2022, was \$244.5 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2023  
Total disbursements were \$30.1 million higher than in fiscal year 2023. Overall ending trust fund balance was \$28.0 million higher on November 30, 2023, than on November 30, 2022.
- General Revenue Fund as of December 31, 2023  
The general revenue collections ended the sixth month of fiscal year 2024 at 117% of the estimate for the year. Total collections were \$406.4 million above the estimate for the fiscal year.
- State Road Fund as of December 31, 2023  
The road revenue collections ended the sixth month of fiscal year 2024 at 102% of the estimate for the year. Total collections were \$12.0 million above the estimate for the fiscal year.



WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

MEMORANDUM

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

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

Date: December 27, 2023

Re: Review of West Virginia Lottery Financial Information  
As of November 30, 2023

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for November 30, 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 \$540 million for July-November of fiscal year 2023-2024. Table games accounted for \$13.5 million of this total. Historic Resort Hotel video lottery accounted for \$3 million of total gross receipts. Gross lottery revenue has decreased by \$8 million or -1.4% when compared with July-November 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-November was \$243.5 million; for July-November of last fiscal year gross profit was \$244.5 million. Expressed as a percentage, gross profit is -0.4% lower for fiscal year 2024 than for

Lottery continued

fiscal year 2023.

**Operating Transfers to the State of West Virginia:**

A total of \$233,847,000.00 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	\$72,025,000.00
Community and Technical College	\$2,499,000.00
Department of Education	\$12,676,000.00
Library Commission	\$10,145,000.00
Higher Education-Policy Commission	\$6,549,000.00
Tourism	\$6,130,000.00
Department of Natural Resources	\$3,330,000.00
Division of Culture and History	\$3,775,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$4,996,000.00
School Building Authority	\$9,000,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$131,125,000.00</b>

Lottery continued

**Excess Lottery Fund**

Economic Development Fund	\$10,510,000.00
Higher Education Improvement Fund	\$7,500,000.00
General Purpose Fund	\$25,429,000.00
Higher Education Improvement Fund	\$11,345,000.00
State Park Improvement Fund	\$589,000.00
School Building Authority	\$9,484,000.00
Refundable Credit	\$1,027,000.00
WV Racing Commission	\$1,581,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Department of Education	\$000.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$23,872,000.00
Economic Development Authority	\$2,195,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$18,648,000.00
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$129,180,000.00</b>

Total Budgetary Distributions:	\$260,305,000.00
Veterans Instant Ticket Fund	\$222,000.00
Pension Plan	\$00.00
<b>TOTAL TRANSFERS</b>	<b>*\$260,527,000.00</b>

Lottery continued

\* CASH BASIS

Total Accrued last FY 2023:	\$252,394,000.00
Total Cash Distributions FY 2024:	\$260,527,000.00
Applied to FY 2023:	\$252,394,000.00
Applied to FY 2024:	\$8,133,000.00
Accrued for FY 2024 as of November 30:	\$225,714,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

JOHN A. MYERS  
DIRECTOR

PHONE: 304.558.0500  
wvlottery.com

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**MEMORANDUM**

TO: Joint Committee on Government and Finance

FROM: John A. Myers, Director

A handwritten signature in blue ink that reads "John A. Myers".

RE: Monthly Report on Lottery Operations  
Month Ending November 30, 2023

DATE: December 15, 2023

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

Financial statements of the Lottery for the month ending November 30, 2023 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$100,898,999 for the month of November.

Transfers of lottery revenue totaling \$43,318,375 made for the month of November 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 November 30, 2023 was 1,531 and 1,179 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-**

**November 30, 2023**

**WEST VIRGINIA LOTTERY**

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

	November 30, 2023	June 30, 2023
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 264,285	\$ 288,680
Accounts receivable	33,286	35,255
Inventory	1,112	1,228
Other assets	210	1,407
Total Current Assets	<u>298,893</u>	<u>326,570</u>
Capital assets	63,544	63,256
Less accumulated depreciation and amortization	<u>(22,554)</u>	<u>(21,847)</u>
Net Capital Assets	<u>40,990</u>	<u>41,409</u>
Total Noncurrent Assets	<u>40,990</u>	<u>41,409</u>
Total Assets	<u>\$ 339,883</u>	<u>\$ 367,979</u>
Deferred outflows of resources	<u>\$ 2,340</u>	<u>\$ 2,340</u>
Total assets and deferred outflows	<u>\$ 342,223</u>	<u>\$ 370,319</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 225,714	\$ 252,394
Estimated prize claims	19,595	18,081
Accounts payable	2,824	3,672
Other accrued liabilities	<u>31,894</u>	<u>33,976</u>
Total Current Liabilities	<u>280,027</u>	<u>308,123</u>
Deferred inflows	<u>\$ 766</u>	<u>766</u>
Net Position:		
Net Investment in capital assets	40,990	41,409
Unrestricted	<u>20,440</u>	<u>20,021</u>
Total Net Position	<u>61,430</u>	<u>61,430</u>
Total net position, liabilities, and deferred inflows	<u>\$ 342,223</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 FOUR MONTH PERIOD ENDED NOVEMBER 30, 2023**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2024	FY 2023	FY 2024	FY 2023
Lottery revenues				
On-line games	\$ 5,541	\$ 13,397	\$ 45,461	\$ 45,705
Instant games	13,554	15,091	69,125	70,502
Racetrack video lottery	36,318	38,042	197,435	204,674
Limited video lottery	39,700	39,102	199,630	200,034
Table games	2,558	2,769	13,498	14,370
Historic resort	526	564	3,001	2,619
Sports Wagering	453	546	2,039	2,348
Interactive Wagering	2,248	1,681	9,807	7,633
	<u>100,898</u>	<u>111,192</u>	<u>539,996</u>	<u>547,885</u>
Less commissions				
On-line games	391	931	3,177	3,195
Instant games	949	1,056	4,838	4,935
Racetrack video lottery	19,926	20,871	108,321	112,293
Limited video lottery	19,453	19,160	97,819	98,017
Table games	1,090	1,177	5,751	6,103
Historic resort	248	286	1,480	1,306
	<u>42,057</u>	<u>43,481</u>	<u>221,386</u>	<u>225,849</u>
Less on-line prizes	2,765	6,908	22,039	23,672
Less instant prizes	9,250	10,251	47,259	48,015
Less ticket costs	161	331	875	836
Less vendor fees and costs	987	1,165	4,935	4,970
	<u>13,163</u>	<u>18,655</u>	<u>75,108</u>	<u>77,493</u>
Gross profit	<u>45,678</u>	<u>49,056</u>	<u>243,502</u>	<u>244,543</u>
Administrative expenses				
Advertising and promotions	508	593	2,355	2,944
Wages and related benefits	1,036	935	5,140	4,610
Telecommunications	73	35	216	288
Contractual and professional	971	530	4,492	2,824
Rental	17	20	115	120
Depreciation and amortization	141	141	707	698
Other administrative expenses	107	107	1,085	1,029
	<u>2,853</u>	<u>2,361</u>	<u>14,110</u>	<u>12,513</u>
Other Operating Income	<u>211</u>	<u>218</u>	<u>2,739</u>	<u>2,474</u>
Operating Income	<u>43,036</u>	<u>46,913</u>	<u>232,131</u>	<u>234,504</u>
Nonoperating income (expense)				
Investment income	1,103	695	5,804	2,591
Distributions to municipalities and counties	(778)	(766)	(3,913)	(3,921)
Distributions -capital reinvestment	(34)	(32)	(175)	(145)
Distributions to the State of West Virginia	(43,327)	(46,810)	(233,847)	(233,029)
	<u>(43,036)</u>	<u>(46,913)</u>	<u>(232,131)</u>	<u>(234,504)</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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2023**

(In Thousands)  
- Unaudited -

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 544,704	\$ 549,860
Cash payments for:		
Personnel costs	(5,140)	(4,610)
Suppliers	(8,276)	(8,795)
Other operating costs	(290,560)	(300,064)
Cash provided by operating activities	<u>240,728</u>	<u>236,391</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(260,527)	(258,485)
Distributions to municipalities and counties	(3,926)	(3,917)
Distributions to racetrack from racetrack cap. reinv. fund	(6,186)	(6,612)
Cash used in noncapital financing activities	<u>(270,639)</u>	<u>(269,014)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(288)</u>	<u>(683)</u>
Cash flows from investing activities:		
Investment earnings received	<u>5,804</u>	<u>2,591</u>
Cash provided by investing activities	<u>5,804</u>	<u>2,591</u>
Increase (decrease) in cash and cash equivalents	(24,395)	(30,715)
Cash and cash equivalents - beginning of period	<u>288,680</u>	<u>281,709</u>
Cash and cash equivalents - end of period	<u>\$ 264,285</u>	<u>\$ 250,994</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 232,131	\$ 234,504
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	707	698
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,969	(499)
(Increase) decrease in inventory	116	(158)
(Increase) decrease in other assets	1,197	70
Increase (decrease) in estimated prize claims	1,514	2,949
Increase (decrease) in accounts payable	(848)	(1,592)
Increase (decrease) in other accrued liabilities	3,942	419
Cash provided by operating activities	<u>\$ 240,728</u>	<u>\$ 236,391</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 November 30, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$486 thousand with a bank balance (overdraft) of \$518 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):

	November 30, 2023	June 30, 2023
Deposits with financial institutions	\$ 486	\$ 458
Cash on hand at the Treasurer's Office	13,441	13,834
Investments with BTI reported as cash equivalents	250,358	274,388
	\$ 264,285	\$ 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 November 30, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At November 30, 2023
Construction in Progress	2,152	288	-	2,440
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	-	-	11,180
	<u>\$ 63,256</u>	<u>\$ 288</u>	<u>\$ -</u>	<u>\$ 63,544</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At November 30, 2023
Buildings	\$ 12,631	\$ 514	\$ -	\$ 13,145
Equipment	9,216	193	-	9,409
	<u>\$ 21,847</u>	<u>\$ 707</u>	<u>\$ -</u>	<u>\$ 22,554</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 November 30, 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	\$ 2,220,100	\$ 21,966,886
Lotto America	409,656	2,397,675
Mega Millions	1,050,515	11,341,554
Total	\$ 3,680,271	\$ 35,706,115

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,114,551	\$ 10,963,021
Lotto America	204,828	1,198,900
Mega Millions	525,322	5,647,850
Total	\$ 1,844,701	\$ 17,809,771

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 November 30, 2023, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 125,692,627	\$ 1,159,438
Lotto America	8,854,039	681,521
Mega Millions	99,902,600	766,957
Total	<u>\$ 234,449,266</u>	<u>\$ 2,607,916</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 \$17,926,056 at November 30, 2023, of which the Lottery's share was \$210,209.

**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 November 30, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 432,197	\$ 441,663	\$ 2,327,830	\$ 2,364,547
Credits (prizes) won	(389,198)	(396,798)	(2,094,217)	(2,125,542)
Promotional credits played	(6,681)	(6,823)	(36,178)	(34,331)
Gross terminal income	36,318	38,042	197,435	204,674
Administrative costs	(1,453)	(1,522)	(7,897)	(8,186)
Net Terminal Income	34,865	36,520	189,538	196,488
Less distribution to agents	(19,926)	(20,871)	(108,321)	(112,293)
Racetrack video lottery revenues	<u>\$ 14,939</u>	<u>\$ 15,649</u>	<u>\$ 81,217</u>	<u>\$ 84,195</u>

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

	November 30, 2023	Year-to-Date
State Lottery Fund	\$ 10,459	\$ 56,861
State Excess Lottery Revenue Fund	4,480	24,356
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 14,939</u>	<u>\$ 81,217</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 November 30, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 520,154	\$ 516,806	\$ 2,653,284	\$ 2,636,227
Credits (prizes) won	(480,454)	(477,704)	(2,453,654)	(2,436,193)
Gross terminal income	\$ 39,700	\$ 39,102	\$ 199,630	\$ 200,034
Administrative costs	(794)	(782)	(3,993)	(4,001)
Gross Profit	38,906	38,320	195,637	196,033
Commissions	(19,453)	(19,160)	(97,819)	(98,017)
Municipalities and Counties	(778)	(766)	(3,913)	(3,921)
Limited video lottery revenues	<u>\$ 18,675</u>	<u>\$ 18,394</u>	<u>\$ 93,905</u>	<u>\$ 94,095</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 November 30, 2023 were \$7,309,149 and \$38,565,990, 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	\$ 2,558	\$ 2,769	\$ 13,498	\$ 14,370
Interest on Table Games Fund	25	16	130	60
Administrative costs	(219)	(237)	(1,157)	(1,232)
Total Available for Distribution	<u>2,364</u>	<u>2,548</u>	<u>12,471</u>	<u>13,198</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	164	178	867	923
Thoroughbred & Greyhound Development Funds	132	142	694	739
Racing Association Pension Plan	65	70	345	364
Municipalities/ Counties	729	787	3,845	4,077
Total Distributions	<u>1,090</u>	<u>1,177</u>	<u>5,751</u>	<u>6,103</u>
Excess Lottery Fund	<u>\$ 1,274</u>	<u>\$ 1,371</u>	<u>\$ 6,720</u>	<u>\$ 7,095</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 November 30, 2023 and fiscal year-to-date follows (in thousands):

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total credits played	\$ 4,130	\$ 6,118	\$ 24,327	\$ 27,547
Credits (prizes) won	(3,739)	(5,631)	(21,998)	(25,361)
Promotional credits played	(86)	(110)	(429)	(488)
Gross terminal income	305	377	1,900	1,698
Capital reinvestment	(14)	(18)	(89)	(80)
Excess Lottery Fund	(3)	(3)	(17)	(15)
Administrative costs	(17)	(20)	(103)	(92)
Hotel commissions	(128)	(160)	(804)	(718)
Net terminal income	143	176	887	793
Historic Resort Hotel Fund	91	112	564	504
Human Resource Benefit Fund	52	64	323	289

**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 November 30, 2023 were \$630,364 and \$3,144,883 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	\$ 221	\$ 187	\$ 1,101	\$ 921
Administrative Costs	<u>(28)</u>	<u>(24)</u>	<u>(142)</u>	<u>(118)</u>
Total Available for Distribution	193	163	959	803
Historic Resort Hotel Fund	161	136	802	671
Human Resource Benefit Fund	32	27	157	132

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	\$ 91	\$ 564
Historic Resort Table Games	161	802
Interest on Historic Resort Hotel Fund	<u>6</u>	<u>32</u>
Historic Resort Hotel Fund Net Income	258	1,398
Municipalities/ Counties	36	195
Excess Lottery Fund	<u>222</u>	<u>1,203</u>
Total Distributions	<u>\$ 258</u>	<u>\$ 1,398</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 November 30, 2023 were \$4,529,486 and \$20,388,695, 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	\$ 453	\$ 546	\$ 2,039	\$ 2,348
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(68)	(82)	(306)	(352)
Total Available for Distribution	385	464	1,733	1,996

**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 November 30, 2023 were \$14,986,757 and \$65,382,374 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	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interactive Wagering Privilege Tax	\$ 2,248	\$ 1,681	\$ 9,807	\$ 7,633
Interest on Interactive Wagering Fund	47	14	231	55
Administrative Costs	<u>(337)</u>	<u>(252)</u>	<u>(1,471)</u>	<u>(1,145)</u>
Total Available for Distribution	<u>1,958</u>	<u>1,443</u>	<u>8,567</u>	<u>6,543</u>

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Pensions	20	86
Lottery Fund	1,938	8,481
Total Distributions	<u>\$ 1,958</u>	<u>\$ 8,567</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 November 30, 2023 the Lottery has accrued additional distributions of \$225,714,342. 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>November 30, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,499
Bureau of Senior Services	8,384	72,025
Department of Education	1,923	12,676
Library Commission	1,539	10,145
Higher Education-Policy Commission	994	6,549
Tourism	929	6,130
General Revenue	-	-
Natural Resources	505	3,330
Division of Culture & History	573	3,775
Economic Development Authority	999	4,996
School Building Authority	1,800	9,000
Total State Lottery Fund	<u>\$ 18,146</u>	<u>\$ 131,125</u>

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 10,510
Higher Education Improvement Fund	1,500	7,500
General Purpose Account	6,087	25,429
Education Improvement Fund	2,716	11,345
State Park Improvement Fund	141	589
School Building Authority	1,897	9,484
Refundable Credit		1,027
WV Racing Commission	187	1,581
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Department of Education		
Division of Human Services		17,000
WV Lottery Statutory Transfers	5,714	23,872
Economic Development Authority	439	2,195
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,346	18,648
Total State Excess Lottery Revenue Fund	<u>\$ 25,129</u>	<u>\$ 129,180</u>
Total Budgetary distributions:	<u>\$ 43,275</u>	<u>\$ 260,305</u>
Veterans Instant Ticket Fund	\$ 44	\$ 222
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 43,319	\$ 260,527
Accrued nonoperating distributions, beginning	(225,706)	(252,394)
Accrued nonoperating distributions, end	<u>225,714</u>	<u>225,714</u>
	<u><u>\$ 43,327</u></u>	<u><u>\$ 233,847</u></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 November 30, 2023 and November 30, 2022 approximated \$114,533 and \$121,319 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 November 30, 2023 and November 30, 2022 approximated \$367,280 and \$454,424 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 November 30, 2023 and fiscal year-to-date are as follows (in thousands):

	November 30, 2023	Year-to-Date
Employee contributions	\$ 37	\$ 191
Lottery contributions	68	348
Total contributions	\$ 105	\$ 539

**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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2023  
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	13,554	12,083	69,125	60,417
On-line games	5,541	5,833	45,461	29,166
Racetrack video lottery	36,318	37,336	197,435	193,671
Limited video lottery	39,700	36,127	199,630	183,547
Racetrack table games	2,558	2,045	13,498	10,449
Historic resort	526	724	3,001	3,566
Sports wagering	453	298	2,039	1,487
Interactive wagering	2,248	663	9,807	3,313
Total gross revenues	<u>100,898</u>	<u>95,109</u>	<u>539,996</u>	<u>485,616</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,521	1,423	7,618	7,113
On-line games	1,699	1,674	14,343	8,371
Racetrack Video Lottery	10,753	10,752	58,470	55,777
Sports wagering	392	253	1,765	1,265
Interactive wagering	1,938	557	8,481	2,788
Total Lottery Fund net revenues	<u>16,303</u>	<u>14,659</u>	<u>90,677</u>	<u>75,314</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,594	4,606	24,976	23,892
Limited Video Lottery	19,114	16,994	96,173	86,340
Limited Video Lottery Fees	3	-	962	-
Racetrack table games	1,274	1,003	6,720	5,126
Historic resort	224	277	1,219	1,359
Total Excess Lottery Fund Net Revenues	<u>25,209</u>	<u>22,880</u>	<u>130,050</u>	<u>116,717</u>
Total Net Revenues	<u>41,512</u>	<u>37,539</u>	<u>220,727</u>	<u>192,031</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: January 02, 2024

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

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

The net collections were 117% of the estimate for the fiscal year. Total collections were \$406.4 million above the estimate for the fiscal year.

Personal Income Tax collections were \$201.4 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$21.0 million above the estimate for the year.

Severance Tax was \$33.1 million *below* the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$109.1 million above the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 102% of the estimate for the fiscal year. Total collections were \$12.0 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 \$678,972,607.14 as of December 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)
Loan paid off 09-23-23	\$ 70,000,000.00
Earnings/(Loss)	\$ 12,219,960.91
Balance December 31, 2023	\$ 678,972,607.14

\*\$70 million loan to state General Revenue Fund 7/01/2023 for beginning of the year cash flow, to be repaid within 90 days. Loan was paid off 09-23-2023.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$521,880,659.76 as of December 31, 2023.

Balance July 1, 2023	\$ 508,162,521.37
Earnings	\$13,718,138.39
Balance December 31, 2023	\$ 521,880,659.76

The **Personal Income Tax Reserve** Fund had a \$460,000,000.00 cash balance as of December 31, 2023.

Balance July 1, 2023	\$60,000,000.00
**Budget surplus September 8, 2023	\$400,000,000.00
Balance December 31, 2023	\$460,000,000.00

\*\*HB 2024 appropriation to be used to pay for the first year of the Personal Income Tax and Personal Property Tax exemption.

**REVENUE COLLECTIONS**  
**FISCAL YEAR 2024**  
as of December 31, 2023

**GENERAL REVENUE FUND**

**FINAL**

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	MONTHLY COLLECTIONS OVER ESTIMATES		YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES		YTD PERCENT COLLECTED
			\$	%			\$	%	
Personal Income Tax	\$ 166,100,000	\$ 236,826,541	\$ 70,726,541	\$	\$ 972,900,000	\$ 1,174,349,531	\$ 201,449,531	121%	
Consumer Sales Tax & Use Tax	164,700,000	168,384,047	3,684,047		849,100,000	870,115,025	21,015,025	102%	
Severance Tax	24,300,000	35,819,526	11,519,526		145,200,000	112,110,282	(33,089,718)	77%	
Corporate Net Income Tax	40,100,000	56,534,730	16,434,730		109,200,000	218,323,338	109,123,338	200%	
Insurance Tax	200,000	(153,072)	(353,072)		52,150,000	52,042,248	(107,752)	100%	
Tobacco Products Tax	13,400,000	13,548,591	148,591		81,500,000	79,714,280	(1,785,720)	98%	
Business and Occupation	8,000,000	7,932,643	(67,357)		49,800,000	51,845,312	2,045,312	104%	
Liquor Profit Transfers	2,000,000	2,019,917	19,917		14,000,000	15,608,552	1,608,552	111%	
Departmental Collections	1,600,000	1,103,838	(496,162)		8,460,000	8,287,869	(172,131)	98%	
Property Transfer Tax	750,000	856,209	106,209		5,650,000	7,031,147	1,381,147	124%	
Property Tax	100,000	161,022	61,022		4,150,000	5,762,700	1,612,700	139%	
Beer Tax and Licenses	500,000	490,482	(9,518)		3,400,000	3,331,247	(68,753)	98%	
Miscellaneous Transfers	200,000	236,675	36,675		1,460,000	697,898	(762,102)	48%	
Interest Income	3,800,000	22,078,789	18,278,789		23,300,000	114,323,795	91,023,795	491%	
Refundable Credit Reimb Liability	0	-	-		500,000	1,026,889	526,889	0%	
HB 102 - Lottery Transfers	6,050,000	6,113,292	63,292		31,350,000	31,541,660	191,659,91	0%	
Miscellaneous	180,000	189,663	9,663		960,000	12,701,341	11,741,341	1323%	
Business Franchise Fees	65,000	(18,372)	(83,372)		360,000	380,928	20,928	106%	
Estate & Inheritance Tax	-	-	-		-	-	-	0%	
Liquor License Renewal	45,000	42,642	(2,358)		362,000	368,082	6,082	102%	
Special Revenue Transfers	-	-	-		-	-	-	0%	
Charter Tax	-	200	200		-	2,332	2,332	0%	
Telecommunications Tax	-	-	-		-	-	-	0%	
Video Lottery Transfers	-	-	-		-	-	-	0%	
July-Dec Retro Rev Adj	-	8,907	8,907		-	267,539	267,539	0%	
Cash Flow Transfer	-	-	-		-	-	-	0%	
Soft Drink Excise Tax	-	-	-		-	-	-	0%	
<b>SUBTOTALS</b>	<b>1,000,000</b>	<b>1,072,211</b>	<b>72,211</b>		<b>6,600,000</b>	<b>6,962,804</b>	<b>362,804</b>	<b>105%</b>	
	<b>\$ 433,090,000</b>	<b>\$ 553,248,482</b>	<b>\$ 120,158,482</b>	<b>\$</b>	<b>\$ 2,360,402,000</b>	<b>\$ 2,766,794,799</b>	<b>\$ 406,392,799</b>		
Less: Cash Flow Transfer	-	-	-		-	-	-		
Less: Special Revenue Transfer	-	-	-		-	-	-		
<b>TOTALS</b>	<b>\$ 433,090,000</b>	<b>\$ 553,248,482</b>	<b>\$ 120,158,482</b>	<b>\$</b>	<b>\$ 2,360,402,000</b>	<b>\$ 2,766,794,799</b>	<b>\$ 406,392,799</b>		
Percent of Estimates			128%					117%	
Collections past three days		\$ 19,304,658							

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 02, 2024

STATE OF WEST VIRGINIA  
COMPARISON OF REVENUE  
DECEMBER 2022 vs DECEMBER 2023

GENERAL REVENUE FUND

	Actual Collections December 2022	Actual Collections December 2023	Actual Collections 6 Months Jul-Dec 2022	Actual Collections 6 Months Jul-Dec 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 195,283,859	\$ 236,826,541	\$ 1,177,489,829	\$ 1,174,349,531	\$ (3,140,298)	0%
Consumer Sales Tax & Use Tax	161,118,750	168,384,047	832,661,714	870,115,025	37,453,311	4%
Severance Tax	87,255,455	35,819,526	540,851,697	112,110,282	(428,741,414)	-79%
Corporate Net Income Tax	59,312,537	56,534,730	193,207,496	218,323,338	25,115,842	13%
Insurance Tax	30,766	(153,072)	50,875,363	52,042,248	1,166,885	2%
Tobacco Products Tax	13,058,855	13,548,591	82,933,486	79,714,280	(3,219,205)	-4%
Business and Occupation	8,188,285	7,932,643	50,849,174	51,845,312	996,138	2%
Liquor Profit Transfers	4,010,983	2,019,917	17,046,716	15,608,552	(1,438,164)	-8%
Departmental Collections	1,791,711	1,103,838	8,903,380	8,287,869	(615,511)	-7%
Property Transfer Tax	1,029,749	856,209	7,857,590	7,031,147	(826,443)	-11%
Property Tax	100,099	161,022	4,898,847	5,762,700	863,853	18%
Beer Tax and Licenses	514,609	490,482	3,416,477	3,331,247	(85,230)	-2%
Miscellaneous Transfers	-	236,675	262,230	697,898	435,668	0%
Interest Income	13,170,994	22,078,789	38,950,236	114,323,795	75,373,559	194%
Refundable Credit Reimb Liability	-	-	1,390,470	1,026,889	(363,581,00)	0%
HB 102 - Lottery Transfers	6,069,652	6,113,292	31,399,620	31,541,660	142,040,00	0%
Miscellaneous	191,936	189,663	1,152,858	12,701,341	11,548,483	1002%
Business Franchise Fees	54,749	(18,372)	333,826	380,928	47,102	14%
Estate & Inheritance Tax	79,794	42,642	564,504	368,082	(196,422)	-35%
Liquor License Renewal	-	-	-	-	-	0%
Special Revenue Transfers	1,067	200	2,823	2,332	(492)	-17%
Charter Tax	138,862	-	208,976	-	(208,976)	0%
Video Lottery Transfers	-	8,907	-	267,539	267,539	0%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	1,144,634	1,072,211	6,966,320	6,962,804	(3,516)	0%
<b>SUBTOTALS</b>	<b>\$ 552,547,348</b>	<b>\$ 553,248,482</b>	<b>\$ 3,052,223,631</b>	<b>\$ 2,766,794,799</b>	<b>(285,428,831)</b>	<b>100%</b>
Less: Cash Flow Transfer	-	-	-	-	-	-
Less: Special Revenue Transfer	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 552,547,348</b>	<b>\$ 553,248,482</b>	<b>\$ 3,052,223,631</b>	<b>\$ 2,766,794,799</b>	<b>(285,428,831)</b>	<b>100%</b>
<b>Increase/Decrease over Prior Period</b>		<b>\$ 701,134</b>		<b>(285,428,831)</b>		
<b>% Increase/Decrease over Prior Period</b>		<b>0.13%</b>		<b>-9%</b>		

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 02, 2024

REVENUE COLLECTIONS  
FISCAL YEAR 2024  
as of December 31, 2023

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	\$ 31,800,000	\$ 34,985,819	\$ 3,185,819	\$	223,400,000	\$ 221,522,572	\$ (1,877,428)	99%
Sales/Privilege Tax	20,000,000	20,392,078	392,078		145,500,000	156,513,278	11,013,278	108%
Licenses & Registration	10,125,000	8,390,207	(1,734,793)		73,900,000	59,189,890	(14,710,110)	80%
Miscellaneous	4,000,000	2,250,278	(1,749,722)		181,500,000	199,175,074	17,675,074	110%
Highway Litter Control	92,000	102,032	10,032		860,000	786,993	(73,007)	92%
Federal Reimbursement	57,500,000	60,807,734	3,307,734		340,300,000	457,101,733	116,801,733	134%
<b>SUBTOTALS</b>	<b>\$ 123,517,000</b>	<b>\$ 126,928,147</b>	<b>\$ 3,411,147</b>	<b>\$</b>	<b>\$ 965,460,000</b>	<b>\$ 1,094,289,540</b>	<b>\$ 128,829,540</b>	
Less: Federal Reimbursement	57,500,000	60,807,734	3,307,734		340,300,000	457,101,733	116,801,733	
<b>TOTALS</b>	<b>\$ 66,017,000</b>	<b>\$ 66,120,413</b>	<b>\$ 103,413</b>	<b>\$</b>	<b>\$ 625,160,000</b>	<b>\$ 637,187,807</b>	<b>\$ 12,027,807</b>	

Percent of Estimates

100%

102%

Collections past three days

\$ 13,506,624

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of December 31, 2023 : \$678,972,607.14

\$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.  
Loan paid off 9/15/23.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of December 31, 2023:

\$521,880,659.76

SPECIAL INCOME TAX REFUND RESERVE FUND as of December 31, 2023: \$460,000,000.00

\$400 million appropriation on 9/8/23 - HB 2024 to be used to pay for the first year of the Personal Income Tax and Personal Property Tax exemption.

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 02, 2024

STATE OF WEST VIRGINIA  
COMPARISON OF REVENUE  
DECEMBER 2022 vs DECEMBER 2023

STATE ROAD FUND

	Actual Collections Dec 2022	Actual Collections Dec 2023	Actual Collections 6 Months Jul-Dec 2022	Actual Collections 6 months Jul-Dec 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 35,001,541	\$ 34,985,819	\$ 215,324,988	\$ 221,522,572	\$ 6,197,584	3%
Privilege Tax	23,792,777	20,392,078	159,627,429	156,513,278	(3,114,151)	-2%
Licenses & Registration	6,746,762	8,390,207	63,262,201	59,189,890	(4,072,311)	-6%
Miscellaneous	2,077,954	2,250,278	162,259,934	199,175,074	36,915,140	23%
Highway Litter Control	98,461	102,032	807,213	786,993	(20,220)	-3%
Federal Reimbursement	52,336,186	60,807,734	313,819,100	457,101,733	143,282,633	46%
<b>SUBTOTALS</b>	<b>\$ 120,053,680</b>	<b>\$ 126,928,147</b>	<b>\$ 915,100,866</b>	<b>\$ 1,094,289,540</b>	<b>\$ 179,188,674</b>	
Less: Federal Reimbursement	52,336,186	60,807,734	313,819,100	457,101,733	143,282,633	
<b>TOTALS</b>	<b>\$ 67,717,494</b>	<b>\$ 66,120,413</b>	<b>\$ 601,281,766</b>	<b>\$ 637,187,807</b>	<b>\$ 35,906,041</b>	

Increase/Decrease over Prior Period

\$ (1,597,081)

\$ 35,906,041

% Increase/Decrease over Prior Period

-2%

6%

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
January 02, 2024

Office of the Legislative Auditor



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

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

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

Date: December 27, 2023

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2023, monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of November 30, 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	\$ 144,541,825.11
Disbursements July 1,2023 thru June 30, 2024	\$ 147,450,915.19
Balance October 30, 2023	\$ 416,967,898.02

ITEMS OF NOTE:

Regular benefits paid for July-November 2023 were \$ 16.4 million more than July-November 2022.

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

Total disbursements were \$30.1 million more in July-November 2023 than the preceding July-November 2022.

Receipts as of July-November 2023, were \$16.3 million more than in July-November 2022. Overall ending trust fund balance was \$28 million higher on November 30, 2023, than on November 30, 2022.

Seasonally adjusted unemployment rates for November 2023 were 4.2 percent for West Virginia and 3.7 percent nationally.

Since October 2022, employment has increased by 7,200. Employment increases included 1,600 in mining and logging, 2,000 in other services, 4,200 in private education and health services, 1,000 in construction, 2,000 in professional and business services, 400 in trade, transportation, and utilities, 800 in leisure and hospitality, 500 in financial activities and 100 in information. Employment declines included 500 in manufacturing, and 3,900 in government. Employment in construction was unchanged for the year.

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

	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	\$ 390,353,159.63	\$ 384,144,017.29	\$ 390,222,220.24	\$ 423,531,699.22	\$ 417,043,653.52	\$ 421,521,724.76	\$ 97,377,680.34
Add Receipts:							
1. Bond Assessment							
2. Regular Contributions:	910,266.89	12,863,071.20	6,411,391.96	916,581.81	14,860,238.43	5,397,782.75	989,872.94
3. Federal Emergency Benefits (PEUC)	28,907.98	30,556.08	25,736.90	3,291.67	1,267.61	3,392.00	(77,249.68)
4. Federal Share Extended Benefits (EB)	42.00	(10,460.57)	(2,371.65)	-	-	-	12,790.22
5. Federal Additional Compensation - FP	89,378.65	(151,948.17)	(110,302.06)	58,284.06	40,187.10	61,177.79	332,520.53
6. Pandemic Unemployment Assistance	(95,477.32)	(27,323.20)	(28,011.63)	(12,343.65)	(4,128.00)	(3,015.00)	131,325.50
7. UCFE (Federal Agencies)	68,109.56	44,853.58	60,995.46	31,268.45	41,345.54	61,095.09	(40,249.52)
8. TSFR From Non-Invsid FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	1,586,713.14	-	3,744.75	-	-	-	(3,744.75)
10. Treasury Interest Credits	28,970.75	(70,175.67)	17,894.88	2,772,628.98	37,325.42	44,929.59	1,185,915.84
11. UCX (Military Agencies)	-	-	-	17,342.57	-	-	122,907.62
12. Temporary Compensation	586.00	(3,537.29)	-	1,329.00	14,519.46	-	18,799.75
13. BT to State UI Account	-	-	-	-	-	-	-
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA	-	-	-	-	-	-	-
<b>Total Monthly Receipts</b>	\$ 9,274,519.47	\$ 29,373,905.47	\$ 21,420,345.96	\$ 13,233,259.02	\$ 37,545,497.19	\$ 21,846,091.81	\$ 12,556,077.12

	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	THREE MONTH TOTAL VARIANCE *
<b>Less Disbursements:</b>							
Debt Bond Repayment							
Regular Benefits:	5,892,565.61	6,896,095.12	7,503,864.29	8,671,273.90	10,404,521.76	9,933,231.71	8,716,502.35
Federal Emergency Compensation - PEUC	36,411.98	(79,766.77)	24,998.98	3,291.67	1,267.61	3,390.10	26,305.19
Federal Additional Compensation - FPL	59,240.35	(264,311.23)	72,423.21	65,184.22	29,387.13	59,077.79	286,236.81
Pandemic Unemployment Assistance F	-	(33,778.33)	(27,432.50)	(8,140.65)	(4,413.00)	(2,730.00)	45,927.18
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	72,679.60	46,674.95	58,861.62	27,701.31	43,998.43	60,805.34	(45,711.09)
UCX (Military Workers) Benefits	25,318.45	34,290.92	33,063.06	17,041.87	37,747.12	44,808.53	6,925.09
Reed Act Funds	2,740,000.00	-	3,744.75	-	-	-	(2,743,744.75)
EUISAA Title IX/STC	-	-	-	1,500,076.27	75.27	20,865.49	1,520,817.03
<b>Total Monthly Disbursements</b>	\$ 15,483,661.81	\$ 23,295,702.52	\$ 22,714,635.51	\$ 19,721,304.72	\$ 33,067,425.95	\$ 26,399,918.55	\$ 17,694,749.38
<b>Trust Fund Balance</b>	\$ 384,144,017.29	\$ 390,222,220.24	\$ 388,928,030.69	\$ 417,043,653.52	\$ 421,521,724.76	\$ 416,967,698.02	\$ 96,239,008.08

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

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

Borrowed on 3/11/2016  
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.

Indicates prior month values that have been updated



**UC TRUST FUND ACTUAL – 2023**

Month	Receipts	Disbursements	Trust Fund Balance
<b>2022</b>			
<b>Balance 1/1/2022</b>			<b>\$ 320,721,323</b>
<b>January</b>	\$ 37,538,718	\$ 36,452,450	\$ 321,552,258
<b>February</b>	\$ 28,916,869	\$ 31,697,188	\$ 318,771,939
<b>March</b>	\$ 12,011,605	\$ 19,158,780	\$ 311,624,765
<b>April</b>	\$ 58,377,090	\$ 38,864,190	\$ 331,141,453
<b>May</b>	\$ 119,518,142	\$ 68,430,700	\$ 382,227,590
<b>June</b>	\$ 10,606,226	\$ 14,860,237	\$ 377,973,650
<b>July</b>	\$ 23,347,631	\$ 21,136,193	\$ 380,185,088
<b>August</b>	\$ 44,849,046	\$ 34,688,784	\$ 390,353,159
<b>September</b>	\$ 9,274,519	\$ 15,483,662	\$ 384,144,017
<b>October</b>	\$ 29,373,905	\$ 23,295,702	\$ 390,222,220
<b>November</b>	\$ 21,420,345	\$ 22,714,535	\$ 388,928,030
<b>December</b>	\$ 12,704,112	\$ 19,470,183	\$ 382,161,959
<b>Totals - 2022</b>	<b>\$ 407, 938,208</b>	<b>\$ 346,252,604</b>	<b>\$ 382, 161, 959</b>
<b>2023</b>			
<b>January</b>	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
<b>February</b>	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
<b>March</b>	\$ 17,679,370	\$ 25,286,212	\$ 361,700,928
<b>April</b>	\$ 53,423,465	\$ 41,376,931	\$ 373,747,462
<b>May</b>	\$ 135,614,882	\$ 83,183,401	\$ 426,178,943
<b>June</b>	\$ 14,588,998	\$ 20,890,953	\$ 419,876,988
<b>July</b>	\$ 40,323,764	\$ 37,362,605	\$ 422,838,147
<b>August</b>	\$ 31,593,212	\$ 30,899,660	\$ 423,531,699
<b>September</b>	\$ 13,233,259	\$ 19,721,305	\$ 417,043,653
<b>October</b>	\$ 37,545,497	\$ 33,067,426	\$ 421,521,724
<b>November</b>	\$ 21,846,092	\$ 26,399,918	\$ 416,967,898
<b>December</b>	\$	\$	\$
<b>Totals - 2023</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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

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

	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	\$ 390,353,159.63	\$ 384,144,017.29	\$ 390,222,220.24	\$ 423,531,699.22	\$ 417,043,653.52	\$ 421,521,724.76	\$ 97,377,680.34
Add Receipts:							
1. Bond Assessment							
2. Regular Contributions:							
3. Federal Emergency Benefits (FEUC)	910,266.89	12,863,071.20	6,411,391.96	916,581.81	14,860,238.43	5,397,782.75	989,872.94
4. Federal Share Extended Benefits (EB)	28,907.98	30,556.08	25,736.90	3,291.67	1,267.61	3,392.00	(77,249.68)
5. Federal Additional Compensation - FP	42.00	(10,460.57)	(2,371.65)	-	-	-	12,790.22
6. Pandemic Unemployment Assistance	89,378.65	(151,948.17)	(110,302.06)	58,284.06	40,187.10	61,177.79	332,520.53
7. UCFE (Federal Agencies)	(95,477.32)	(27,323.20)	(28,011.63)	(12,343.65)	(4,128.00)	(3,015.00)	131,325.50
8. TSFR From Non-Invsid FUA	68,109.56	44,853.58	60,995.46	31,268.45	41,345.54	61,095.09	(40,249.52)
9. EUISAA - EMER US RELIEF/STC	-	-	3,744.75	-	-	-	(3,744.75)
10. Treasury Interest Credits	1,586,713.14	-	-	2,772,628.98	-	-	1,185,915.84
11. UCX (Military Agencies)	28,970.75	(70,175.67)	17,894.88	17,342.57	37,325.42	44,929.59	122,907.62
12. Temporary Compensation	586.00	(3,537.29)	-	1,329.00	14,519.46	-	18,799.75
13. BT to State UI Account	-	-	-	-	-	-	-
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA	-	-	-	-	-	-	-
<b>Total Monthly Receipts</b>	\$ 9,274,519.47	\$ 29,373,905.47	\$ 21,420,345.96	\$ 13,233,259.02	\$ 37,545,497.19	\$ 21,846,091.81	\$ 12,556,077.12

	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	THREE MONTH TOTAL VARIANCE *
<b>Total Monthly Disbursements</b>	\$ 15,483,661.81	\$ 23,295,702.52	\$ 22,714,635.51	\$ 19,721,304.72	\$ 33,067,425.95	\$ 26,399,918.55	\$ 17,694,749.38
<b>Trust Fund Balance</b>	\$ 384,144,017.29	\$ 390,222,220.24	\$ 388,928,030.69	\$ 417,043,653.52	\$ 421,521,724.76	\$ 416,967,698.02	\$ 96,239,008.08

	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	THREE MONTH TOTAL VARIANCE *
Less Disbursements:							
Debt Bond Repayment							
Regular Benefits:							
Federal Emergency Compensation - PEUC	5,892,565.61	6,896,095.12	7,503,864.29	8,671,273.90	10,404,521.76	9,933,231.71	8,716,502.35
Federal Additional Compensation - FPL	36,411.98	(79,766.77)	24,998.98	3,291.67	1,267.61	3,390.10	26,305.19
Pandemic Unemployment Assistance F	59,240.35	(264,311.23)	72,423.21	65,184.22	29,387.13	59,077.79	286,236.81
Federal Emergency Benefits (EUC08)	-	(33,778.33)	(27,432.50)	(8,140.65)	(4,413.00)	(2,730.00)	45,927.18
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	72,679.60	46,674.95	58,861.62	27,701.31	43,998.43	60,805.34	(45,711.09)
UCX (Military Workers) Benefits	25,318.45	34,290.92	33,063.06	17,041.87	37,747.12	44,808.53	6,925.09
Reed Act Funds	2,740,000.00	-	3,744.75	-	-	-	(2,743,744.75)
EUISAA Title IX/STC	-	-	-	1,500,076.27	75.27	20,665.49	1,520,817.03
<b>Total Monthly Disbursements</b>	\$ 15,483,661.81	\$ 23,295,702.52	\$ 22,714,635.51	\$ 19,721,304.72	\$ 33,067,425.95	\$ 26,399,918.55	\$ 17,694,749.38
<b>Trust Fund Balance</b>	\$ 384,144,017.29	\$ 390,222,220.24	\$ 388,928,030.69	\$ 417,043,653.52	\$ 421,521,724.76	\$ 416,967,698.02	\$ 96,239,008.08

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

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

Borrowed on 3/11/2016  
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.

Indicates prior month values that have been updated

FOR RELEASE: December 20, 2023  
Contact: Andy Malinoski  
[Andy.E.Malinoski@wv.gov](mailto:Andy.E.Malinoski@wv.gov)  
304-553-9305

## **State Unemployment Rate Climbs to 4.2 Percent in November**

West Virginia's seasonally adjusted unemployment rate climbed two-tenths of a percentage point to 4.2 percent in November 2023. The number of unemployed state residents rose 900 to 32,900. Total employment slipped 300 over the month. The national seasonally adjusted unemployment rate declined two-tenths of a percentage point to 3.7 percent in November.

Total nonfarm payroll employment climbed 3,500 in November, with a gain of 3,600 in the service-providing sector easily offsetting a decline of 100 in the goods-producing sector.

Within the goods-producing sector, a decline of 400 in construction offset gains of 200 in manufacturing and 100 in mining and logging.

Within the service-providing sector, employment gains included 1,400 in private education and health services, 900 in government, largely in the local sector, 600 in leisure and hospitality, 300 in professional and business services, 200 in other services, 200 in financial activities, and 200 in information. Employment in trade, transportation, and utilities declined by 200 over the month.

Since November 2022, total nonfarm payroll employment has risen 7,200. Employment gains included 4,200 in private education and health services, 2,000 in professional and business services, 2,000 in other services, 1,600 in mining and logging, 800 in leisure and hospitality, 500 in financial activities, 400 in trade, transportation, and utilities, and 100 in information. Employment declines included 3,900 in government, almost entirely due to poll workers who were employed in November 2022, and 500 in manufacturing. Employment in construction was unchanged over the year.

West Virginia's not seasonally adjusted unemployment rate inched downward one-tenth of a percentage point to 3.6 percent in November.

The state's seasonally adjusted labor force participation rate remained at 55.2 in November 2023.

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**WEST VIRGINIA**  
(In Thousands - Seasonally Adjusted)  
November 2023

	Prelim. Nov 2023	Revised Oct 2023	Revised Nov 2022	Change from:	
				Oct 2023	Nov 2022
Civilian Labor Force	791.0	790.5	784.2	0.5	6.8
Total Employment	758.2	758.5	752.2	-0.3	6.0
Total Unemployment	32.9	32.0	32.0	0.9	0.9
Unemployment Rate	4.2	4.0	4.1	xx	xx
Labor Force Participation Rate	55.2	55.2	54.6	xx	xx
<b>NONFARM PAYROLL EMPLOYMENT BY INDUSTRY</b>					
Total Nonfarm	709.7	706.2	702.5	3.5	7.2
Total Private	556.5	553.9	545.4	2.6	11.1
Goods Producing	99.6	99.7	98.5	-0.1	1.1
Mining and Logging	22.3	22.2	20.7	0.1	1.6
Construction	32.0	32.4	32.0	-0.4	0.0
Manufacturing	45.3	45.1	45.8	0.2	-0.5
Durable Goods	27.7	27.6	27.9	0.1	-0.2
Non-Durable Goods	17.6	17.5	17.9	0.1	-0.3
Service-Providing	610.1	606.5	604.0	3.6	6.1
Private Service-Providing	456.9	454.2	446.9	2.7	10.0
Trade, Transportation, and Utilities	120.8	121.0	120.4	-0.2	0.4
Wholesale Trade	17.9	17.8	18.0	0.1	-0.1
Retail Trade	78.3	78.3	77.5	0.0	0.8
Transportation, Warehousing, and Utilities	24.6	24.9	24.9	-0.3	-0.3
Information	7.9	7.7	7.8	0.2	0.1
Financial Activities	26.0	25.8	25.5	0.2	0.5
Finance and Insurance	19.3	19.1	18.8	0.2	0.5
Real Estate and Rental and Leasing	6.7	6.7	6.7	0.0	0.0
Professional and Business Services	73.5	73.2	71.5	0.3	2.0
Professional, Scientific & Technical Services	28.2	28.5	27.8	-0.3	0.4
Administrative and Support and Waste Mgmt	37.4	36.9	36.1	0.5	1.3
Private Education and Health Services	132.9	131.5	128.7	1.4	4.2
Educational Services	7.0	6.9	7.0	0.1	0.0
Health Care and Social Assistance	125.9	124.6	121.7	1.3	4.2
Leisure and Hospitality	69.5	68.9	68.7	0.6	0.8
Arts, Entertainment, and Recreation	9.0	9.0	8.6	0.0	0.4
Accommodation and Food Service	60.5	59.9	60.1	0.6	0.4
Other Services	26.3	26.1	24.3	0.2	2.0
Government	153.2	152.3	157.1	0.9	-3.9
Federal Government	26.0	25.9	25.1	0.1	0.9
State Government	45.4	45.2	45.9	0.2	-0.5
Local Government	81.8	81.2	86.1	0.6	-4.3

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

<b>2023</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	784,000	782,700	782,400	782,200	782,400	783,100	784,100	786,400	789,100	790,500	791,000		
Employment	753,100	753,900	755,500	756,200	756,800	757,300	757,600	758,200	758,800	758,500	758,200		
Unemployment	30,900	28,800	26,900	26,000	25,500	25,800	26,500	28,300	30,300	32,000	32,900		
Rate	3.9	3.7	3.4	3.3	3.3	3.3	3.4	3.6	3.8	4.0	4.2		
Participation Rate	54.7	54.6	54.6	54.6	54.6	54.6	54.7	54.9	55.1	55.2	55.2		
<b>2022</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2021</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	40,000	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
<b>2020</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2019</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2018</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2017</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2016</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	735,000	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
<b>2015</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2014</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2013</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2012</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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**

<b>2023</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	774,300	775,200	775,700	780,800	784,200	798,600	794,000	798,100	797,000	793,600	785,000		
Employment	741,700	746,600	747,900	754,000	757,900	767,300	764,100	763,200	766,500	764,100	756,700		
Unemployment	32,600	28,600	27,700	26,800	26,200	31,200	29,900	34,900	30,500	29,500	28,300		
Rate	4.2	3.7	3.6	3.4	3.3	3.9	3.8	4.4	3.8	3.7	3.6		
Participation Rate	54.0	54.1	54.1	54.5	54.7	55.7	55.4	55.7	55.6	55.4	54.8		
<b>2022</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2021</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2020</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2019</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2018</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2017</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2016</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2015</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2014</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2013</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
<b>2012</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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**  
**January 2024**  
**Interim Packet**

**West Virginia Board of Risk and Insurance Management**  
**UNAUDITED BALANCE SHEET AND INCOME STATEMENT**  
**For the Five Months Ending November 30, 2023**

**Talking Points for Joint Committee on Government and Finance Meeting**  
**January 2024**

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1. **Premium Revenue** for November reflects the premiums earned for the first five months 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 November plus estimated accruals for the first five months of the fiscal year. Also included is the reserve adjustment for the September 30th actuarial report. Claim payments made in the first five months of the fiscal year are higher than last year due to several large abuse claims.
3. **Investments** reflect a gain of \$3.4 million year to date. Investment losses through November of last year were due to interest rates rising and volatility in the equities markets at that time. Interest rates could continue to fluctuate but at a slower pace, 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 Net Position

For the Five Months Ended November 30th

	<u>2023</u>	<u>2022</u>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,619	\$ 8,507
Advance deposits with insurance company and trustee	248,261	249,042
Receivables	13,982	9,124
Prepaid insurance	8,796	4,804
Restricted cash and cash equivalents	7,293	16,052
Premiums due from other entities	1,534	1,222
Total current assets	<u>292,486</u>	<u>288,750</u>
Noncurrent assets:		
Equity position in internal investments pools	54,066	110,870
Restricted investments	30,263	65,729
Total noncurrent assets	<u>84,329</u>	<u>176,599</u>
Total assets	<u>376,815</u>	<u>465,349</u>
Deferred Outflows of Resources	399	434
Deferred Outflows of Resources - OPEB	59	61
<b>Liabilities</b>		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	122,173	103,306
Unearned premiums	25,725	19,796
Agent commissions payable	752	645
Claims Payable	0	0
Accrued expenses and other liabilities	2,594	2,124
Total current liabilities	<u>151,244</u>	<u>125,871</u>
Estimated unpaid claims and claims adjustment expense net of current portion	170,554	187,605
Compensated absences	192	167
Net pension liability	148	(894)
Total noncurrent liabilities	<u>170,894</u>	<u>186,878</u>
Total liabilities	<u>322,138</u>	<u>312,750</u>
Deferred Inflows of Resources	0	1,156
Deferred Inflows of Resources - OPEB	137	280
Net position:		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	36,438	75,415
Net Assets (Deficiency)	(13,802)	255
Net position	<u>\$ 54,999</u>	<u>\$ 151,658</u>

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Five Months Ended November 30th

	<b>2023</b>	<b>2022</b>
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 49,341	\$ 40,995
Less coverage/reinsurance programs	(6,026)	(4,165)
Net operating revenues	<u>43,315</u>	<u>36,829</u>
<b>Operating expenses</b>		
Claims and claims adjustment expense	57,942	31,749
General and administrative	2,568	2,273
Total operating expenses	<u>60,510</u>	<u>34,022</u>
Operating income (loss)	(17,195)	2,808
<b>Nonoperating revenues</b>		
Investment income	3,393	(2,553)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>3,393</u>	<u>(2,553)</u>
Changes in net position	(13,802)	255
Total net position, beginning of year	68,801	151,403
Total net position, end of period	<u>\$ 54,999</u>	<u>\$ 151,658</u>

*Unaudited*

**PEIA**

**January 2024**

**Interim Packet**

## **PEIA**

### **January Interim Talking Points**

- **PEIA and RHBT FY 2024 year to date interim financial statements for October 31, 2023 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$35 million. This is due to lower than forecast claims expense.**
- **RHBT statements indicate RHBT is currently behind plan by \$90 million. This is due to lower than forecast investment income.**
- **The 2024 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$111, \$25 and \$214 million respectively.**
- **These reserve levels represent 15%, 15% and 130% 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 Four Months Ending Tuesday, October 31, 2023**

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
	\$	\$	\$	\$
			%	%
<b>OPERATING REVENUE</b>				
<b>Premium Revenue</b>				
Health Insurance - State Gov. - Employers	\$196,919	\$145,708	1%	\$54,064
Health Insurance - State Gov. - Employees	49,497	39,703	1%	9,794
Health Insurance - Local Gov. - All	54,405	55,520	(2%)	7,327
Administrative Fees, Net of Refunds	1,540	1,549	(3%)	(9)
Other Premium Revenue	757	921	(18%)	50
<b>Total Operating Revenue</b>	<b>305,971</b>	<b>304,143</b>	<b>1%</b>	<b>71,226</b>
<b>NON-OPERATING REVENUE</b>				
Life Insurance	779	702	11%	96
Direct Transfer	0	0	0%	(17,333)
Interest and Investment Income	(2,291)	2,805	(182%)	1,032
WV RHBT Pay Go Premiums	0	0	0%	(19,753)
<b>Total Non-Operating Revenue</b>	<b>(1,512)</b>	<b>3,507</b>	<b>(143%)</b>	<b>(35,958)</b>
<b>TOTAL REVENUE</b>	<b>304,459</b>	<b>307,650</b>	<b>(1%)</b>	<b>35,268</b>
<b>EXPENSES</b>				
Claims Expense - Medical	180,742	182,957	1%	(19,794)
Claims Expense - Drugs	70,351	104,395	33%	(15,217)
Payments to Managed Care Org.	21,200	22,583	6%	(3,102)
Administrative Service Fees	6,982	7,757	10%	(456)
Wellness and Disease Management	154	31	(397%)	(142)
Other Operating Expenses	1,886	1,849	(2%)	(285)
Life Insurance Expense	610	727	16%	141
ACA Comparative Effectiveness Fee	155	159	3%	5
WV RHBT Pay Go Premiums	0	0	0%	19,753
<b>TOTAL EXPENSES</b>	<b>282,080</b>	<b>320,458</b>	<b>12%</b>	<b>(19,097)</b>
<b>YTD Surplus (Deficit)</b>	<b>22,304</b>	<b>(12,808)</b>	<b>(274%)</b>	<b>16,096</b>
Total Net Position, Beginning of Period	124,830	124,830	0%	31,405
<b>Total Net Position, End of Period</b>	<b>\$147,134</b>	<b>\$112,022</b>	<b>31%</b>	<b>\$47,501</b>

**Real Estate Division**

**January 2024**

**Interim Packet**

# Department of Administration Real Estate Division Leasing Report

For the period of December 1 - 31, 2023

**There are 10 leasing changes for this period, and they are as follows:**

- 1 – Straight Renewal – DOA Owned
- 2 – Straight Renewal
- 6 – Decrease in Square Feet
- 1 – Cancellation

**Department of Administration Real Estate Division Leasing Report**  
For the period of December 1 - 31, 2023

**STRAIGHT RENEWAL – DOA OWNED**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-267** Renewal for 1 years consisting of 229,212 square feet of office space and use of parking building with 950 parking spaces at the current annual per square foot rate of \$19.00, annual cost \$4,355,028.00, full service, Building #35 and #31, 350 and 500 Capitol Street, in the City of Charleston, Kanawha County, West Virginia

**STRAIGHT RENEWAL**

**DIVISION OF NATURAL RESOURCES**

**NAT-142** Renewal for 5 years consisting of 80 square feet of office space at the current monthly rate of \$100.00, annual cost \$1,200.00, full service, 200 Confederate Road, in the City of Franklin, Pendleton County, West Virginia.

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-191** Renewal for 1 year consisting of 80 square feet of storage space at the current monthly rate of \$25.00, annual cost \$300.00, 101 Cambridge Place, in the City of Bridgeport, Harrison County, West Virginia.

**DECREASE IN SQUARE FEET**

**ALCOHOL BEVERAGE CONTROL ADMINISTRATION**

**ABC-001** Decrease of square feet from 16,176 square feet to 15,906 square feet of office and storage space at the current annual per square foot rate of \$12.50, annual cost 198,825.00, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

**MUNICIPAL BOND COMMISSION**

**MBC-005** Decrease of square feet from 2,484 square feet to 2,443 square feet of office space at the current annual per square foot rate of \$12.50, annual cost \$30,537.50, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

**RACING COMMISSION**

**RAC-002** Decrease of square feet from 4,169 square feet to 4,100 square feet of office space at the current annual per square foot rate of \$12.50, annual cost \$51,250.00, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF FINANCIAL INSTITUTIONS**

**FIN-001** Decrease of square feet from 7,944 square feet to 7,812 square feet of office space at the current annual per square foot rate of \$12.50, annual cost \$97,650.00, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

## **DECREASE IN SQUARE FEET - Continued**

### **OFFICES OF THE INSURANCE COMMISSIONER**

**INS-034** Decrease of square feet from 36,909 square feet to 36,620 square feet of office and storage space at the current annual per square foot rate of \$12.50, annual cost \$457,750.00, full service, 900 Pennsylvania Avenue in the City of Charleston, Kanawha County, West Virginia.

### **OFFICES OF THE INSURANCE COMMISSIONER**

**INS-035** Decrease of square feet from 8,045 square feet to 7,911 square feet of office and storage space at the current annual per square foot rate of \$12.50, annual cost \$98,887.50, full service, 900 Pennsylvania Avenue in the City of Charleston, Kanawha County, West Virginia.

## **CANCELLATION**

### **CONSERVATION AGENCY**

**SCC-016** Lease cancellation consisting of 121 square feet of office space, at the monthly rate of \$150.00 annual cost \$1,800.00, Tenant pays janitorial service and supplies, garbage removal, and snow and ice removal, 500 Main Street, in the City of Union, Monroe County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 December 1 - 31, 2023

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-267	Kanawha	229,212	19.00	4,355,028	1.00	4,355,028
2	Division of Natural Resources	NAT-142	Pendleton	80	15.00	1,200	5.00	6,000
3	Department of Environmental Protection	DEP-191	Harrison	80	3.75	300	1.00	300
4	Alcohol Beverage Control Administration	ABC-001	Kanawha	15,906	12.50	198,825	0.67	133,213
5	Municipal Bond Commission	MBC-005	Kanawha	2,443	12.50	30,538	0.67	20,460
6	Racing Commission	RAC-002	Kanawha	4,100	12.50	51,250	0.67	34,338
7	Division of Financial Institutions	FIN-001	Kanawha	7,812	12.50	97,650	0.67	65,426
8	Offices of the Insurance Commissioner	INS-034	Kanawha	36,620	12.50	457,750	0.67	306,693
9	Consolidated Public Retirement Board	INS-035	Kanawha	7,911	12.50	98,888	0.67	66,255

112.75  
**Total Rentable Square Feet** 304,164  
**Average Annual Rental Rate** 12.53  
**Total Annual Rent** 5,291,428

**TERMINATIONS**

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Conservation Agency	SCC-016	Monroe	121	14.88	1,800

**Total Rentable Square Feet** 121  
**Total Annual Rent** 1,800





Department of Human Services

Bureau for Medical Services

Medicaid Report  
NOVEMBER 2023

Submitted to

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

JANUARY 2024

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

MONTH OF NOVEMBER 2023

	ACTUALS SFY2023	TOTAL SFY2024	ACTUALS Current Month Ended 11/30/23	ESTIMATE Current Month Ended 11/30/23	ACTUALS Year To-Date Thru 11/30/23	PROJECTED 12/01/23 Thru 6/30/2024
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	81,103,148	92,979,426	7,234,070	7,438,354	35,265,710	57,713,716
Inpatient Hospital - DSH	57,339,873	53,500,000	11,963,664	4,280,000	23,177,721	30,322,279
Inpatient Hospital - Supplemental Payments	1,098,674	-	-	-	-	-
Inpatient Hospital - GME Payments	14,461,737	13,452,984	3,737,007	1,076,239	7,481,970	5,971,014
Mental Health Facilities	6,295,274	9,855,666	512,413	788,453	4,333,866	5,521,800
Mental Health Facilities - DSH Adjustment Payments	16,372,757	18,887,045	1,112,328	1,510,964	11,957,809	6,929,236
Nursing Facility Services - Regular Payments	909,736,563	910,851,905	84,025,273	72,868,152	417,359,687	493,492,218
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	6,061,300	4,941,916	29,780,531	31,993,419
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	27,303,815	27,571,075	2,510,474	2,205,686	13,230,782	14,340,294
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	3,378,051	2,919,801	16,770,291	19,727,219
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	889,666,463	961,587,502	74,108,779	76,927,000	400,117,059	561,470,443
Drug Rebate Offset - National Agreement	(591,930,088)	(466,000,000)	(3,081,914)	(37,280,000)	(180,381,792)	(285,618,208)
Drug Rebate Offset - State Sidebar Agreement	(97,081,651)	(48,000,000)	(399,589)	(3,840,000)	(51,513,434)	3,513,434
Drug Rebate Offset - MCO National	(8,746,526)	(12,600,000)	(50,637)	(1,008,000)	(3,184,679)	(9,415,321)
Drug Rebate Offset - MCO State Sidebar Agreement	17,601	-	-	-	-	-
OID Medication Assisted Treatment-Drugs	86,680,518	-	7,534,958	-	39,637,551	(39,637,551)
Dental Services	4,326,025	4,399,087	399,892	351,927	2,211,819	2,187,268
Other Practitioners Services - Regular Payments	146,588,874	17,263,355	14,714,759	1,381,068	92,032,341	(74,768,986)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	2,442,194	1,433,269	387,024	114,662	1,409,084	24,185
Lab & Radiological Services	5,444,721	6,061,343	510,249	484,907	2,692,561	3,368,782
Home Health Services	22,635,227	31,691,744	2,280,827	2,535,340	8,436,098	23,255,646
Hysterectomies/Sterilizations	7,015	2,928	675	234	2,669	259
Pregnancy Terminations (2)	-	19,089	-	1,527	-	19,089
EPSDT Services	1,214,270	771,690	116,219	61,735	689,689	82,001
Rural Health Clinic Services	2,449,746	2,237,118	228,854	178,969	1,364,670	872,448
Medicare Health Insurance Payments - Part A Premiums	28,308,602	30,240,573	2,574,427	2,419,246	12,568,225	17,672,348
Medicare Health Insurance Payments - Part B Premiums	150,906,037	170,705,833	12,240,598	13,656,467	60,124,916	110,580,917
120% - 134% Of Poverty	15,979,491	16,226,884	1,356,138	1,298,151	6,995,389	9,231,495
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,687,829	12,394,747	963,925	991,580	5,467,684	6,927,063

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

MONTH OF NOVEMBER 2023

	ACTUALS SFY2023	TOTAL SFY2024	ACTUALS Current Month Ended 11/30/23	ESTIMATE Current Month Ended 11/30/23	ACTUALS Year To-Date Thru 11/30/23	PROJECTED 12/01/23 Thru 6/30/2024
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,699,447,506	2,316,592,754	140,045,161	185,327,420	936,156,562	1,380,436,192
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	185,039	177,537	1,207,238	1,011,969
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	399,436,614	425,644,479	23,862,818	34,051,558	139,034,662	286,609,817
Home & Community-Based Services (Aged/Disabled)	114,651,033	162,465,610	3,601,005	12,997,249	21,802,295	140,663,316
Home & Community-Based Services (Traumatic Brain Injury)	3,938,462	2,368,144	91,517	189,451	543,704	1,824,440
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(l) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	58,767,481	86,842,302	1,168,473	6,947,384	6,668,945	80,173,357
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	1,953,673	2,125,804	53,615	170,064	336,181	1,789,623
Targeted Case Management Services - State Wide	-	-	-	-	-	-
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	30,179,762	27,812,852	3,052,284	2,225,028	15,476,938	12,335,914
Emergency Services Undocumented Aliens	1,591,557	599,899	98,715	47,992	335,071	264,828
Federally Qualified Health Center	11,339,883	6,515,541	861,105	521,243	4,438,295	2,077,246
Non-Emergency Medical Transportation	41,612,362	42,182,568	3,283,792	3,374,605	17,080,259	25,102,309
Physical Therapy	1,001,192	985,693	75,265	78,855	438,082	547,611
Occupational Therapy	417,926	408,056	27,450	32,644	169,809	238,247
Services for Speech, Hearing & Language	286,823	236,711	21,273	18,937	123,928	112,783
Prosthetic Devices, Dentures, Eyeglasses	799,272	564,182	75,502	45,135	397,931	166,251
Diagnostic Screening & Preventive Services	74,116	63,414	6,356	5,073	44,153	19,261
Nurse Mid-Wife	96,015	101,173	14,186	8,094	61,404	39,769
Emergency Hospital Services	-	-	-	-	-	-
Critical Access Hospitals	23,286,462	21,496,408	1,662,999	1,719,713	10,079,617	11,416,791
Nurse Practitioner Services	4,696,653	3,859,208	433,950	308,737	2,387,287	1,471,921
School Based Services	32,482,763	29,998,882	169,753	2,399,911	1,398,093	28,600,789
Rehabilitative Services (Non-School Based)	36,592,651	26,807,946	2,564,783	2,233,995	14,038,846	12,769,099
2a) Opioid Treatment Program (OTP) - Methadone services	146,007	-	145,425	-	62,690	(62,690)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,322,357	-	-	-	4,567	(4,567)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,008,425	-	-	-	4,545,350	(4,545,350)
2a) OUD Medicaid Assisted Treatment Services	16,386,491	-	1,163,747	-	7,759,511	(7,759,511)
2a) Opioid Treatment Program (OTP) - Other	629,873	-	42,046	-	289,725	(289,725)
Private Duty Nursing	4,636,150	4,807,324	462,329	384,586	2,372,607	2,434,717
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,657,501	2,507,273	105,035	200,582	894,580	1,612,694
Other Care Services	26,284,761	36,847,337	2,293,018	2,947,787	14,284,722	22,562,615
Less: Recoupments	-	-	(502,298)	-	(11,515,490)	11,515,490
<b>NET MEDICAID EXPENDITURES:</b>	<b>5,416,202,136</b>	<b>5,182,857,492</b>	<b>420,145,832</b>	<b>414,717,959</b>	<b>2,148,945,779</b>	<b>3,033,911,713</b>

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

MONTH OF NOVEMBER 2023

ACTUALS	TOTAL	ACTUALS Current Month Ended 11/30/23	ESTIMATE Current Month Ended 11/30/23	ACTUALS Year To-Date Thru 11/30/23	PROJECTED 12/01/23 Thru 6/30/2024
SFY2023	SFY2024				
(8,071,960)	-	-	-	(1,394,624)	1,394,624
(2,609,787)	-	-	-	(1,827,193)	1,827,193
(917,727)	-	-	-	(394,540)	394,540
(35,290,306)	-	-	-	(8,631,357)	8,631,357
5,369,312,356	5,182,857,492	420,145,832	414,717,959	2,136,698,065	3,046,159,427
43,535,275	52,661,876	4,128,092	4,212,950	20,926,469	31,735,408
187,230	262,845	14,082	21,028	73,491	189,354
1,170,896	1,037,688	62,541	83,015	498,072	539,616
\$5,414,205,759	\$5,236,819,901	\$424,350,547	\$419,034,952	\$2,158,196,097	\$3,078,623,805
4,404,092	-	389,659	-	2,205,212	(2,205,212)
241,251	29,578	10,439	2,366	139,387	(109,809)
-	-	-	-	-	-
\$5,418,851,102	\$5,236,849,480	\$424,750,645	\$419,037,318	\$2,160,540,696	\$3,076,308,783

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

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

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

TOTAL MEDICAID EXPENDITURES

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

TOTAL EXPENDITURES

(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 \$9,254,893 is the amount paid to State Facilities year to date.

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

**MONTH OF NOVEMBER 2023**

**REVENUE SOURCES**

Beg. Bal. (5084/1020 prior mth)

**MATCHING FUNDS**

General Revenue (0403/189)  
 IDD Waiver (0403/466)  
 Rural Hospitals Under 150 Beds (0403/940)  
 Tertiary Funding (0403/547)  
 Traumatic Brain Injury (0403/835)  
 Title XIX Waiver for Seniors (0403-533)  
 Medical Services Surplus (0403/633)  
 Waiver for Senior Citizens Surplus (0403/526)  
 Lottery Waiver (Less 550,000) (5405/539)  
 Lottery Waiver (0420/539)  
 Lottery Transfer (5405/871)  
 Excess Lottery (5365/189)  
 Lottery Surplus (5405/68199)  
 Lottery Surplus (5365/68100)  
 Trust Fund Appropriation (5185/189)  
 Provider Tax (5090/189)  
 NSGO UPL (5084/6717)  
 Expirations (5084)  
 Certified Match  
 Reimbursables - Amount Reimbursed  
 Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015  
 CHIP State Share  
 CMS - 64 Adjustments

**TOTAL MATCHING FUNDS**

**FEDERAL FUNDS**

**TOTAL REVENUE SOURCES**

**TOTAL EXPENDITURES:**

Provider Payments

**TOTAL**

	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2023	Current Month Ended 11/30/23	Year-To-Date Thru 11/30/23	12/01/23 Thru 06/30/24	SFY2024
	81,507,579	38,759,720	127,247,384	-	127,247,384
	292,112,801	19,786,175	75,646,620	191,556,154	267,202,774
	108,541,736	7,959,727	37,627,802	70,913,934	108,541,736
	2,596,000	216,333	1,081,666	1,514,334	2,596,000
	6,356,000	529,667	2,648,334	3,707,666	6,356,000
	800,000	58,667	277,334	522,666	800,000
	13,593,620	996,865	4,712,454	8,881,166	13,593,620
	8,800,000	-	-	-	-
	-	-	-	-	-
	13,603,501	5,781,658	11,563,316	11,563,317	23,126,633
	19,612,957	2,709,956	5,419,912	5,419,913	10,839,825
	16,400,070	4,100,018	8,200,036	8,200,034	16,400,070
	26,697,960	-	-	60,716,750	60,716,750
	14,750,000	-	-	14,750,000	14,750,000
	16,200,000	-	17,000,000	-	17,000,000
	14,208,033	-	-	71,085,999	71,085,999
	290,400,000	20,100,000	174,422,589	464,829,073	639,251,662
	-	-	-	-	-
	-	-	-	-	-
	15,218,760	563,248	3,217,574	10,488,426	13,706,000
	7,427,510	-	1,965,487	(1,965,487)	-
	10,461	43,254	123,006	(123,006)	-
	-	-	-	-	-
	196,666	-	1,136,257	(1,136,257)	-
	\$ 949,033,654	\$ 101,605,288	\$ 472,289,771	\$ 920,924,682	\$ 1,393,214,454
	4,596,740,061	375,000,000	1,740,251,703	2,362,768,621	4,103,020,324
	\$ 5,545,773,715	\$ 476,605,288	\$ 2,212,541,474	\$ 3,283,693,303	\$ 5,496,234,777
	\$ 5,418,851,102	\$ 424,750,645	\$ 2,160,540,696	\$ 3,076,308,783	\$ 5,236,849,480
	\$ 126,922,614	\$ 51,854,644	\$ 52,000,778	\$ 207,384,520	\$ 259,385,298

Note: FMAP (75.60% applicable Oct 2023 - Dec 2023)



Department of Human Services

Bureau for Medical Services

Medicaid Waiver Report  
NOVEMBER 2023

Submitted to

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

JANUARY 2024

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

Aged & Disabled Waiver Reported November 30, 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
<b>Slots Approved By CMS (1)</b>		8,500	8,500	8,500	8,500	8,500	8,500								8,500
-Slots Available for Traditional (ADW-WV) enrollees		8,424	8,424	8,424	8,424	8,424	8,424								8,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76	76	76	76	76								76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees		8,613	7,675	7,772	7,846	7,889	8,010								8,010
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		2,416	137	157	125	151	141*								141
Applicants determined eligible this month and added to MEL (3) * 75 of 141 are awaiting Financial Eligibility not yet on MEL		123	11	10	7	4	3								3
Applicants determined ineligible															
<b>ACTIVE MEMBERS</b>															
Active Traditional Members at the end of the month		7,559	7,554	7,596	7,599	7,596	7,616								7,616
Active Take Me Home Members at the end of the month		48	41	44	42	45	46								46
Active Money Follows the Person Members at the end of the month		7,607	7,595	7,640	7,641	7,641	7,662								7,662
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		1,835	187	195	113	153	127								775
-Total Active Traditional members enrolled during the calendar month		1,787	186	190	108	151	120								755
-Total Active TMH-WV members enrolled during the calendar month		48	1	5	5	2	7								20
-Total Active MFP-WV members enrolled during the calendar month		1,516	199	150	112	153	106								720
Members discharged during the calendar month		874	71	31	33	74	63								272
ADW Members whose case was closed by reason		642	128	119	79	79	43								448
Other (4)															
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
# Eligible applicants closed during the calendar month (removed from MEL)		2,499	248	164	173	178	209								972
ADW Applicants removed from the MEL		1,330	143	69	74	79	83								448
Applicant offered a slot (Traditional + MFP)		222	12	8	16	8	13								57
Applicant became deceased		947	93	87	83	91	113								467
Other (5)															
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month		0	0	1	1	1	0								0
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month		1	0	4	4	0	0								0
Applicants on the MEL at the end of month		83	5	25	22	18	20								20
Days - Average time spent on the MEL to date Minus MFP Applicants		127	28	2	3	1	1								7

(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 Human Services  
Bureau for Medical Services /IDD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported November 30, 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	6,115	6,115	6,115								6,115
Total number of members served YTD (unduplicated slots used) (1)	6,075	6,015	6,017	6,023	6,032	6,068								6,068
Total number of members served YTD in Traditional Slots	6,073	6,013	6,015	6,021	6,029	6,065								6,065
Total number of members served YTD in Adult Ben H. slots (Active)	2	0	1	1	2	2								2
Total number of members served YTD in Children Ben H. slots (Active)	2	1	1	1	1	1								1
Applicants determined eligible (2)	503	31	28	43	37	35								174
Applicants determined ineligible (3)	546	40	58	49	61	47								255
<b>ACTIVE MEMBERS</b>														
# of active members at the end of the month (unduplicated slots active) (1)	5,905	6,004	5,994	5,987	5,993	6,004								6,004
Discharged members at the end of the calendar month	183	19	14	14	3	27								77
Deceased	67	7	5	5	2	12								31
Left program to enter a facility	56	4	2	4	0	5								15
a. Hospital	0	0	0	0	0	0								0
b. ICF/ID	30	1	0	3	0	3								7
c. Nursing Facility	25	3	2	1	0	2								8
d. Psychiatric Facility	0	0	0	0	0	0								0
e. Rehabilitation Facility	0	0	0	0	0	0								0
f. Other Facility	1	0	0	0	0	0								0
Other (6)	60	8	7	5	1	10								31
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
Total number of applicants on the MEL at the end of the month	548	459	483	516	540	537								537
Number of applicants added to the MEL (4)	503	31	28	43	37	35								174
Applicants enrolled (removed from the MEL)	208	118	4	7	9	38								176
Applicants removed from the MEL due to Death (5)	2	1	0	1	1	0								3
Applicants removed from the MEL due to Other (6)	17	1	0	2	3	0								6
Applicants on the MEL who are in a Nursing Facility	1	3	3	5	4	4								4
Applicants on the MEL who are in an ICF/ID Group Home	20	20	24	22	20	21								21
Applicants on the MEL receiving Personal Care Services each month	10	10	13	13	8	9								9
Longest on the MEL to date (7)	1173	1,204	1,235	1,265	1,296	1,326								1,326

(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 Human Services  
Bureau for Medical Services TBI Waiver Program Report**

Traumatic Brain Injury Waiver Reported November 30, 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	96	96	96								96
-Slots Available for Traditional (non TMH-WV) enrollees	95	92	92	92	92	92								92
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4	4	4	4	4								4
Total number of members served YTD (unduplicated slots used) (2)	96	92	90	93	93	93								93
YTD Column reflects most recent month's count														
Applicants determined eligible this month and added to MEL (3)	12	1	3	2	1	2								9
Applicants determined ineligible	0	0	0	0	0	0								0
<b>ACTIVE MEMBERS</b>														
Active members at the end of the month (unduplicated slots active)	92	92	90	92	92	91								91
YTD Column reflects most recent month's count														
Active members enrolled during the calendar month	13	0	0	7	0	0								7
-Total Active Traditional members enrolled during the calendar month	12	0	0	6	0	0								6
-Total Active TMH-WV members enrolled during the calendar month	1	0	0	1	0	0								1
Members discharged during the calendar month	5	0	2	5	0	1								8
TBW Members whose case was closed by reason	1	0	1	1	0	1								3
Other (4)	4	0	1	4	0	0								5
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
# Eligible applicants closed during the calendar month (removed from MEL)	2	0	2	4	0	0								6
TBW Applicants removed from the MEL	0	0	2	4	0	0								6
Applicant offered a slot														
Applicant became deceased	0	0	0	0	0	0								0
Other (5)	0	0	0	0	0	0								0
Applicants on the MEL who are in a nursing facility	0	0	0	0	1	0								1
Applicants on the MEL receiving Personal Care	0	1	0	0	0	0								1
Applicants on the MEL at the end of the month	2	3	4	2	3	5								5
Days -Longest time spent on the MEL to date (6)	15	46	31	23	54	84								48
YTD Column reflects average # of days														

- (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 TMH applicants.
  - (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

*JANUARY 2024*  
*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 Four Months Ending October 31, 2023 and October 31, 2022**

	Annual	Budget	Actual	Actual	Actual	Actual		Budget	
	Budget 2024	Year-to-Date	October 31, 2023	October 31, 2022	Variance	\$	%	Variance	%
<b>Beginning Operating Fund Balance</b>			<b>\$5,382,999</b>	<b>\$6,999,256</b>	<b>(\$1,616,257)</b>		<b>-23%</b>		
<b>Revenues</b>									
Federal Grants	\$57,889,868	\$19,296,623	\$19,239,606	\$8,692,939	\$10,546,667		121%	(\$57,017)	0%
State Appropriations	\$11,026,842	\$3,675,614	\$3,021,750	\$1,405,854	\$0		0%	(\$653,864)	-18%
Premium Revenues	\$52,500	\$17,500	\$12,517	\$8,377	\$4,140		49%	(\$4,984)	-28%
Investment Earnings (Interest)	\$100,000	\$33,333	\$20,273	(\$24,647)	\$44,920		-182%	(\$13,061)	-39%
<b>Total Operating Fund Revenues</b>	<b>\$69,069,210</b>	<b>\$23,023,070</b>	<b>\$22,294,145</b>	<b>\$10,082,523</b>	<b>\$12,211,622</b>		<b>121%</b>	<b>(\$728,925)</b>	<b>-3%</b>
<b>Expenditures:</b>									
<b>Claims Expenses:</b>									
Managed Care Organizations			\$15,295,513	\$11,912,159.00	\$3,383,354		28%		
Prescribed Drugs			\$3,930,143	\$2,384,137	\$1,546,006		65%		
Physicians & Surgical			\$1,222,164	\$711,785	\$510,379		72%		
Inpatient Hospital Services			\$662,120	\$113,780	\$548,340		482%		
Medical Transportation			\$244,955	\$34,721	\$210,234		605%		
Outpatient Services			\$359,104	\$119,025	\$240,079		202%		
Dental			\$121,058	\$22,236	\$98,822		444%		
Therapy			\$64,275	\$16,623	\$47,652		287%		
Other Services			\$14,021	\$18,760	(\$4,739)		-25%		
Outpatient Mental Health			\$15,797	\$2,349	\$13,448		572%		
Vision			\$10,323	\$1,605	\$8,718		543%		
Durable & Disposable Med. Equip.			\$25,973	\$1,210	\$24,763		2047%		
Inpatient Mental Health			\$577,900	\$17,178	\$560,722		3264%		
Less: Other Collections**			(\$4,128)	(\$304)	(\$3,824)		1258%		
Drug Rebates	(\$2,517,954)	(\$839,318)	(\$842,262)	(\$605,196)	(\$237,066)		39%	\$7,072	-1%
<b>Total Claims Expenses</b>	<b>\$64,732,739</b>	<b>\$21,577,580</b>	<b>\$21,696,955</b>	<b>\$14,750,068</b>	<b>\$6,946,887</b>		<b>47%</b>	<b>\$119,375</b>	<b>1%</b>
<b>Administrative Expenses:</b>									
Salaries and Benefits	\$557,031	\$185,677	\$105,583	\$112,014	(\$6,431)		-6%	(\$80,094)	-43%
Program Administration	\$4,864,472	\$1,621,491	\$1,344,014	\$1,513,918	(\$169,904)		-11%	(\$277,477)	-17%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0		0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$56,250	\$0	\$56,250		0%	\$0	0%
Current	\$413,409	\$137,803	\$8,967	\$15,397	(\$6,430)		-42%	(\$128,836)	-93%
<b>Total Administrative Expenses in Operating Fund</b>	<b>\$6,059,912</b>	<b>\$2,001,221</b>	<b>\$1,514,814</b>	<b>\$1,641,329</b>	<b>(\$126,515)</b>		<b>-8%</b>	<b>(\$486,407)</b>	<b>-24%</b>
<b>Total Operating Fund Expenditures</b>	<b>\$70,792,651</b>	<b>\$23,578,800</b>	<b>\$23,211,769</b>	<b>\$16,391,397</b>	<b>\$6,820,372</b>		<b>42%</b>	<b>(\$367,032)</b>	<b>-2%</b>
<b>Adjustments</b>			<b>(\$700)</b>	<b>\$4,758,834</b>					
<b>Ending Operating Fund Balance</b>			<b>\$4,464,676</b>	<b>\$5,449,216</b>	<b>(\$984,540)</b>		<b>-18%</b>		
Money Market			\$13,891	\$13,216					
Bond Pool			\$3,750,920	\$3,619,868					
Cash on Deposit			\$699,864	\$1,816,132					
<b>Revenues Outside of Operating Funds:</b>									
Federal Grants			\$0	\$450,000	(\$450,000)		-100%		
<b>Total WVCHIP Revenues</b>			<b>\$22,294,145</b>	<b>\$10,532,523</b>	<b>\$11,761,622</b>		<b>112%</b>		
<b>Program Expenses outside of Operating Funds:</b>									
Eligibility	\$1,500,000	\$500,000	\$57,620	\$920,785	(\$863,165)		-94%	(\$442,380)	-88%
<b>Total Administrative Expenses</b>	<b>\$7,559,912</b>	<b>\$2,501,221</b>	<b>\$1,572,433</b>	<b>\$2,562,114</b>	<b>(\$989,681)</b>		<b>-39%</b>	<b>(\$928,787)</b>	<b>-37%</b>
<b>Total WVCHIP Expenditures</b>	<b>\$72,292,651</b>	<b>\$24,078,800</b>	<b>\$23,269,388</b>	<b>\$17,312,182</b>	<b>\$5,957,206</b>		<b>34%</b>	<b>(\$809,412)</b>	<b>-3%</b>

**Footnotes:**

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on October 31, 2023 is \$558,624. The October 31, 2022 estimate was \$360,000.
- 3) Administrative Accounts Payable balance on October 31, 2023 was \$386,446. The October 31, 2022 balance was \$358,984.
- 4) 2024 and 2023 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 82.92% (10/1/23-12/31/23) and 83.56% (7/1/23-9/30/23). 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**

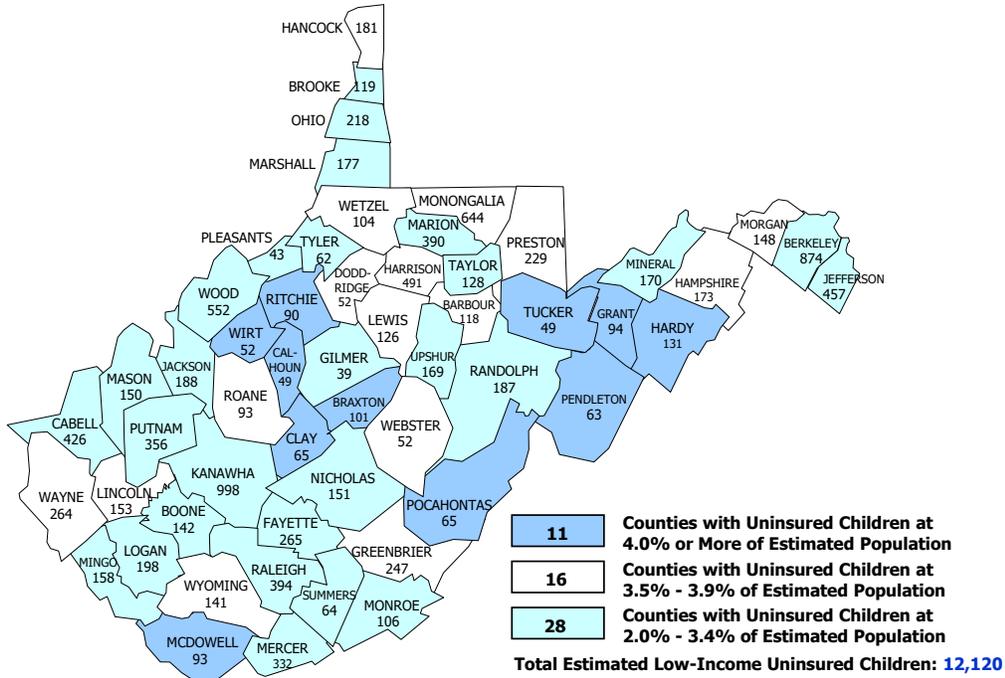
# WVCHIP Enrollment Report

NOVEMBER 2023

County	County Pop.	MATERNITY			Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2021	2021		
	2021 Est. (0-18 Yrs)	BLUE Nov-23	GOLD Nov-23	PREM Nov-23	BLUE Nov-23	PREM Nov-23	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured		
Barbour	3,204	120	33	80	1	2	236	1,747	1,983	61.9%	107	3.3%
Berkeley	30,213	1,149	394	710	18	21	2,292	13,198	15,490	51.3%	879	2.9%
Boone	4,539	133	49	59	2	1	244	2,740	2,984	65.7%	145	3.2%
Braxton	2,378	73	27	37	0	2	139	1,374	1,513	63.6%	98	4.1%
Brooke	4,043	0	0	0	0	0	0	1	1	0.0%	121	3.0%
Cabell	19,300	502	167	320	9	8	1,006	8,994	10,000	51.8%	562	2.9%
Calhoun	1,178	62	15	25	1	1	104	761	865	73.4%	47	4.0%
Clay	1,793	47	17	40	2	1	107	1,196	1,303	72.7%	76	4.2%
Doddridge	1,084	46	10	18	0	2	76	678	754	69.6%	39	3.6%
Fayette	8,467	367	90	166	2	10	635	4,811	5,446	64.3%	254	3.0%
Gilmer	1,140	24	12	29	1	0	66	582	648	56.8%	35	3.1%
Grant	2,230	73	25	63	6	0	167	1,206	1,373	61.6%	93	4.2%
Greenbrier	6,534	293	111	204	5	3	616	3,573	4,189	64.1%	246	3.8%
Hampshire	4,248	169	52	87	2	1	311	2,335	2,646	62.3%	159	3.7%
Hancock	5,604	307	98	146	4	2	557	4,046	4,603	82.1%	205	3.7%
Hardy	2,892	113	34	71	2	0	220	1,420	1,640	56.7%	139	4.8%
Harrison	14,585	484	154	304	6	12	960	6,330	7,290	50.0%	555	3.8%
Jackson	6,181	158	64	96	0	1	319	2,883	3,202	51.8%	196	3.2%
Jefferson	13,328	418	132	232	6	0	788	3,782	4,570	34.3%	473	3.5%
Kanawha	36,989	1,104	346	669	15	25	2,159	32,520	34,679	93.8%	1103	3.0%
Lewis	3,706	140	44	87	2	5	278	2,014	2,292	61.8%	133	3.6%
Lincoln	4,606	134	28	93	3	4	262	2,706	2,968	64.4%	169	3.7%
Logan	6,800	203	65	126	3	2	399	4,212	4,611	67.8%	225	3.3%
Marion	11,652	392	115	234	4	6	751	5,205	5,956	51.1%	380	3.3%
Marshall	5,954	147	52	83	3	3	288	2,633	2,921	49.1%	154	2.6%
Mason	5,368	167	57	78	1	4	307	2,972	3,279	61.1%	157	2.9%
McDowell	3,143	502	146	236	6	6	896	2,663	3,559	113.2%	128	4.1%
Mercer	3,802	228	67	99	2	0	396	7,882	8,278	217.7%	110	2.9%
Mineral	12,788	133	44	78	1	2	258	2,452	2,710	21.2%	433	3.4%
Mingo	5,538	489	153	306	5	13	966	3,705	4,671	84.3%	144	2.6%
Monongalia	5,227	87	34	93	2	1	217	5,780	5,997	114.7%	188	3.6%
Monroe	18,601	136	43	92	2	0	273	1,202	1,475	7.9%	540	2.9%
Morgan	2,520	78	33	79	0	1	191	1,470	1,661	65.9%	97	3.8%
Nicholas	5,074	202	44	119	3	6	374	2,644	3,018	59.5%	166	3.3%
Ohio	8,461	232	78	131	2	1	444	3,757	4,201	49.7%	257	3.0%
Pendleton	1,195	49	15	39	2	0	105	545	650	54.4%	60	5.0%
Pleasants	1,522	50	6	34	0	2	92	670	762	50.1%	37	2.4%
Pocahontas	1,417	48	15	33	0	1	97	729	826	58.3%	66	4.7%
Preston	6,770	255	65	150	2	3	475	2,961	3,436	50.8%	238	3.5%
Putnam	13,220	404	125	241	1	5	776	4,177	4,953	37.5%	392	3.0%
Raleigh	16,094	535	142	372	11	10	1,070	8,935	10,005	62.2%	481	3.0%
Randolph	5,312	230	66	138	3	3	440	2,632	3,072	57.8%	176	3.3%
Ritchie	1,750	66	16	33	1	0	171	994	1,165	66.6%	90	5.1%
Roane	2,946	159	48	88	0	2	260	1,459	1,719	58.4%	107	3.6%
Summers	1,967	98	16	51	0	2	172	1,438	1,610	81.9%	65	3.3%
Taylor	3,325	106	34	56	1	1	187	1,453	1,640	49.3%	112	3.4%
Tucker	920	49	24	45	0	2	100	493	593	64.5%	45	4.9%
Tyler	1,667	46	16	25	0	3	201	794	995	59.7%	55	3.3%
Upshur	4,995	159	68	136	1	2	351	2,697	3,048	61.0%	164	3.3%
Wayne	8,022	277	96	121	3	3	413	4,536	4,949	61.7%	300	3.7%
Webster	1,639	84	19	34	1	1	145	1,038	1,183	72.2%	60	3.7%
Wetzel	3,033	81	16	40	1	1	123	1,935	2,058	67.9%	106	3.5%
Wirt	1,108	40	9	24	1	0	346	627	973	87.8%	44	4.0%
Wood	18,255	518	134	296	5	5	790	8,671	9,461	51.8%	548	3.0%
Wyoming	4,418	144	49	128	4	5	330	2,357	2,687	60.8%	161	3.6%
<b>Totals</b>	<b>372,745</b>	<b>12,310</b>	<b>3,812</b>	<b>7,374</b>	<b>158</b>	<b>197</b>	<b>23,851</b>	<b>194,615</b>	<b>218,466</b>	<b>58.6%</b>	<b>12,120</b>	<b>3.3%</b>

# WVCHIP Enrollment Report

NOVEMBER 2023



The above map shows the most recent 2021 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 3.3%, 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

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Participant Plan Performance Report

November 30, 2023



West Virginia Investment Management Board  
 Participant Plans Allocation & Performance Net of Fees  
 Period Ending: November 30, 2023

	6/30/2023		11/30/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
<b>WVIMB Fund Assets</b>	<b>24,219,305</b>	<b>100.0</b>	<b>24,398,463</b>	<b>100.0</b>								
<b>Pension Assets</b>	<b>19,790,811</b>	<b>81.7</b>	<b>19,812,227</b>	<b>81.2</b>								
Public Employees' Retirement System	8,398,434	34.7	8,401,343	34.4	4.7	0.8	1.6	6.6	6.9	8.6	7.8	7.7
Teachers' Retirement System	9,319,703	38.5	9,288,971	38.1	4.7	0.8	1.6	6.6	6.8	8.6	7.8	7.6
EMS Retirement System	125,180	0.5	128,028	0.5	4.7	0.8	1.5	6.5	6.8	8.6	7.8	
Public Safety Retirement System	778,439	3.2	767,868	3.1	4.7	0.8	1.6	6.6	6.9	8.6	7.8	7.7
Judges' Retirement System	278,545	1.2	281,226	1.2	4.7	0.8	1.6	6.6	6.8	8.6	7.9	7.7
State Police Retirement System	320,094	1.3	328,338	1.4	4.7	0.8	1.6	6.6	6.8	8.6	7.8	7.7
Deputy Sheriffs' Retirement System	316,039	1.3	320,353	1.3	4.7	0.8	1.6	6.6	6.8	8.6	7.8	7.7
Municipal Police & Firefighter Retirement System	34,945	0.1	37,739	0.2	4.7	0.8	1.5	6.5	6.7	8.6	7.7	
Natural Resources Police Office Retirement System	27,643	0.1	28,545	0.1	4.7	0.8	1.6	6.5				
Municipal Model A	189,153	0.8	226,987	0.9	4.9	1.2	2.0	7.0	7.4	9.1	8.1	
Municipal Model B	2,636	0.0	2,829	0.0	6.7	1.0	1.8	8.4	2.5			
<b>Insurance Assets</b>	<b>3,216,097</b>	<b>13.3</b>	<b>3,118,233</b>	<b>12.8</b>								
Workers' Compensation Old Fund	851,245	3.4	825,687	3.4	4.1	1.1	1.8	6.0	1.5	4.8	4.3	
Workers' Comp. Self-Insured Guaranty Risk Pool	37,044	0.2	37,549	0.2	4.1	1.1	1.8	6.0	2.0	5.0	4.4	
Workers' Comp. Self-Insured Security Risk Pool	48,517	0.2	48,238	0.2	4.1	1.1	1.8	6.0	2.0	5.0		
Workers' Comp. Uninsured Employers' Fund	16,767	0.1	17,190	0.1	4.1	1.1	1.8	6.0	2.0	4.8	4.3	
Pneumoconiosis	200,150	0.8	196,929	0.8	4.1	1.1	1.8	6.0	2.0	5.0	4.4	5.0
Board of Risk & Insurance Management	183,857	0.8	84,329	0.3	4.1	1.1	1.8	6.0	2.0	5.0	4.4	
Public Employees' Insurance Agency	135,642	0.6	138,081	0.6	4.0	1.2	1.8	5.8	1.5	4.6	4.2	
WV Retiree Health Benefit Trust Fund	1,742,875	7.2	1,770,230	7.2	4.7	0.8	1.6	6.6	6.8	8.6	7.8	
<b>Endowment Assets</b>	<b>1,212,397</b>	<b>5.0</b>	<b>1,468,003</b>	<b>6.0</b>								
Berkeley County Development Authority	8,558	0.0	6,204	0.0	4.4	0.5	1.3	6.2	6.7	8.5		
Wildlife Fund	72,283	0.3	70,248	0.3	4.7	0.8	1.6	6.6	6.8	8.6	7.8	7.7
WV State Parks and Recreation Endowment Fund	35,050	0.1	39,473	0.2	4.7	0.8	1.6	6.7				
Revenue Shortfall Reserve Fund	334,187	1.4	577,578	2.4	3.4	1.1	1.5	4.3	(1.4)	1.9	1.9	
Revenue Shortfall Reserve Fund - Part B	514,884	2.2	521,881	2.1	4.2	1.0	1.4	5.0	(0.4)	3.8	3.7	
WV DEP Trust	11,478	0.0	11,692	0.0	5.3	0.9	1.9	8.9	4.9	7.4	6.5	
WV DEP Agency	235,957	1.0	240,927	1.0	5.0	1.2	2.1	7.5	2.7	5.7	5.0	



West Virginia Investment Management Board  
Period Ending: November 30, 2023

Participant Plans Allocation vs. Strategy

	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 %
<b>Pension Assets</b>														
Public Employees' Retirement System	46.4	45.0	14.8	15.0	12.5	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.2	0.0
Teachers' Retirement System	46.3	45.0	14.8	15.0	12.5	12.0	11.2	12.0	4.8	6.0	10.3	10.0	0.1	0.0
EMS Retirement System	46.1	45.0	14.6	15.0	12.4	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.8	0.0
Public Safety Retirement System	46.4	45.0	14.6	15.0	12.5	12.0	11.2	12.0	4.8	6.0	10.3	10.0	0.2	0.0
Judges' Retirement System	46.3	45.0	15.0	15.0	12.5	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.1	0.0
State Police Retirement System	46.1	45.0	14.9	15.0	12.4	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.5	0.0
Deputy Sheriffs' Retirement System	46.2	45.0	14.7	15.0	12.5	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.5	0.0
Municipal Police & Firefighter Retirement System	45.7	45.0	14.3	15.0	12.3	12.0	11.0	12.0	4.7	6.0	10.1	10.0	1.9	0.0
Natural Resources Police Office Retirement System	46.2	45.0	14.2	15.0	12.4	12.0	11.0	12.0	4.8	6.0	10.1	10.0	1.3	0.0
Municipal Model A	48.6	45.0	14.1	15.0	12.0	12.0	10.7	12.0	4.6	6.0	9.8	10.0	0.2	0.0
Municipal Model B	55.2	55.0	43.2	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
<b>Insurance Assets</b>														
Workers' Compensation Old Fund	25.7	25.0	45.4	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.4	15.0	4.0	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	25.6	25.0	44.9	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.3	15.0	4.7	5.0
Workers' Comp. Self-Insured Security Risk Pool	25.6	25.0	45.1	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.4	15.0	4.4	5.0
Workers' Comp. Uninsured Employers' Fund	25.6	25.0	44.8	45.0	4.1	4.0	3.7	4.0	1.6	2.0	15.3	15.0	4.9	5.0
Pneumoconiosis	25.8	25.0	45.3	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.4	15.0	4.0	5.0
Board of Risk & Insurance Management	25.2	25.0	44.9	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.4	15.0	5.0	5.0
Public Employees' Insurance Agency	20.5	20.0	54.6	55.0	2.1	2.0	1.8	2.0	0.8	1.0	20.2	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	46.1	45.0	15.3	15.0	12.5	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.0	0.0
<b>Endowment Assets</b>														
Berkeley County Development Authority	41.0	45.0	16.7	15.0	13.7	12.0	12.2	12.0	5.2	6.0	11.2	10.0	0.0	0.0
Wildlife Fund	46.1	45.0	15.2	15.0	12.4	12.0	11.1	12.0	4.8	6.0	10.2	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	45.7	45.0	14.9	15.0	12.2	12.0	10.8	12.0	4.7	6.0	10.0	10.0	1.7	0.0
Revenue Shortfall Reserve Fund	10.2	10.0	80.0	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.8	10.0
Revenue Shortfall Reserve Fund - Part B	17.8	17.5	72.4	72.5	2.1	2.0	1.8	2.0	0.8	1.0	5.1	5.0	0.0	0.0
WV DEP Trust	51.3	50.0	15.1	15.0	10.3	10.0	9.2	10.0	4.0	5.0	10.1	10.0	0.0	0.0
WV DEP Agency	35.6	35.0	39.7	40.0	2.1	2.0	1.8	2.0	0.8	1.0	20.0	20.0	0.0	0.0

Footnotes

- (a) Prior to January 2014, the index was the MSCI ACW 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.

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

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**WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER**

*Allan L. McVey*  
*Insurance Commissioner*

# **Insurance Commissioner**

**December 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 November 2023, there were 6,701 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. Coe §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 Intermediate 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.

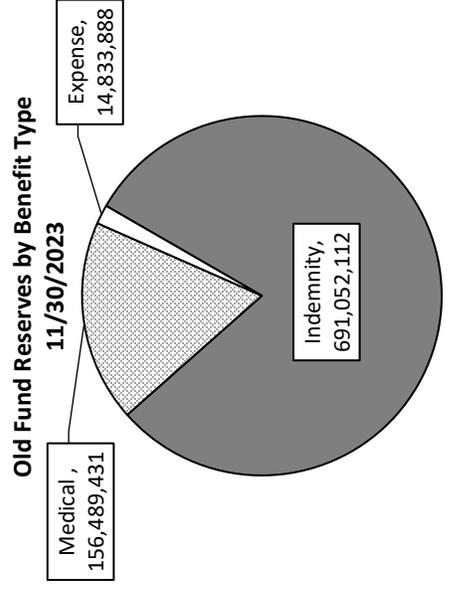
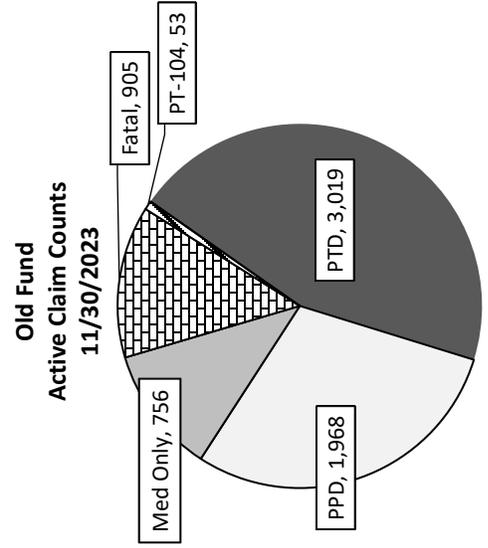
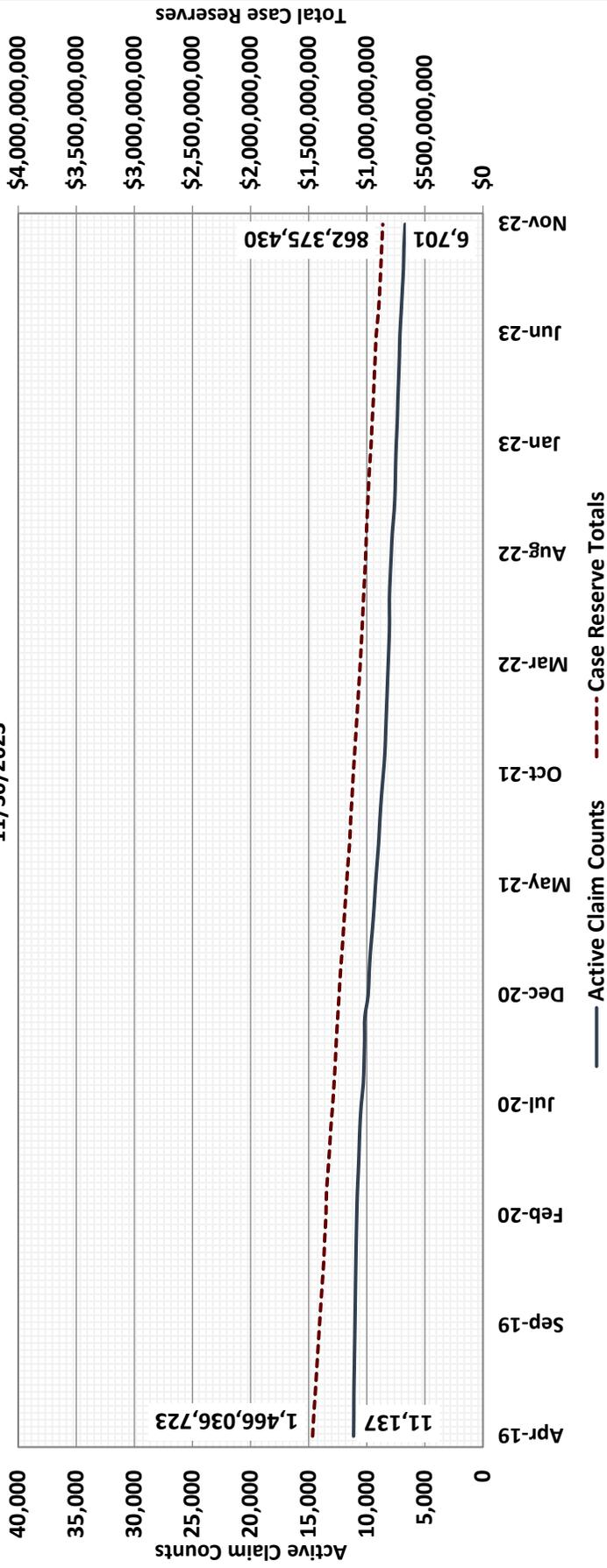
**Self-Insured Guaranty Fund:** State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' 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.

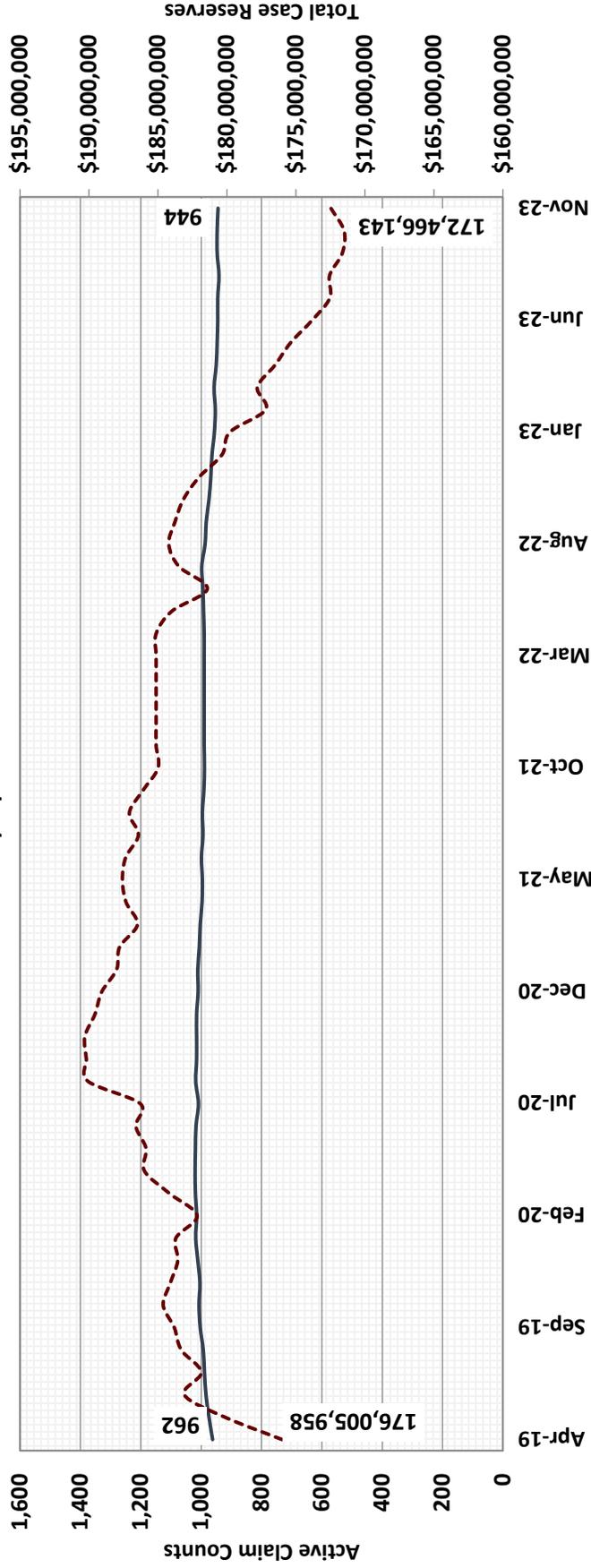
**TTD:** (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

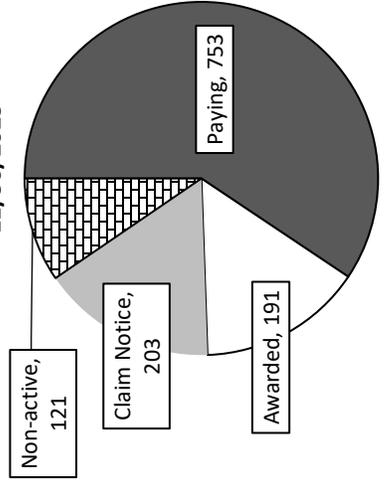
Old Fund  
Active Claim Counts and Case Reserves  
11/30/2023



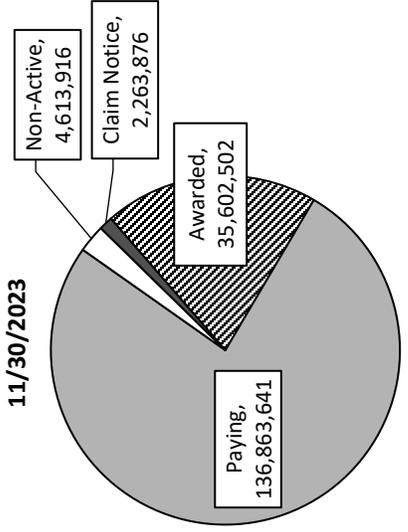
**CWP Fund (FBL)  
Active Claim Counts and Case Reserves  
11/30/2023**



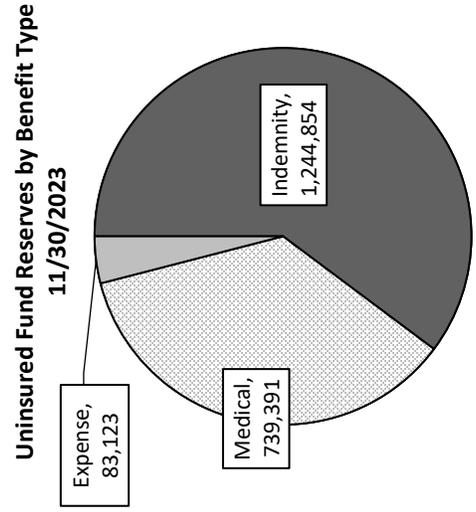
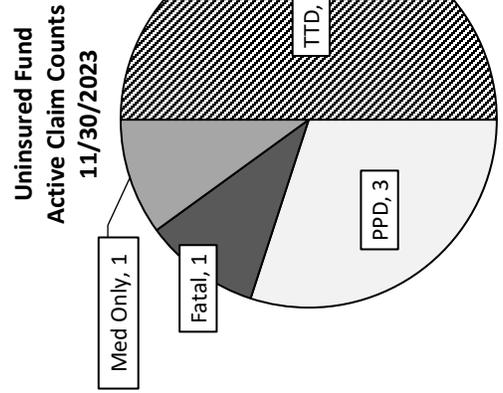
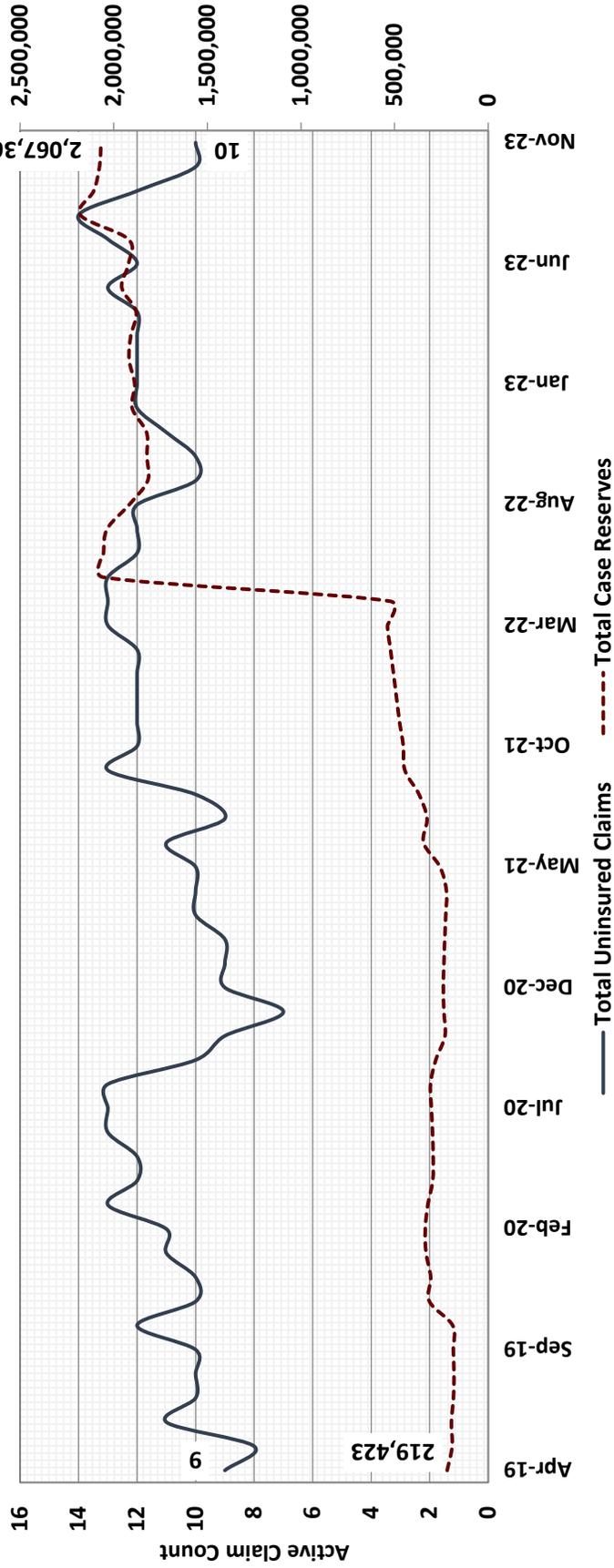
**CWP Fund (FBL)  
Active and Inactive Claims  
11/30/2023**



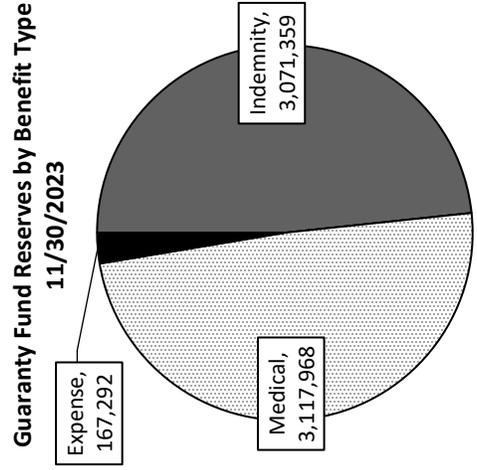
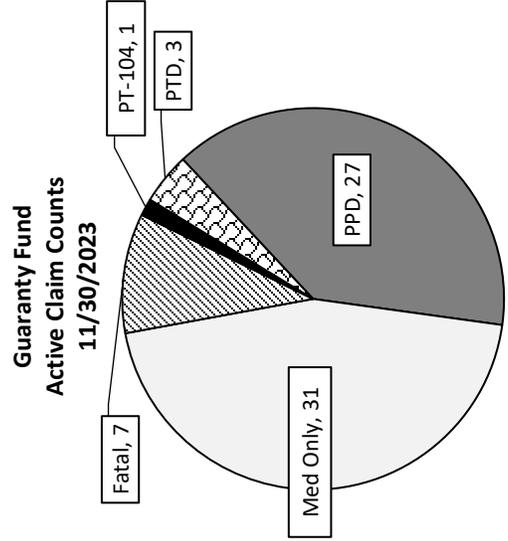
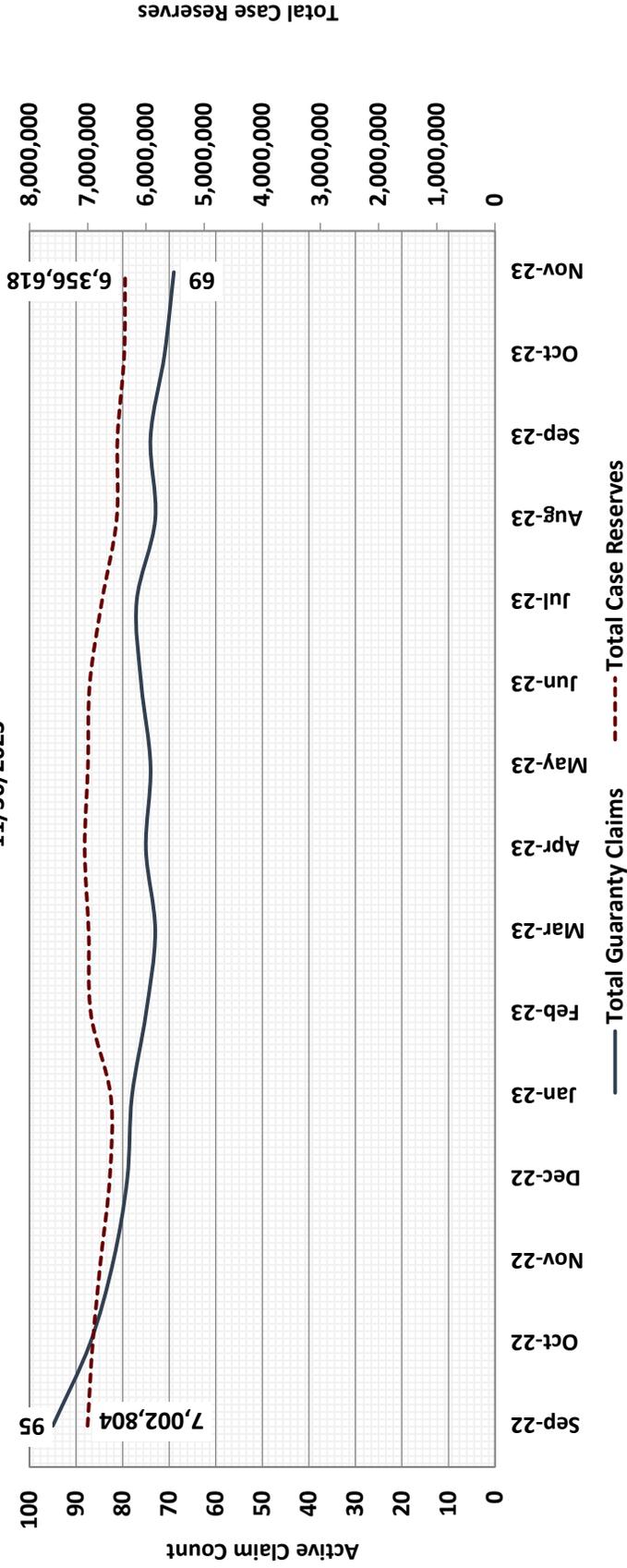
**CWP Fund Reserves by Benefit Type  
11/30/2023**



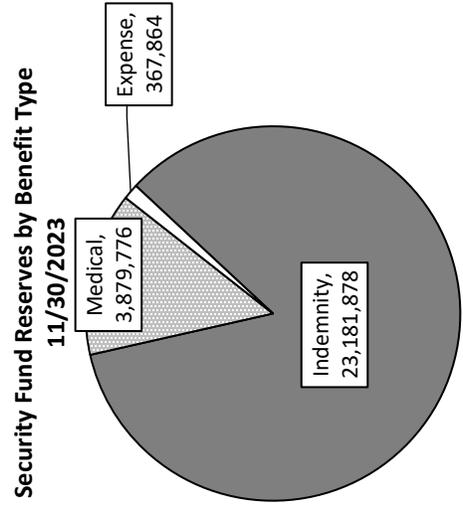
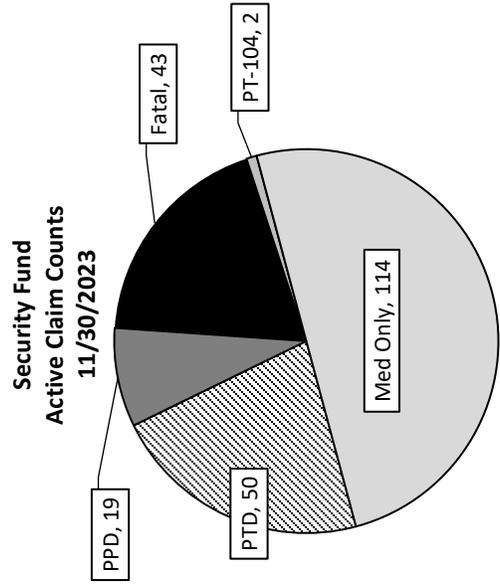
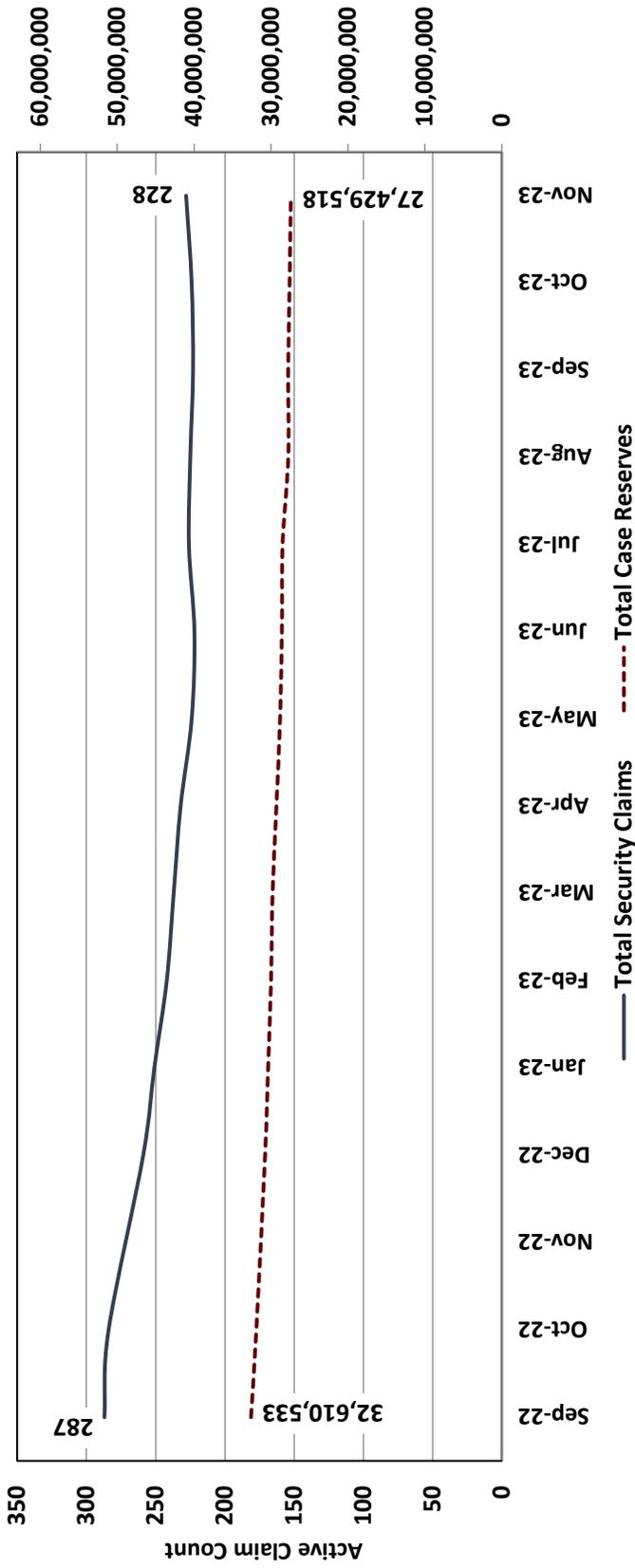
### Uninsured Fund Active Claim Counts and Case Reserves 11/30/2023



**Guaranty Fund  
Active Claim Counts and Case Reserves  
11/30/2023**



**Security Fund  
Active Claim Counts and Case Reserves  
11/30/2023**



OLD FUND CASH STATEMENT  
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
<b>Cash Beginning Balances</b>	834,791,874	919,242,416	(84,450,541)	919,242,416	1,080,592,100	993,229,138
<b>Revenues</b>						
Employer Premium	19,384	11,573	7,811	41,326	238,786	189,298
Other Income	-	-	-	-	-	-
<b>Operating Revenues</b>	19,384	11,573	7,811	41,326	238,786	189,298
Investment / Interest Earnings (Losses)	(1,702,355)	(58,501,131)	56,798,777	(11,188,287)	(52,668,067)	187,370,470
<b>Total Revenues</b>	(1,682,970)	(58,489,558)	56,806,588	(11,146,961)	(52,429,280)	187,559,768
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	6,345,675	6,247,155	98,520	14,732,152	14,588,442	16,509,277
Permanent Total Disability	22,472,569	24,363,868	(1,891,299)	57,045,856	63,031,618	69,561,392
Permanent Partial Disability	21,346	35,696	(14,351)	66,107	163,078	112,956
Temporary Disability	-	-	-	-	-	-
Fatals	6,540,004	6,776,147	(236,143)	16,153,932	17,124,757	18,386,146
104 weeks death benefit	2,216,776	2,211,562	5,214	4,611,340	6,011,709	6,353,928
Settlements	505,342	1,003,076	(497,733)	1,249,524	2,382,067	2,708,581
Loss Adjustment Expenses	258,834	507,259	(248,425)	899,017	1,284,295	1,095,241
Total	38,360,546	41,144,763	(2,784,217)	94,757,927	104,585,967	114,727,520
Less: Formulary Rebates	139,714	-	139,714	-	-	-
Less: Claims credits and overpayments	144,981	169,540	(24,559)	550,422	454,800	334,334
Total Benefits Paid	38,075,851	40,975,223	(2,899,372)	94,207,505	104,131,167	114,393,187
Administrative Expenses	1,027,507	1,253,339	(225,833)	4,096,075	4,789,237	5,803,619
<b>Total Expenditures</b>	39,103,357	42,228,562	(3,125,205)	98,303,580	108,920,405	120,196,805
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(40,786,328)	(100,718,120)	59,931,793	(109,450,541)	(161,349,685)	67,362,963
<b>Transfer from Operating Fund</b>	-	-	-	25,000,000	-	20,000,000
<b>Cash Ending Balances</b>	794,005,547	818,524,295	(24,518,749)	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, wOASIS. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND  
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
<b>Cash Beginning Balances</b>	196,484,406	215,931,727	(19,447,321)	215,931,727	246,613,162	220,914,521
<b>Revenues</b>						
Investment Earnings (Losses)	(458,495)	(12,823,717)	12,365,222	(1,550,178)	(11,131,323)	43,567,242
Other Income	-	-	-	-	-	-
<b>Total Revenues</b>	<b>(458,495)</b>	<b>(12,823,717)</b>	<b>12,365,222</b>	<b>(1,550,178)</b>	<b>(11,131,323)</b>	<b>43,567,242</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	681,906	1,255,575	(573,669)	2,799,907	6,033,252	5,107,159
PTD and Fatal Indemnity	4,695,429	3,831,091	864,338	10,613,261	9,518,418	8,726,207
Settlements	-	113,877	(113,877)	-	1,837	-
Loss Adjustment Expenses	1,564,257	1,928,679	(364,422)	4,660,713	3,513,844	3,343,071
Total	6,941,592	7,129,221	(187,629)	18,073,881	19,067,350	17,176,438
Less: Formulary Rebates	27,349	-	27,349	-	-	-
Less: Claims Credits and Overpayments	580,778	69,912	510,867	738,146	387,376	94,896
Total Benefits Paid	6,333,466	7,059,310	(725,844)	17,335,735	18,679,974	17,081,541
Administrative Expenses	216,475	164,888	51,587	561,407	870,138	787,060
<b>Total Expenditures</b>	<b>6,549,941</b>	<b>7,224,198</b>	<b>(674,258)</b>	<b>17,897,142</b>	<b>19,550,112</b>	<b>17,868,601</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(7,008,436)</b>	<b>(20,047,915)</b>	<b>13,039,480</b>	<b>(19,447,321)</b>	<b>(30,681,436)</b>	<b>25,698,641</b>
<b>Cash Ending Balances</b>	<b>189,475,970</b>	<b>195,883,811</b>	<b>(6,407,840)</b>	<b>196,484,406</b>	<b>215,931,727</b>	<b>246,613,162</b>

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

SELF-INSURED GUARANTY RISK POOL  
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
<b>Cash Beginning Balances</b>	36,425,695	37,187,942	(762,247)	37,187,942	39,659,496	33,724,356
<b>Revenues</b>						
Guaranty Risk Pool Assessments	113,674	5,000	108,674	15,000	10,000	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(103,989)	(2,212,235)	2,108,246	(209,276)	(1,884,585)	6,763,880
<b>Total Revenues</b>	9,685	(2,207,235)	2,216,920	(194,276)	(1,874,585)	6,763,880
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	106,552	86,872	19,680	167,151	178,127	280,185
Permanent Total Disability	11,849	20,669	(8,820)	37,257	63,717	89,242
Permanent Partial Disability	27,403	25,770	1,633	33,839	83,562	91,922
Temporary Disability	-	-	-	-	-	-
Fatals	77,479	86,248	(8,769)	201,734	206,996	206,996
104 Weeks Death Benefit	14,700	5,880	8,820	26,460	-	-
Settlement Agreements	-	28,500	(28,500)	43,500	62,000	39,699
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	17,161	46,294	(29,133)	63,319	31,743	52,455
<b>Total</b>	255,144	300,233	(45,089)	573,261	626,144	760,498
Less: Formulary Rebates	1,054	-	1,054	-	-	-
Less: Claims Credits and Overpayments	93	9	84	409	53,649	150
<b>Total Benefits Paid</b>	253,996	300,224	(46,227)	572,851	572,495	760,348
Administrative Expenses	-	(2,112)	2,112	(4,880)	24,473	68,392
<b>Total Expenditures</b>	253,996	298,112	(44,115)	567,971	596,968	828,740
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(244,312)	(2,505,346)	2,261,035	(762,247)	(2,471,554)	5,935,140
<b>Cash Ending Balances</b>	36,181,383	34,682,596	1,498,787	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  
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
<b>Cash Beginning Balances</b>	47,666,403	50,605,643	(2,939,240)	50,605,643	55,995,948	49,568,499
<b>Revenues</b>						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(115,504)	(3,004,071)	2,888,567	(325,785)	(2,592,281)	9,805,453
<b>Total Revenues</b>	<b>(115,504)</b>	<b>(3,004,071)</b>	<b>2,888,567</b>	<b>(325,785)</b>	<b>(2,592,281)</b>	<b>9,805,453</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	311,338	348,253	(36,916)	717,600	585,099	531,814
Permanent Total Disability	446,743	461,497	(14,754)	1,086,424	1,177,138	1,250,688
Permanent Partial Disability	7,818	8,906	(1,088)	8,906	11,540	4,243
Temporary Disability	-	-	-	-	-	-
Fatals	326,130	372,199	(46,069)	849,667	838,483	918,152
104 Weeks Death Benefit	24,791	10,746	14,045	35,632	50,458	171,468
Settlement Agreements	-	-	-	16,000	61,325	315,463
Loss Adjustment Expenses	15,233	23,053	(7,820)	39,671	36,980	73,223
<b>Total</b>	<b>1,132,052</b>	<b>1,224,654</b>	<b>(92,601)</b>	<b>2,753,900</b>	<b>2,761,024</b>	<b>3,265,052</b>
Less: Formulary Rebates	4,354	-	4,354	-	-	-
Less: Claims Credits and Overpayments	22,271	38,603	(16,332)	117,966	31,348	84,004
Total Benefits Paid	1,105,428	1,186,051	(80,623)	2,635,934	2,729,676	3,181,048
Administrative Expenses	15	(9,730)	9,745	(22,479)	68,348	196,956
<b>Total Expenditures</b>	<b>1,105,443</b>	<b>1,176,321</b>	<b>(70,878)</b>	<b>2,613,455</b>	<b>2,798,024</b>	<b>3,378,004</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,220,947)</b>	<b>(4,180,392)</b>	<b>2,959,445</b>	<b>(2,939,240)</b>	<b>(5,390,305)</b>	<b>6,427,449</b>
<b>Cash Ending Balances</b>	<b>46,445,456</b>	<b>46,425,252</b>	<b>20,204</b>	<b>47,666,403</b>	<b>50,605,643</b>	<b>55,995,948</b>

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

UNINSURED EMPLOYERS FUND  
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
<b>Cash Beginning Balances</b>	16,468,190	16,195,294	272,895	16,195,294	16,844,759	13,817,714
<b>Revenues</b>						
Fines and Penalties	148,657	195,866	(47,209)	477,594	341,220	322,680
Investment Earnings (Losses)	(51,830)	(965,789)	913,959	(74,574)	(828,855)	2,767,995
<b>Total Revenues</b>	<b>96,827</b>	<b>(769,923)</b>	<b>866,750</b>	<b>403,021</b>	<b>(487,635)</b>	<b>3,090,675</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	16,066	27,300	(11,234)	46,236	118,279	2,096
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	11,155	4,845	6,310	5,809	6,929	-
Temporary Disability	34,340	8,687	25,653	26,145	64,151	3,048
Fatals	5,542	-	5,542	-	19,201	25,601
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	6,000	17,000	(11,000)	54,000	22,000	44,276
Loss Adjustment Expenses	15,902	16,974	(1,071)	34,594	39,974	26,492
Total	89,005	74,805	14,200	166,784	270,534	101,513
Less: Employer Reimbursement	60,422	33,997	26,424	40,241	-	-
Less: Formulary Rebates	294	-	294	-	-	-
Less: Claims Credits and Overpayments	79	-	79	332	116,115	42,742
Total Benefits Paid	28,210	40,808	(12,598)	126,210	154,419	58,770
Administrative Expenses	1,050	477	573	3,915	7,410	4,860
<b>Total Expenditures</b>	<b>29,260</b>	<b>41,285</b>	<b>(12,024)</b>	<b>130,125</b>	<b>161,829</b>	<b>63,630</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>67,566</b>	<b>(811,208)</b>	<b>878,774</b>	<b>272,895</b>	<b>(649,465)</b>	<b>3,027,045</b>
<b>Cash Ending Balances</b>	<b>16,535,756</b>	<b>15,384,087</b>	<b>1,151,669</b>	<b>16,468,190</b>	<b>16,195,294</b>	<b>16,844,759</b>

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  
January 25, 2024

## OPERATING REPORT NOVEMBER 2023

**Board of Treasury Investments**

315 70<sup>th</sup> 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

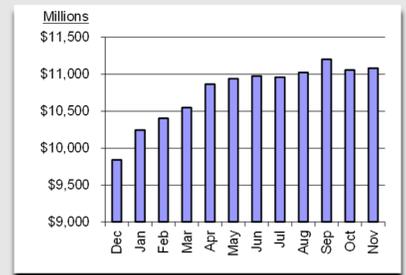
**Executive Staff**

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

Chief Financial  
Officer  
Karl Shanholtzer,  
CFA, CPA, CIA

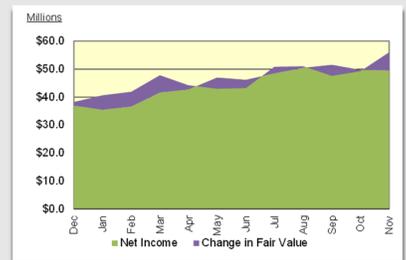
**Total Net Assets Under  
Management**  
**\$11,078,485,000**

**Last Month** **\$11,054,296,000**      **Beginning of Fiscal Year** **\$10,975,194,000**



**Net Assets for the Past 12 Months**

**Total Net Income & Changes in  
Fair Value**  
**Fiscal Year**  
**\$256,080,000**



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

### Money Market Pools As of November 30, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5848%	46 Days	\$10.0 Billion
WV Gov't Money Market	5.3555%	44 Days	\$398.4 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

### NOVEMBER 2023

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#### **Positive Economic Data, Inflation News, & Earnings Reports**

##### **Overview:**

It was not just Thanksgiving in November, but also thanks for giving us an incredible month in financial markets. After three months of losses, both stocks and bonds had their best performance of the year. Due, in part, to positive economic data, positive inflation news and positive earnings reports.

Third quarter GDP came in at 5.2% versus 2.1% in Q2 and 2.2% in Q1. This is the fastest quarterly increase since 2021. Growth was broad based including increases in consumer spending, private inventory investment and federal government spending as well as both residential and nonresidential fixed investments.

Income was also strong with personal income increasing each quarter in 2023 (despite a downward revision in Q2 income to 0.5% from 0.7%). Corporate profits were also strong increasing 3.3% versus 0.2% in Q2 and -2.6% in Q1 (and -1.5% in Q4 2022). Finally, the PCE inflation gage for October came in at 0.05% headline (x food and energy), which is equivalent to a 2% annual rate and about 2.5% for the last six months. This is right in line with the long-term Federal Reserve targets.

##### **Equity Markets**

The S&P 500 returned 9.1% in the month, bringing the total return to 20.8%, year to date. Returns were broad based across style (Russell 1000 Value +7.5%, Russell 1000 Growth, +10.9%) and capitalization. But year to date growth continued its dominance over value (Russell 1000 Growth +36.6%, Russell 1000 Value 4.6%) outperforming by over 30 points.

Small capitalization stocks moved from negative year to date to positive after a return of 9.1% in the month. Non-U.S. stocks also were positive with the EAFE returning 9.3% for the month and the Emerging Markets Index up 5.6% year to date.

##### **Fixed Income**

Interest rates dropped across the yield curve, returning 4.5% in the month and bringing the Bloomberg Aggregate index from negative to positive year to date (1.6%). As a result, although still inverted, the yield curve flattened during the month. The best performance came from longer duration bonds, with a return of 9.2% in the month for the long Treasury index, although year to date the index is still down 5.1%.

##### **Looking Forward**

Is it possible that the Federal Reserve has engineered the proverbial soft landing? So far so good and with only one month left in 2023, the possibility of a slowdown/recession has been pushed into 2024. Although 2023 will most certainly be known in the equity side as a concentrated “magnificent 7” market (see growth/value returns above), this month did provide a broader set of stocks participating in the upswing. A fundamentally better environment for investors. If bond volatility subsides, the higher yield available in fixed-income assets will provide much needed relief to the negative price returns we have felt throughout the year.

# West Virginia Board of Treasury Investments Financial Highlights as of November 30, 2023

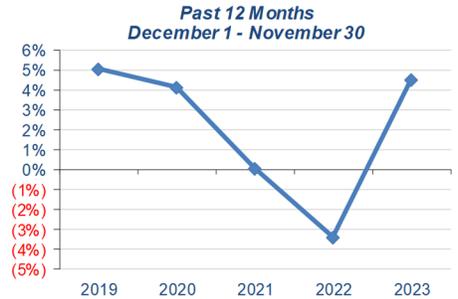
## WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2023	4.6%	\$ 684.1
2022	(3.4%)	\$ 691.0
2021	0.1%	\$ 821.1
2020	4.1%	\$ 817.8
2019	5.1%	\$ 815.6

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

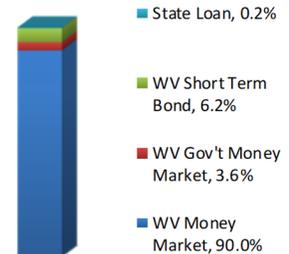
### WV Short Term Bond Pool Rates of Return



## Summary of Value and Earnings *(In Thousands)*

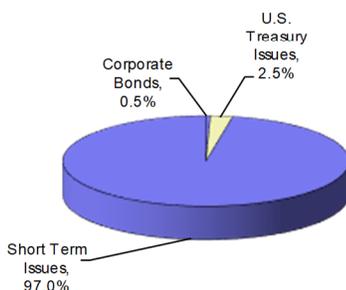
<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,968,445	\$ 45,529	\$ 229,805
WV Gov't Money Market	398,405	1,915	9,045
WV Short Term Bond	684,118	8,554	17,000
WV Bank	0	0	1
Loans	26,471	48	196
Participant Accounts	1,046	5	33
	<u>\$ 11,078,485</u>	<u>\$ 56,051</u>	<u>\$ 256,080</u>

### Percent of Total Net Asset Value

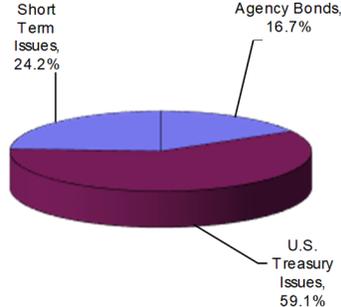


## Securities by Type for Operating Pools *(Percentage of Asset Value)*

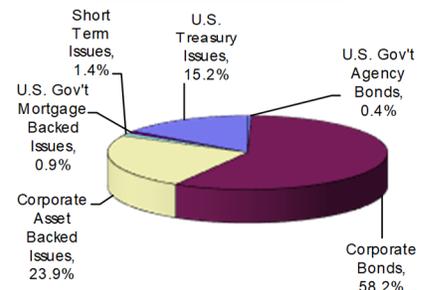
### WV Money Market



### WV Gov't Money Market



### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**  
**NOVEMBER 30, 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
<b>Assets</b>							
Investments:							
At amortized cost	\$ 9,946,858	\$ 411,906	\$ -	\$ -	\$ 26,382	\$ -	\$ 10,385,146
At fair value	-	-	686,386	-	-	1,041	687,427
Other assets	23,081	389	12,603	-	90	5	36,168
Total assets	<u>9,969,939</u>	<u>412,295</u>	<u>698,989</u>	<u>-</u>	<u>26,472</u>	<u>1,046</u>	<u>11,108,741</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	1,494	13,890	14,871	-	1	-	30,256
Total liabilities	<u>1,494</u>	<u>13,890</u>	<u>14,871</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>30,256</u>
<b>Net Position</b>							
Held in trust for investment pool participants	9,968,445	398,405	684,118	-	-	-	11,050,968
Held in trust for individual investment account holders	-	-	-	-	26,471	1,046	27,517
Total net position	<u>\$ 9,968,445</u>	<u>\$ 398,405</u>	<u>\$ 684,118</u>	<u>\$ -</u>	<u>\$ 26,471</u>	<u>\$ 1,046</u>	<u>\$ 11,078,485</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 20,583	\$ 1,047	\$ 2,228	\$ -	\$ 48	\$ 5	\$ 23,911
Net (amortization) accretion	25,322	887	(210)	-	-	-	25,999
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>45,905</u>	<u>1,934</u>	<u>2,018</u>	<u>-</u>	<u>48</u>	<u>5</u>	<u>49,910</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	376	19	44	-	-	-	439
Total investment expenses	<u>376</u>	<u>19</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439</u>
Net investment income	45,529	1,915	1,974	-	48	5	49,471
Net realized gain (loss) from investments	-	-	(1,711)	-	-	-	(1,711)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>8,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,291</u>
Net increase (decrease) in net position from operations	45,529	1,915	8,554	-	48	5	56,051
Participant transaction additions:							
Purchase of pool units by participants	1,000,137	17,751	-	-	-	-	1,017,888
Reinvestment of pool distributions	45,528	1,915	1,869	-	-	-	49,312
Contributions to individual investment accounts	-	-	-	-	991	-	991
Total participant transaction additions	<u>1,045,665</u>	<u>19,666</u>	<u>1,869</u>	<u>-</u>	<u>991</u>	<u>-</u>	<u>1,068,191</u>
Total additions	1,091,194	21,581	10,423	-	1,039	5	1,124,242
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	45,529	1,915	1,974	-	-	-	49,418
Net realized gain (loss) from investments	-	-	(1,711)	-	-	-	(1,711)
Total distributions to pool participants	<u>45,529</u>	<u>1,915</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,707</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,004,880	47,425	-	-	-	-	1,052,305
Withdrawals from individual investment accounts	-	-	-	-	41	-	41
Total participant transaction deductions	<u>1,004,880</u>	<u>47,425</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>1,052,346</u>
Total deductions	<u>1,050,409</u>	<u>49,340</u>	<u>263</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>1,100,053</u>
Net increase (decrease) in net position from operations	40,785	(27,759)	10,160	-	998	5	24,189
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	40,785	(27,759)	10,160	-	998	5	24,189
Net position at beginning of period	9,927,660	426,164	673,958	-	25,473	1,041	11,054,296
Net position at end of period	<u>\$ 9,968,445</u>	<u>\$ 398,405</u>	<u>\$ 684,118</u>	<u>\$ -</u>	<u>\$ 26,471</u>	<u>\$ 1,046</u>	<u>\$ 11,078,485</u>



20  
23

# LAND BANKING IN WEST VIRGINIA

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

The West Virginia Land Stewardship Corporation

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# Executive Summary

Years of economic downturn have led to major challenges with property abandonment and dilapidation. However, West Virginia's growing number of Land Banks are transforming these properties from dangerous and costly, into building blocks for thriving communities and economies. Past and current legislation paved the way for the growing number of Urban Renewal Authorities, Land Reuse Agencies, and Land Reuse Jurisdictions in the State; and the success of the first land banks have led to a dramatic increase in the number of Land Reuse Agencies (LRAs) in operation across the state. The impacts of these land banks are significant and include leading efforts to demolish unsafe structures, put vacant lots back into the hands of West Virginians, and support economic initiatives.

# History of Land Reuse Legislation

## Authorization of Land Reuse Agencies

For decades, West Virginia has experienced a significant increase in vacant, abandoned, dilapidated, and tax delinquent properties due to population loss and economic downturn. These properties impose a significant burden to municipalities and counties by increasing the cost of fire and police protection, removal of overgrown weeds and brush, and demolition of unsafe or dilapidated structures, while simultaneously lowering property values. These properties also undermine community cohesion and directly impede development and community investment.

In 2014, in an effort to provide an additional tool to combat the growing problem of dilapidated properties, the West Virginia Legislature enacted W. Va. Code § 31-18E-1 *et seq.* authorizing the creation of Land Reuse Agencies (LRAs) by individual public bodies - either municipal or county - and Land Reuse Jurisdictions (LRJs) by combinations of municipalities and/or counties. The purpose of these Land Reuse entities is to provide a flexible tool for the purchase, rehabilitation, improvement, and/or sale of vacant, abandoned, and tax delinquent real property resulting in the elimination of blight and the return of these properties to productive use.

Today, West Virginia's LRAs embody this legislative history by tackling abandonment and supporting productive redevelopment in their jurisdictions. LRAs across the state have been responsible for park expansion, new and rehabilitated housing, and commercial development - all contributing to the increased cohesion and success of their communities.

## Land Banks and Tax-Delinquent Properties

Properties that are tax-delinquent or tied up in the process West Virginia uses to sell property tax debt pose significant challenges to local governments working to stabilize neighborhoods and create stable economies. In some cases, tax liens on severely dilapidated properties were being purchase by out-of-state private entities that were not interested in the rehabilitation of the properties, but only in the financial gains that can be made when a tax lien is redeemed. If these properties were not redeemed during the 18-month redemption period, no tax deed was executed, and the properties continued to languish.

If tax-delinquent properties were identified as ones that were in need of remediation or were necessary or desired for their economic development initiatives, municipalities were faced with bidding against private investors during the county tax sales in an effort to affect the desired improvements for the community. This frustrated the rehabilitation and development plans of municipalities, allowing vacant and dilapidated properties to continue to drain public funds and demoralize neighborhoods, sometimes for years.

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

## Amendment to the Legislation

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

A sunset provision was added to the Right of First Refusal and will go into effect July 1, 2025. The amended code also permitted any LRA to submit a report on its activities related to the purchase of tax-delinquent properties to the Joint Committee on Government and Finance prior to January 1, 2020.

# Activity of Land Reuse Agencies

## Active Land Reuse Agencies

There are currently 12 active Land Reuse Agencies in the state of West Virginia, up from just 5 LRAs in 2019. The increased interest in land banking is attributed to the documented success of LRAs across the state. Municipalities and Counties are eager to use land banking to tackle blight and increase housing and commercial development in their jurisdictions. LRAs listed in bold below will be highlighted further in this report.

- Huntington Urban Renewal Authority Land Bank, City of Huntington (Class II municipality), established in 2009;
- Morgantown Land Reuse and Preservation Agency, City of Morgantown (Class II municipality), established in 2018;
- **Nitro Land Reuse Authority of Kanawha and Putnam Counties**, City of Nitro (Class III municipality), established in 2019;
- **Charleston Land Reuse Agency**, City of Charleston (Class I municipality), established in 2019;
- South Charleston Land Reuse Agency, City of South Charleston (Class II municipality), established in 2019;
- **Princeton Land Reuse Agency**, City of Princeton (Class III Municipality), established in 2022;
- New Martinsville Land Reuse Agency, City of New Martinsville (Class III Municipality), established in 2023;
- Fayette County Land Reuse Agency, Fayette County, established in 2023;
- Beech Bottom Land Reuse Agency, Village of Beech Bottom (Class IV Municipality); established in 2023;
- Smithers Land Reuse Agency, City of Smithers (Class IV Municipality); established in 2023;
- Clarksburg Urban Renewal and Land Reuse Agency, City of Clarksburg (Class II Municipality), established in 2023;
- Hinton Land Reuse Agency, City of Hinton (Class III Municipality), established in 2023

# Charleston Land Reuse Agency

City of Charleston, WV | Class I Municipality | Established 2019

## The Stats:

**Properties taken into inventory, 2023:**

61

**Properties taken into inventory, all**

**time:** 132

**Properties using Right of First**

**Refusal, 2023:** 20

**Properties using Right of First**

**Refusal, all time:** ~100

**Properties currently in inventory:** 130

**Properties prepared for re-use, 2023:**

6

**Properties prepared for re-use, all**

**time:** 16

**Properties put back into productive**

**use, 2023:** 11

**Properties put back into productive**

**use, all time:** 11



## 2023 Success Story

Successfully transferred property to the City to enlarge existing parklands totaling 16 acres, and allowing for International Mountain Biking Association Trail Accelerator grants applications

## The Story:

### Community Impact:

- Gifted a commercial building to a non-profit grocery store
- Developed a lot for single-family housing
- Prepared a lot for urban garden use
- 8 lots transferred to the City for public open space and parkland

### Staff:

- Dedicated Land Bank Staff
- Municipal Staff

### Primary Obstacle:

- Clearing title to tax sale properties
- Coordination of resources and partners

**Would we recommend land banking to other municipalities and counties?** Yes

# Nitro Land Reuse Authority of Kanawha and Putnam Counties

City of Nitro, WV | Class III Municipality | Established 2019

## The Stats:

**Properties taken into inventory,**

**2023:** 57

**Properties taken into inventory, all**

**time:** 60

**Properties using Right of First**

**Refusal, 2023:** 8

**Properties using Right of First**

**Refusal, all time:** 45

**Properties currently in inventory:** 55

**Properties prepared for re-use,**

**2023:** 19

**Properties prepared for re-use, all**

**time:** 22

**Properties put back into productive**

**use, 2023:** 2

**Properties put back into productive**

**use, all time:** 5



## 2023 Success Story

Purchasing two city blocks of dilapidated, dysfunctional low income housing for demolition and commercial redevelopment

## The Story:

### Community Impact:

- Metro 911 data shows that areas of blight removal coincide with significant drops in calls for police, fire, and EMS.

### Staff:

- Dedicated Land Bank Staff

### Primary Obstacle:

- Tax policies
- Funding
- Staffing
- Education at the county level

**Would we recommend land banking to other municipalities and counties?** Yes

**Notes and Comments:** Land banking is crucial if adequately staffed and funded

# Princeton Land Reuse Agency

City of Princeton, WV | Class III Municipality | Established 2022

## The Stats:

**Properties taken into inventory,**

**2023:** 0

**Properties taken into inventory, all**

**time:** 0

**Properties using Right of First**

**Refusal, 2023:** 4

**Properties using Right of First**

**Refusal, all time:** 23

**Properties currently in inventory:** 0

**Properties prepared for re-use,**

**2023:** 0

**Properties prepared for re-use, all**

**time:** 0

**Properties put back into productive**

**use, 2023:** 0

**Properties put back into productive**

**use, all time:** 0



## 2023 Success Story

The use of the Right of First Refusal: we have 15 properties pending on title from the state which have potential for redevelopment

## The Story:

The Princeton Land Reuse Agency, in one short year of operation, has initiated procurement on more than 15 properties with a goal of redevelopment for both residential and commercial projects.

### Staff:

- Municipal Staff

### Primary Obstacle:

- Funding

**Would we recommend land banking to other municipalities and counties?** Yes

# 2023's Newest Land Banks

## 6 new Land Banks have been started in 2023.

Notably, this includes West Virginia's **first** county Land Bank: Fayette County. County land banking is hoped to be the future for rural land reuse strategies in the State, allowing small municipalities to have the benefits of land banking with limited individual resources.



### THE CITY OF SMITHERS SAYS:

We would like to thank everyone involved in making the Land Bank an option for municipalities. This program will be beneficial to the future of the city.



### THE CITY OF CLARKSBURG SAYS:

Municipal ordinance passed! Interest in the [land banking] programs that are possible have been used in other grant and funding applications. This is providing hope in subsidizing land costs associated with housing development in West Virginia. We look forward to working with the West Virginia Land Stewardship corporation on moving purgatory properties into urban development.

# Acknowledgements

The aggregation of this data, and the success of West Virginia Land Banks, would not be possible without the Abandoned Properties Coalition's **Land Reuse Team**. WVLS is honored to work with a team of such dedicated and talented land reuse professionals working toward brighter horizons for our State.

Special thanks to our interviewed participants:

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Teresa Dorsey of the Smithers Land Reuse Agency

John Whitmore of the Clarksburg Land Reuse Agency

John Butterworth of the Charleston Land Reuse Agency

**We thank you for your continued support of the past, present, and future of West Virginia Land Banking.**

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