



JOINT COMMITTEE
ON GOVERNMENT & FINANCE
INTERIM BOOK

Materials Distributed
November 12, 2024



Joint Committee on Government & Finance Interim Book

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

Prepared by the
West Virginia Office of Broadband
November 10, 2024

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

American Rescue Plan Act (ARPA) Funding

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

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

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

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

The WVBIP includes three separate programs for projects that can be awarded funding from Capital Projects Fund or State and Local Fiscal Recovery Fund (SLFRF). The programs were developed to align with ARPA rules and guidance and contain three well defined infrastructure grant initiatives.

Following Treasury guidelines, ARPA programs focus on last mile connections to locations without access to reliable wireline service of 25/3 Mbps. Deployed networks will deliver a minimum of 100/20 Mbps and are scalable to symmetrical 100 Mbps.

ARPA Key Performance Indicators

Progress reports are collected from grantees and submitted to the U.S. Treasury on a quarterly basis. The WVDED has awarded 42 ARPA funded projects. As of the third quarter of 2024, a total of 3045 locations are now served by ARPA funded networks.

Total investment to date includes \$108.1 million in U.S. Treasury Capital Projects Funds and \$64.4 million in State Local Fiscal Recovery Funds. Private investment has exceeded \$68 million, for a total investment of \$236 million under West Virginia's ARPA initiative. As of the third quarter of 2024, a total of \$9,941,944.43 of SLFRF funds have been disbursed to grantees.

Below lists the project status for active projects in construction:

- LEAD Citynet Green Valley Line Extension - **Complete**
- LEAD Comcast Brooke, Hancock, Marshall, Ohio Line Extension - **Construction**

- LEAD Comcast Cabell, Kanawha, Morgan, Putnam Line Extension - **Construction**
- LEAD Prodigy North-Central Preston Extensions - **Construction**
- LEAD Prodigy West Preston-Valley District Extension - **Construction**
- LEAD Hardy Telecommunications - East Hardy Line Extension - **Complete**
- LEAD Citynet Shavers Fork, Helvetta, Crestview Line Extension - **Complete**
- LEAD Shentel North Fork - **Complete**
- LEAD Hardy Telecommunications - South Mill Creek Road Line Extension - **Construction**
- LEAD Prodigy East Monongalia and East Preston Rural Broadband - **Construction**
- LEAD Prodigy Preston to Barbour Rural Expansion - **Construction**
- MBPS Frontier Boone County - Turtle Creek - **Construction**
- MBPS Frontier West Mason - **Construction**
- MBPS Citynet Thornton, Gladesville & Morgantown South - **Construction**
- MBPS Micrologic Randolph County MBPS - **Construction**

Projects not under construction are currently in permitting through the West Virginia Division of Highways (WVDOH) and utility pole owners.

Progress Snapshot: Projects in Each Phase			
Preliminary Steps	Permitting and Design	Construction	Close Out
3			
	23		
	12		
			4

Current ARPA Projects

ARPA Funds Awarded to Date

- \$172.46 Million**
- \$108.1 Million CPF
 - \$64.4 Million SLFRF

Matching Funds \$68.01 Million

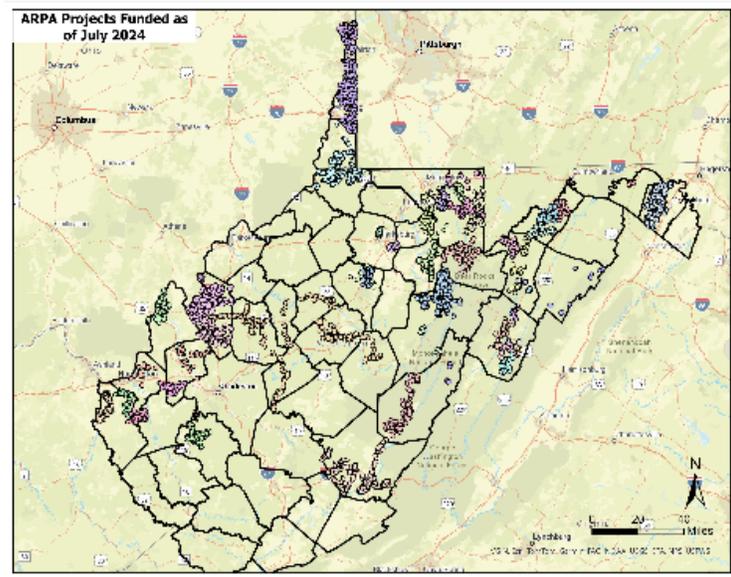
Total Investment \$236.28 Million

Last-Mile Projects 42

Total Miles of New Plant 3,875

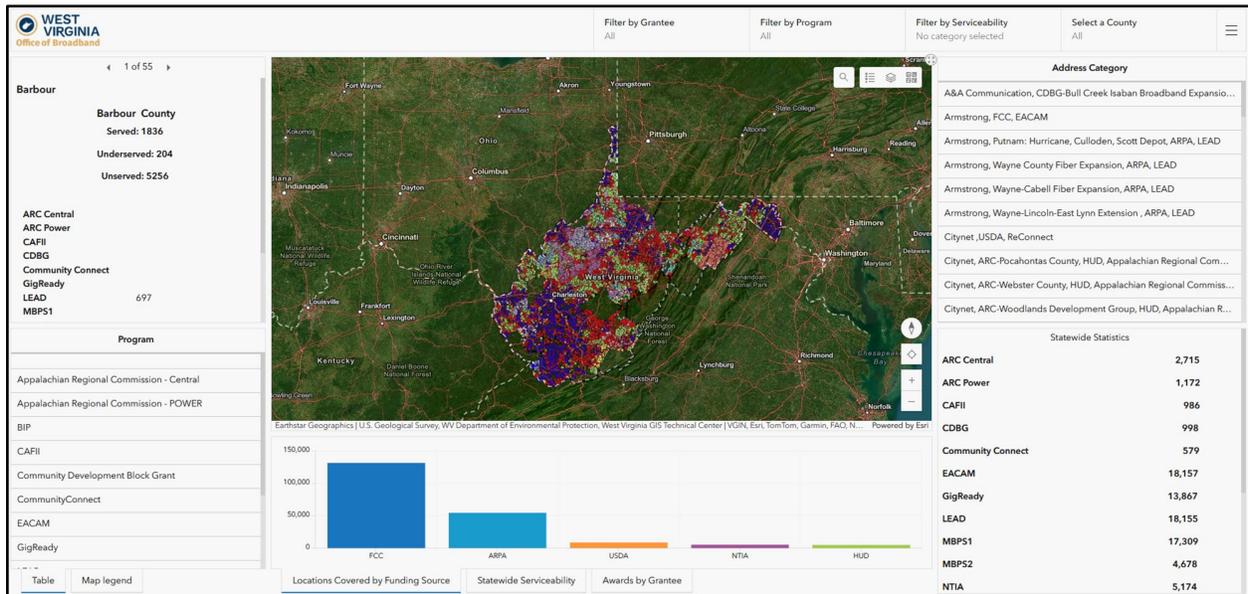
41 Counties

39,617 Targeted Locations



West Virginia Broadband Dashboard

To demonstrate broadband availability across West Virginia, the WVDED has created an interactive application for end users to learn more about all funding sources including ARPA project details. Using the CostQuest Fabric data, broadband availability is represented at the address level. The data is currently under review by CostQuest to ensure compliance with the License User Agreement. This dashboard will be available at broadband.wv.gov.



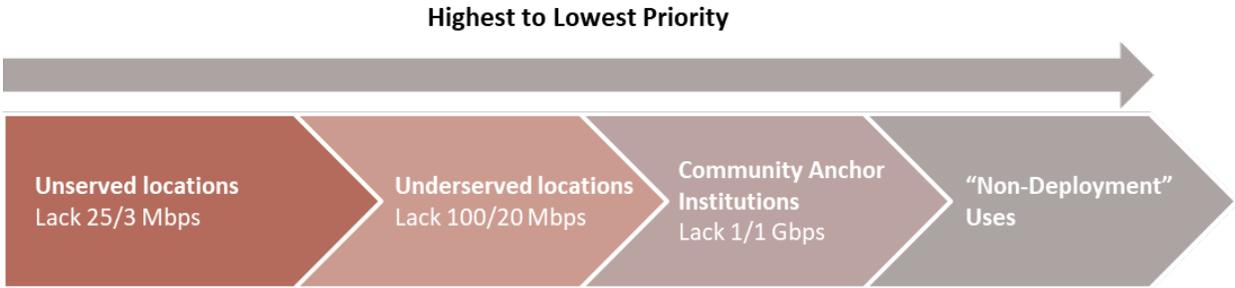
Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

In June 2023, NTIA announced that West Virginia would be awarded \$1.2 billion in federal Broadband Equity, Access and Deployment (BEAD) funding for broadband development in West Virginia. BEAD is administered by the National Telecommunication and Information Administration (NTIA). This historic investment in broadband infrastructure and related digital inclusion efforts will support West Virginia’s universal broadband access vision:

West Virginia Vision for Digital Equity and BEAD

Achieve universal broadband coverage and digital equity throughout the State through aggressive broadband deployment goals and a commitment to closing the digital divide through robust equity and inclusion initiatives.

The BEAD application requires several steps: a Five-Year Action Plan, Initial Proposal Volumes I and II, followed by a Final Proposal. Additionally, the BEAD Program requires states to coordinate efforts with Digital Equity planning, capacity building, and workforce development. West Virginia’s Initial Proposal Volumes I and II will build upon the goals, objectives, and strategies outlined in West Virginia’s BEAD Five-Year Action Plan. 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.



West Virginia’s broadband access gap is significant, and the State currently ranks near the bottom of broadband availability in the U.S.¹ As of December 31, 2022, Federal Communications Commission (FCC) data shows that only 65.3% of West Virginia’s Broadband Serviceable Locations (BSLs) are classified as fully served.²

¹ West Virginia is 50th of 50 states, Washington, D.C., and Puerto Rico.
² West Virginia’s broadband availability falls short; of all 50 states, the District of Columbia, and Puerto Rico, West Virginia ranks 50th. This number reflects residential broadband availability rankings; the FCC does not provide data for statewide combined residential, mixed-use, and non-residential rankings.

To be considered fully served, a BSL must have a terrestrial or licensed fixed wireless internet service provider that provides, or could easily provide, a minimum connection speed of 100/20 Mbps, with latency less than or equal to 100 milliseconds. Underserved locations are subsequently defined as BSLs with maximum speeds between 25/3 Mbps, and 100/20 Mbps. Finally, unserved locations are defined by the BEAD program as BSLs with speeds less than 25/3 Mbps.³

Unserved and underserved locations exclude those with existing enforceable federal, state, or local commitments to provide service.⁴ Ongoing state and federal investments are projected to increase the number of connected BSLs, but there is still a long way to go to reach 100%.⁵ This gap in broadband access impedes full participation in an increasingly digital society and limits economic opportunity. West Virginia's Five-Year Action Plan serves as a guide to achieve universal connectivity and close the digital divide.

The IJA includes three major programs:

- 1. Broadband Equity, Access, and Deployment (BEAD) Program (\$42.5 billion)**
- 2. State Digital Equity Act programs (Digital Equity Capacity Grant and Digital Equity Competitive Grant (\$2.75 billion))**
- 3. Enabling Middle Mile Broadband Infrastructure Program (BIP)**

Each program is briefly detailed below:

- 1. Broadband, Equity, Access, and Deployment (BEAD)**
 - a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities.
 - b. On June 26, 2023, NTIA announced that West Virginia will receive \$1,210,800,969.15 in BEAD funding.
 - c. West Virginia's Five-Year Action Plan is approved by NTIA. The plan is posted at broadband.wv.gov.
 - d. **West Virginia was among the first states in the nation to gain NTIA approval of its Initial Proposal Volume 1.** The plan approval date was January 29, 2024, and is posted at broadband.wv.gov.
 - e. **West Virginia was among the first states in the nation to begin its BEAD Challenge Process.** The process began on February 10 and concluded on April 14, 2024. A list of all challenged locations was publicly posted at broadband.wv.gov on April 24, 2024.
 - f. NTIA approved West Virginia's post-challenge results on August 20, 2024.
 - g. West Virginia's Initial Proposal Volume 2 is posted at <https://broadband.wv.gov/>. NTIA announced approval of the state's BEAD IPV II on April 18, 2024.
 - h. West Virginia was among the first states in the nation to achieve approval of Initial Approval Volume 2.

³ <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf>, p16 and p17

⁴ NTIA, Notice of Funding Opportunity (NOFO) Broadband Equity, Access, and Deployment Program, <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf>, p36

⁵ Derived from calculations by WVDED. For more details, please see Section 3.1.

- i. **West Virginia was among the first states in the nation to open its BEAD Full Application Portal. The application portal opened on August 26 and closed on October 24, 2024.**

Key Takeaways from the BEAD Planning Process

- WVDED is coordinating the deployment of BEAD funding with other existing broadband infrastructure programs in the State.
- Only 65% of broadband serviceable locations in West Virginia are served, according to NTIA's definitions.
- **BEAD funding will support deployment to unserved and underserved locations following adjustments from the challenge process, existing enforceable commitments, and areas newly served since the initial BEAD assessment.**
- In addition to NTIA's community anchor institution categories, WVDED will consider adding correctional and rehabilitation facilities, courthouses, job training centers, and senior centers because they facilitate greater use of broadband service by vulnerable populations.
- **To ensure "future-proof" broadband service, any location served through DSL will be considered "underserved" for the purposes of the BEAD program.**

Recent BEAD Benchmarks

- West Virginia's Full Application portal closed October 24. Analysis of applications in alignment with approved BEAD plans and procedures progressed immediately, with some factors already known based on pre-applicant data.
- WVDED is moving quickly to open the Extension application portal, which will make a subset of regions, areas and locations available for proposals as reflected in the BEAD Extension guidance distributed publicly.
- WVDED distributed an interested form for BEAD participants to indicate their intent to utilize or apply for loan and grant assistance through the state Broadband Loan Insurance (BLINS) program. These were due by Nov 1, 2024.
- The West Virginia Department of Economic Development, the Office of Broadband, along with the West Virginia Broadband Enhancement Council and the West Virginia Economic Development Council, hosted broadband industry leaders from throughout West Virginia and the nation at the 2024 West Virginia Broadband Summit, held October 22-23, in Charleston. The event included presentations detailing West Virginia's broadband expansion initiatives, broadband data and mapping, focused discussions on workforce development initiatives in the broadband industry, and specific requirements of federal funding programs. Projects that are under construction throughout West Virginia were highlighted during the event.
- West Virginia launched its Full Application phase on August 26, 2024. Learn more here: <https://broadband.wv.gov/west-virginia-bead-final-challenge-results-approved-by-ntia-project-application-portal-to-open-august-26-2024/>.
- The Full Application portal was open for 60 days. Providers who successfully completed the BEAD Pre-Application phase were directly provided with an application link and all information needed to complete full applications. Following the Full Application deadline, WVDED will post

Target Areas eligible for the Extension and provide applicants the opportunity to propose additional projects.

Next Steps for BEAD

On September 16, WVDED published a set of Application Extension Program Procedures for the BEAD Program. Learn more here: <https://broadband.wv.gov/program-procedures-for-the-extension-of-west-virginias-bead-program/>. WVDED will extend the application window of the West Virginia BEAD Program for a subset of the Program’s Target Areas following the Full Application deadline.

On October 9, 2024, WVDED conducted an Extension Webinar on the upcoming BEAD Extension. While the Application Extension Program Procedures for the BEAD Program are very similar to the West Virginia BEAD Program Procedures, there are some differences, and the webinar will focus on helping potential applicants understand the differences.

On September 16, 2024, NTIA released Final Proposal Guidance, https://broadbandusa.ntia.doc.gov/sites/default/files/2024-09/BEAD_Final_Proposal_Guidance.pdf, which more fully clarifies what content and reporting requirements will be involved in the state’s final submission which is due April 18, 2024. The WVDED is adjusting it’s timeline to allow required 30-day public comment period prior to submission to NTIA.

The West Virginia Broadband Summit was held October 22-23, 2024, and serve to convene partners and stakeholders for informative speakers, environmental training, updates on pole attachment efforts and policy, and coordination for the upcoming non-deployment application process.

BEAD Non-Deployment

The West Virginia Office of Broadband has posted draft procedures for BEAD Non-Deployment Programs broadband.wv.gov including Workforce Development, Device Distribution, and Digital Skills and Navigators. While WVDED expects that BEAD funds will be available for these non-deployment programs, the final budget will not be known until funds are budgeted for BEAD deployment projects for all unserved and underserved locations statewide.

To facilitate the efficient and impactful deployment of anticipated non-deployment activities, WVDED has been awarded Appalachian Regional Commission (ARC) funding to complement BEAD efforts to provide technical assistance to applicants, and is pursuing the development of a Broadband Industry Career Exploration Program through the West Virginia Department of Education. Priorities are being refined and Workforce needs explored in part through the West Virginia Broadband Workforce Council, in particular through a Workforce Committee which is meeting quarterly.

West Virginia’s Digital Equity Program

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

West Virginia Vision for Digital Equity

Ensure that all West Virginians have the resources they need to participate in the digital world and achieve the economic benefits of digital equity

High quality, accessible, and affordable broadband is critical for a more just and equitable West Virginia, a healthier society, and a stronger economy that offers opportunity for everyone. West Virginia’s low rate of access to broadband, coupled with its demographic profile, creates many challenges for digital equity⁶:

1. 97% of West Virginians fall into one or more of the Digital Equity Act’s covered populations categories—the highest of any state in the country.
2. More than 35% of West Virginians live in unserved or underserved areas as defined by the NTIA.⁷
3. West Virginia has the highest percentage of individuals living in a rural area (90%) in the country.⁸

The Digital Equity Act contains three grant programs:

1. The Digital Equity Planning Grant (\$60 million)
2. The Digital Equity Capacity Grant (\$1.44 billion)
3. The Digital Equity Competitive Grant (\$1.25 billion)

Digital Equity Planning Grant

West Virginia was allocated over \$700,000 to complete a State Digital Equity Plan. Grant funds were used to collect data, coordinate with partners and relevant stakeholders, and draft the plan. After a public comment period, multiple rounds of revisions, and two rounds of curing, the West Virginia Digital Equity Plan was completed and submitted to NTIA on December 14, 2023. **West Virginia’s Plan was approved by NTIA on February 29, 2024—one of the first six states to be granted approval.** WVDED completed the remaining reports and requirements to close out the Digital Equity Planning Grant on April 26, 2024.

Digital Equity Capacity Grant

On March 29, 2024, NTIA released the Notice of Funding Opportunity (NOFO) for the \$1.44 billion Digital Equity Capacity Grant Program. This grant program is for each state and territory to implement its Digital Equity Plan.

The first of three NOFOs under the program has **tentatively allocated over \$9 million to West Virginia to increase adoption of high-speed internet through affordability, digital skills training, and device access**

⁶ NTIA defines digital equity as 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.

⁷ Calculated using National Broadband Availability Data provided by the Federal Communications Commission, available at <https://broadband477map.fcc.gov/#/data-download>.

⁸ Ibid.

programs. West Virginia's funding allocation was determined by its total population, percentage of covered populations, and lack of broadband availability and adoption compared to other states. **The Office of Broadband submitted the application for DE Capacity Grant funding on May 15, 2024.**

WVDED received formal approval of its DE Capacity Grant application on November 1, 2024. At the time of writing, there is no formal start date to West Virginia's period of performance under this program.

With the official wind-down of the Affordable Connectivity Program (ACP), WVDED will be exploring new methods of ensuring affordability of high-speed internet service, including spreading awareness of existing affordable internet packages and other relevant consumer information.

WVDED will invest funds to support:

1. Digital Equity (DE) Plan Updates and Data Collection
2. Grant Program Development, Implementation and Evaluation
3. Broadband Affordability Awareness.

WVDED will design three grant programs that empower local organizations to serve Covered Populations, as described in both the State's DE Plan and BEAD Initial Proposal Volume II.

Digital Skills and Navigators Program: WVDED is prioritizing implementation of a Digital Skills subgrant program to address a "lack of technical knowledge," as identified in the DE Plan Needs Assessment. This program will leverage experienced West Virginia organizations to provide training and education to members of the Covered Populations on the use of digital tools, accessing online resources, and practicing safe and responsible online behavior.

Local Digital Equity Planning: This grant program will be available to local governments (e.g. municipal, county) to support the development of local Digital Equity plans. Successful plans will include strategies and key activities aligned with the State DE Plan so that subgrantees are prepared to secure implementation funding, such as the DE Competitive Grant Program. The goal of the program is to ensure interest and activity in digital inclusion work at the local level after the end of the Digital Equity Act programs.

Pilot Device Program: WVDED will pilot its Affordable Device Program to provide eligible residents with new, used, or refurbished devices. The program, connected to the digital skills training program, will ensure participants have the technical assistance needed to operate their new devices. This program, targeted for low-income individuals as defined by the "Covered Households" category of the DEA, will be scaled in subsequent years based on best practices learned from the pilot.

DE Plan Updates and Data Collection: WVDED will revise the State's DE Plan, specifically regarding affordability activities, the Local DE Planning Program, and implementation timeline. Additionally, WVDED will continue to collect data and administer surveys to establish more precise baseline figures and subsequent monitoring of Key Performance Indicators (KPIs). WVDED will partner with the National Digital Inclusion Alliance (NDIA), the Digital Equity Research Center (DERC), Merit Network, and six other states to create a State Evaluation Tool to assist with evaluating both individual projects and overall statewide progress.

Highlights:

- a. The Digital Equity Capacity Grant Program is meant to fund implementation and revision of each state Digital Equity Plan (https://broadbandusa.ntia.doc.gov/funding-programs/Digital_Equity_Capacity_Grant_Program)
- b. NTIA announced the opening of the application period and released the Notice of Funding Opportunity (NOFO) on March 29, 2024. Applications from States were due by May 28, 2024.
- c. West Virginia has tentatively been allocated over \$9 million to carry out the State Digital Equity Plan for the next five years. Two more funding allocations will become available in 2025 and 2026.
- d. The Office of Broadband completed the Capacity Grant application and submitted its application on May 15, 2024. The Program structure features three subgrant programs and data collection activities to annually update the State Digital Equity Plan.
- e. West Virginia was granted formal approval of its DE Capacity Grant Application on November 1, 2024.
- f. On November 1, 2024, the West Virginia Office of Broadband joined NTIA for a press call announcing this approval. Partners from AARP-West Virginia, West Virginia University, and Marshall University also joined this call.
- g. On At the time of writing, there is no formal start date to the grant’s period of performance.

Digital Equity Competitive Grant

The Digital Equity Competitive Grant Program will allocate \$1.25 billion to state agencies, local governments, community anchor institutions, nonprofit organizations, local education agencies, workforce development entities, and partnerships to implement digital inclusion projects. **NTIA released the Notice of Funding Opportunity (NOFO) for the DE Competitive Grant Program on July 24, 2024. Applicants had to then submit their applications by September 23, 2024.**

Applicants may request between \$5 million and \$12 million, with smaller or larger awards allowed with sufficient justification. Eligible uses of funding include educational and workforce development activities, constructing public computer labs, providing broadband service at low or no cost, broadband adoption programs, and a wide variety of digital inclusion projects—all of which must focus on serving members of the DEA covered populations.

Among other scoring criteria, **NTIA will place priority on projects that identify and fill a gap in the State Digital Equity Plan.** The program is meant to fill implementation gaps and remove systemic barriers to digital equity across the country.

It was initially announced that the DE Competitive Grant would award \$750 million across U.S. States, territories, and tribal entities. Depending on Congressional approval, an additional \$250 million—allocated for Fiscal Year 2025—may be awarded under this initial round of funding. There will be at least one more round of awards totaling \$250 million for Fiscal Year 2026.

NTIA anticipates granting 150 to 200 awards in total. NTIA anticipates announcing awards on a rolling basis beginning Winter 2024.

In October 2024, NTIA announced that they had received well over 700 applications, amounting to over \$6.5 billion in requested funding. **Also announced was that funding allocated for FY 2025 would be awarded under this first round, increasing the total grant amount from \$750 million to \$1 billion.**

The West Virginia Office of Broadband is strongly encouraging state agencies, local governments, nonprofit organizations, and other eligible entities to consider applying for the next round of the program. The DE Competitive Grant Program is a major opportunity to bring federal funds to West Virginia for education, workforce development, and digital inclusion programs. The Office of Broadband worked to spread awareness and provide assistance to potential applicants during the application window. Upon request, WVDED provided letters of support for three applicants.

The **Office of Broadband is aware of at least six organizations that completed and submitted DE Competitive Grant applications for projects in West Virginia.** As NTIA announces awards on a rolling basis, the Office of Broadband will coordinate with any West Virginia awardees to ensure successful cooperation.

When more details are available for future rounds of the DE Competitive Grant Program, the Office of Broadband will again encourage potential applicants to apply and provide assistance.

Highlights:

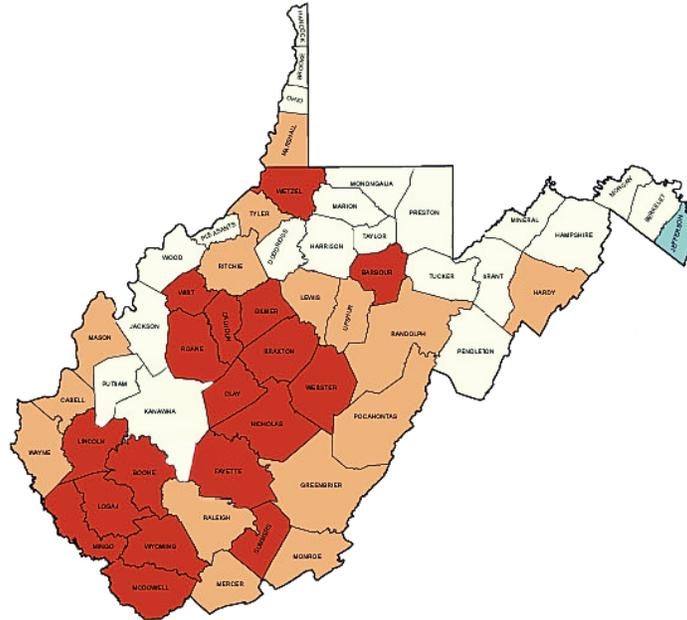
- a. The DE Competitive Grant Program is meant to fund digital inclusion projects from state agencies, nonprofit organizations, community anchor institutions, and partnerships. (https://broadbandusa.ntia.doc.gov/funding-programs/Digital_Equity_Competitive_Grant_Program)
- b. NTIA announced the opening of the application period and released the NOFO on July 24, 2024. Applications from eligible entities are due to NTIA by September 23, 2024.
- c. Awards will be between \$5 to \$12 million. The first round of awards will allocate \$1 billion across the country. A final round of awards, totaling \$250 million, will be awarded in either 2025 or 2026.
- d. NTIA will begin announcing awards on a rolling basis in Winter 2024.
- e. WVDED promoted the DE Competitive Grant Program, monitored potential applicants, and provided assistance wherever possible. WVDED provided letters of support for three applicants.
- f. At least six organizations submitted applications for digital inclusion projects in West Virginia. These include both West Virginia based organizations and national groups.

Connect Humanity - Appalachia Digital Accelerator Project

Connect Humanity, a national nonprofit organization working to assist communities with broadband access and adoption, was awarded a \$6.3 million Appalachian Regional Commission (ARC) ARISE grant in 2023 to assist communities throughout Appalachia. Connect Humanity launched the **Appalachia Digital Accelerator Project**, working with trusted partners in each state to close the digital divide. More information: <https://connecthumanity.fund/appalachia-digital-accelerator/>

In West Virginia, Connect Humanity has partnered with Generation WV, Regional Optical Communications (ROC), and WVDED. Because broadband infrastructure deployment has been largely planned out by WVDED through BEAD program planning and by ROC independently, Connect Humanity's project in West Virginia has focused on digital equity planning.

The core goal of the Appalachia Digital Accelerator Project in West Virginia is to convene stakeholders, gather data, and draft a county-level digital equity plan for each of the state's 18 ARC distressed counties from Fiscal Year 2023. The digital equity plans will assist each county in coordinating digital inclusion activities and assist with applying for upcoming grant opportunities.



Map of West Virginia by ARC economic status (FY 2023). Targeted counties shown in red.

Targeted counties include: Barbour; Boone; Braxton; Calhoun; Clay; Fayette; Gilmer; Lincoln; Logan; McDowell; Mingo; Nicholas; Roane; Summers; Webster; Wetzel; Wirt; Wyoming.

The core planning team, consisting of Generation WV, WVDED, and ROC, has convened county level steering committees in each of the 18 counties. These steering committees include public officials, local educators, community leaders, and more. County steering committees have met monthly, helping guide each county's priorities and potential projects. In June 2024, Generation WV hosted 3 planning workshops across the state. These were held:

- On June 24 at the Progressive Women's Association Uptown Event Center in Clarksburg, WV
- On June 25 at Hawks Nest State Park in Ansted, WV
- On June 26 at the Larry Joe Harless Community Center in Gilbert, WV

The core planning team, as well as visiting staff from Connect Humanity and NDIA, spoke to county steering committee members from across the state about a variety of topics. These included digital equity basics, best practices, upcoming grant opportunities, statewide goals, data collection, and ideal project structure. Local leaders discussed local barriers to broadband adoption, potential digital inclusion projects, funding sources, and partners.

All 18 county-level digital equity plans are currently available here: <https://generationwv.org/digital-equity/>

Officially, the project is completed, as the county plans are complete. Currently, Generation WV and partners are on standby to provide technical assistance to those counties and sub-county organizations planning for digital inclusion projects.

Highlights:

- a. Connect Humanity was awarded a \$6.3 million ARC ARISE grant to assist communities across Appalachia with broadband access and adoption. Through the Appalachia Digital Accelerator Project, Connect Humanity has convened partners in each state to carry out activities.
- b. West Virginia's core planning team under this project consists of Generation WV, WVDED, and ROC, with support from Connect Humanity and NDIA.
- c. The goal of the project is to create a county-level digital equity plan for each of the state's 18 ARC distressed counties from FY 2023. These plans identify county specific barriers to digital equity and propose local goals and activities to address these barriers. These plans will also support each county in applying for grant funding.
- d. Generation WV hosted three planning workshops in June 2024. Staff from Connect Humanity and NDIA visited to speak to local leaders about digital equity best practices from projects across the country.
- e. All 18 county-level plans are completed and available to view.

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

September 9, 2024

4:00 p.m. – 5:00 p.m.

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

Speaker Hanshaw: “All right, folks. Good afternoon. We'll go ahead and call today's meeting to order. It is after 4:00 PM. So, today's committee...Joint Committee on Government and Finance will be in order. Chair notes at this moment we do not yet have a quorum of the committee present. So, we will forego approval of the minutes of our last meeting until a quorum arrives later in the meeting, but I do want us to go ahead and begin with our presentation today. We have Mr. James Fawcett, President of Highmark West Virginia. We are here in Parkersburg where Highmark is situated and it seems entirely appropriate that we invite Mr. Fawcett and his team to share with us some thoughts on their business.”

Jim Fossett: “Terrific. Thank you and welcome to our home. We're so delighted you're here. My name is Jim Fossett...as you heard...and I've been with the company for

36 years and this October 1 will be my eighth year as President of Highmark West Virginia.

So, this really is a discussion. Being from Blue Cross Blue Shield...largely going to look at the private commercial markets. We'll delve a little bit into some of the government ones, but again, so delighted to have you here today. Who is Highmark West Virginia? I thought I'd just start with this. We are the only insurance carrier in the state of West Virginia that can serve West Virginians in all 55 counties no matter what their commercial needs are. We can do Medicaid, individual ACA, small group, large group, Medicare Advantage, Medicare supp., dental, vision, we're there in all 55 counties offering insured products. There are over 600 Highmark employees that call West Virginia home. So, we obviously have an important economic impact as an employer in addition to this being our home. We have roots that go back over 80 years in West Virginia, and we are a not-for-profit company...and we are very proud and work very hard to be the number one commercial health insurer in the state of West Virginia.

Going to take a minute and digress a little bit because sometimes there's confusion about what is Blue Cross Blue Shield. I just don't want to assume that everybody knows what Blue Cross Blue Shield is. Blue Cross Blue Shield is our global association that has 33 independent licensees, but the importance of that is one in three Americans carry a Blue Cross Blue Shield card. It's very important in the economics that drive insurance and more importantly to our customers through the association in all...in all the states across America, we dovetail and share each other's provider contracts. So, if you're traveling on vacation and you're in Florida, the Carolinas, if your child decides to go play basketball in another state, or if you're a business owner who has locations outside of West Virginia,

we can allow seamless access to any provider...be it hospital, doctor, or other providers...ensure that you get that excellent experience of acceptance and the best price that you can for the services that your employees, child, loved one needs. Also worth noting, when you think about the employment structure of West Virginia, Blue Cross Blue Shield serves over 5.6 million federal employee...employees...and that's...it's our largest customer too.

So, if that's the national...who is Blue Cross Blue Shield Association...that's the association...there are 33 licensees, Highmark Health is the regional licensee who we're part of that family. Highmark Health is the fifth largest Blue Cross Blue Shield organization. It is all not-for-profit at The Blues...it's The Blues in New York, Pennsylvania, Delaware, and West Virginia. Importantly for us in serving our members, we get the share scale and technology...on the insurance side of the business, scale is incredibly important. We...we have scale that we share over 29 million lives through our parent company and I'll be very candid, earlier I said we're here and all products to all West Virginians...without that scale of Highmark Health we could never be in all markets for all West Virginia...all West Virginians. There are over 42,000 employees that work at Highmark Health. We have dental companies, vision companies, stop loss reinsurance companies. We also have a health system in Western Pennsylvania called Allegheny Health Network, which makes our strategic planning meetings very interesting. So that's Highmark Health...26 billion in revenue. Highmark West Virginia is headquartered right here in Parkersburg, beautiful building. I hope you walk up the street and see us. Feel free to use the tables out front.

We've been serving...through our predecessor companies...West Virginians for over 80 years. Linda Wigal, head of sales back there if you raise your hand. She has a 98% client retention rate over the last five years. We work really hard to keep our customers delighted. It's very competitive year after year. Thank you, Linda. Our service is obviously done here in West Virginia and important in this meeting is when we make money as a not-for-profit...bottom line money...that money stays in West Virginia. It goes to our risk-based capital. Yes, we buy services from Highmark Health, legal services, administrative. services, clinical, and network services...but when we make money here in West Virginia, it stays here in West Virginia.

So, we have the national Blues, we have Regional Health System, and then we have Highmark West Virginia right up the street. We also worry about our...our corporate community citizenship, are...are we good to the communities we serve and three years ago we started a Charitable Fund for Health, a foundation...and I'm going to touch on this a little bit later...but in our first three years we've granted out over \$6 million dollars to not-for-profit agencies who are helping West Virginians in all 55 counties around healthcare access, quality issues, things like that. So, I know we're talking about finance and when you talk about healthcare, we have people that come to work every day to address issues of rural access. I mean that is an issue that you have to face when you're in West Virginia, issues around transportation, housing, healthy food, substance use disorders, chronic and lifestyle issues around obesity, tobacco use, mental health, substance use disorders, and the...the workforce reality that we're in a state that our general population dynamics is aging and it's declining at the same time which creates real workforce challenges, not just for us, but for the employers we serve. I'm going

to...I'm not going to go deep into those issues today. I need to acknowledge those because those are significant drivers in healthcare, knowing who...your roles in our public policy, I kind of wanted to go focus on a couple of other things.

So, I always start off with the Insurance Commissioners Annual Report. I guarantee you I'm the first one who goes out online to read this thing. I live by this thing; I love this report. Not every state does this. We count belly buttons in our business. How many belly buttons do we insure? When you ask my boss, you know, am I doing good or bad? It's...it's how many belly buttons am I insuring? That's a measure and this is kind of a source of truth, you know, it's important to see from the Insurance Commissioners (...inaudible...) and a couple takeaways, we have 1.7 million people in our state, we're not a large state and you can see this is the way that West Virginians are covered, which drives the economic reimbursement back through the system, either to health insurers like myself or to health systems. When you think about our three major health systems...or the FQHC's...in our state, this is a really important model and so the first thing that I take away from this is that 74% of all West Virginians are covered by a plan...or have no insurance...that end up reimbursing our health system providers. These are the big health systems, individual, whatever...on government-based reimbursement. Yes, PEIA just went from Medicare to Medicare plus 10%, but still relative perception, a lot of people are paying at Medicaid rates or lower...because we're West Virginians, we don't realize that maybe just one state over...like one state north of us where Highmark Health is headquartered...if you looked at payer mix rates, it would be like 55, 60% commercial, not government. This is a...a major, major challenge for all of us. Now, this is my artwork taking the state's report and this is kind of when I look at the economic driving forces

behind supporting our health systems. When you have 74% that are government, couple things that happen. One is...is difficult (...inaudible...) that's why we don't see a lot of competition in our state as compared to other states with health systems, we're rural...but also you see this enormous cost shift to the commercial industries. So, there are states where you might hear that, you know the hospital inpatient outpatient reimbursement is 200...250% of Medicare...just using it as a national standard. In West Virginia, it's not uncommon for Medicare, for our commercial hospital rates to be 3, 4, 500% plus of Medicare rates...and it has a long history going back in time why they exist...but to be candid, our...without this important segment of the market, our health systems wouldn't survive and it...it just is incredibly difficult...difficult economic challenge for us to deal with.

The other thing that I'd like to...to get into and this gets a little complicated, I apologize, but I want to look at that 26% that was commercial because that's kind of where I spend my time. So, if you...you look at the green chart on the left, that big piece of the pie, I want to break out when we all hear markets, that little yellow sliver, that 1% represents all the West Virginians that are individual policies. We're highly regulated, both federally and state. That 1% are individual policies, that 2% is the insured small group market, and this is the states, this isn't necessarily Highmark's share. This is how...you know...going through the state, 7% is large group and that means they have an average number of employees of 51 plus that is fully insured. That's seven and then that 16%, those are ASO administrative services...sometime...sometimes called ERISA preempted or ERISA exempt, those are self-funded plans. So, the one take away that I've seen when I watch you all doing public policy is when a new piece of legislation is passed or a new mandate is passed, and if it applies only to commercial policyholders, I just want you all

to be realizing all that effort you did is only impacting 10% of the belly buttons in the West Virginia. So, as the one who hears first-hand about the cost of healthcare and what I love about West Virginia's legislature is you all have private jobs and you're involved. Either your business owners or executives in your business and you understand how this works. So, you kind of get the cost shifting to commercial because of the payer mix on the prior slide and then when mandates come in...and even if they add just small little pieces, time...over time, our commercial customers, our commercial policyholders, bear a lot of that weight and that's just how it works. When I go over to the other piece of the pie, now I'm saying well, let's just look at the commercial markets. So, this is a percent...so, individual makes up 5%, small group is 6%, 29% is the large group fully insured. If you look at that big dark blue piece, that is West Virginians who are covered by a self-funded plan, and when I say self-funded plan, that means there's no insurance, there's no oversight by the OIC. They're usually claiming ERISA preemption or ERISA exemption. The scary part of that is over half of those people are in plans where the decision makers are out of state. Think of Walmart, think of Kroger's, quite frankly, think of Nucor, Toyota. The decision makers who make those plan decisions are in other states. So, a lot of times we as West Virginians don't necessarily have access to those key decision makers. So, that's...that's kind of what I want you to understand...looking from this, that again...10% get the impact of mandates that only apply to commercially insured and that in many instances, the fastest growing market in the commercial markets is self-insured. They don't follow state mandates and often decision makers are out of state.

Going to digress a little bit into individual policies because these are important and I think when you hear my final comment, you'll understand why I want to focus about this.

Let's go to the blue chart to the right...the bars...those are the belly buttons. How many West Virginians have coverage with the...the exchange individual products. So, you can see the start line, this is the past five years. You can see there are 20,000 West Virginians in our individual markets and as you go up to 2024, you can see that goes up to 51,000 people. The line bar with the numbers above it, with the way individual premiums work, there's an advanced premium tax credit that many participants get, and so we look at what's the average amount of the price, the actual amount of money that an individual on average has to pay for...for these coverages...and you can see from 2020 to 2024, it has gone to a high of \$323 dollars to currently it's \$118 dollars. So, a couple of factoids that I would like you all to know that we...what we look at...and that first one is over half the West Virginians on the individual market are actually enrolled in plans that cost them less than \$10 a month...over half. So, that...50,000...two thirds of the West Virginians who earn 200% of the federal poverty level, and I apologize I just realized now I have two acronyms in there without that....APTC is advanced premium tax credit and FPL is federal poverty level...but two thirds of West Virginians who are in these individual markets, who earn below 200%, that means they earn too much to be eligible for Medicaid but they're certainly the working poor. These guys are really struggling...that these...these individuals are often eligible for plans that cost less than \$50.00 dollars a month, and in fact, because of the way the exchanges work...where you can choose between bronze, silver, gold, different policies...that over half of them could actually get good coverage for zero dollars a month and as we talked about, the economics of these plans, remember these plans are reimbursing our health systems at commercial rates, not at government rates. So, it's...it's a win for them to have these coverages plus the reimbursement to our

health systems is commercial. It's worth noting on that fourth bullet there that West Virginia, as published by CMS, had the largest individual growth rate of any state in the United States from '23 to '24. Of course, that's a percentage not...not raw number, but we have the most growth and why do I bring all this up? Lying ahead to us is a very big change that's going to happen federally, and that is that the current advanced premium tax credits that enable this all to happen...which is good for West Virginians as it sits right now...will sunset on 12/31 of '25. So, we as a community have to have plans on how we manage that and of course, the feds are going to make those decisions and the election this fall is going to have everything in the world to do with it. So, a very important segment of the commercial markets, even though it's 1% of total.

So, as the largest commercial insurer are...are we, you know, fair to our customers? Are...are we efficient...and this is based on our 2023 filing with the OIC. This is how our premium dollar and global is spent. Forty-nine cents of the dollar is spent on facility reimbursements and you can see the breakout there between inpatient and outpatient. 13% goes to physician reimbursement, 28%...twenty-eight cents...goes to prescription and specialty drug. I do want to clarify that the drug spends in that 28% can be a combination of what you might get from your local pharmacy. It could be pharmaceuticals that were administered to you in an inpatient setting. It could be pharmaceuticals infused in an outpatient center or in a physician's. We bucketed there for the reason that the single fastest and largest driver of all healthcare costs across the country now is pharmacy. I told you I've been in the business for 36 years. When I started 36 years ago, it was all about inpatient care. How are we going to keep people out of the hospital? You know, maternity deliveries were taking seven days, consuming all these

resources. You fast forward to today, it's almost unfathomable to me...and again, this is primarily commercial population...that we now spend more on pharmacy than we do on inpatient care...and then finally, administrative cost, everything that Highmark does is captured in that 10% admin, our...our margin is posted as well in our filings. So, on that 10%, our margin was 1.8%. So, we do believe we are efficient and...and a very judicious spender of our customers premium.

Are we a good corporate citizen? So, we created this Charitable Fund for Health, a true foundation, three years ago. In our first six years, we have already spent...grants...we've issued grants to a total of \$6 million dollars. You can kind of see the high-level focus there, oral health, social determinants of health, etcetera. Every quarter we publish a list of grantee recipients. This just happens to be the 2024...I think it was Q, yeah, Q2...so, you may know that. Our independent fund advisors will accept grants from any eligible organization. They openly prioritize a rich mixture of both large organizations, as well as tiny organizations, and they're really focused on maximum impact on all 55 counties, which as a traditional commercial insurer is wonderful because so much of the need is in the southern part of our state and without a customer base down there, this has really helped us fill the gap. Just as one example and...and this example was...and I want to highlight a couple of things...but we supported WVU Medicine and their Food for Mountaineers Program as well as Vandalia Health and Marshall Health with their Healthy Neighborhood Program. This roughly is a \$2.5 million dollar support program over the next three years and what this does is give the power of the pen to the frontline clinician who's dealing with the family who's really suffering from food insecurities, and if they're...they're struggling with food insecurities and they have a

condition like diabetes or something where a good diet would really be a fantastic way of helping their total health, they can write a script and it results in a...in a debit card being issued and an amount of \$75.00 a month, up to \$150.00 a month, that can be spent at Dollar General, Kroger's or Walmart on healthier for you foods. So, you can't go there and buy soda pop and Twinkies but if you go there for fresh vegetables...and anybody paying attention to Dollar Generals, they are upgrading some of their stores to have fresh fruits and vegetables. This is part of this scheme, the...the idea of helping them out to do that, but the idea is the clinician identifies those who need the help, you arm them not with just the the frontline clinical help, but with either social workers or dieticians who are affiliated with the local health systems...and we're hoping that this has a good enough impact because the big challenge in all these programs is of sustainability, because you can't just do this through grant giving forever, but the hope is that this will be a large enough population...I know the healthy neighborhoods are already up to I think about 5 or 600 individuals right now getting help...that we can then study them and see what was the outcome? Total healthcare cost, did it come down? Quality of life indices, did they go up? What...what is this? If it's measurable, then we can either find additional funding or maybe even find a way of including that in the medical loss ratios for the MCO's. Who knows but very proud of that. It's a great way of...of doing things differently for connecting our foundation with these important health systems.

So, I've talked a lot about commercial. I do want to introduce Jason Landers because we just for the first time ever, have a Blue Cross Blue Shield option for Medicaid. Jason?"

Jason Landers: “Thanks, Jim. Thanks for giving me a little bit of your time as well. Just a couple of quick thoughts before I run in. A little more than about two years ago, I came back to Highmark, and it was a big thing for me and the reason I came back was specifically because I had some discussions about the opportunity to participate in the Medicaid space. It was really important to me. Just a note, I am a lifelong West Virginian, I am a coal miners’ kid. Doctor Takubo is near and dear to my heart and as such, where I grew up, it was always...I always describe my existence as always on the brink of disaster. Like you...you just don't know and so anyway, this is a segment of population that really I consider my family. So, that's...that's what drew me back and we spent a couple of years creating a plan, standing it up from scratch, and now we have Highmark health options, Blue Cross and Blue Shield.

It’s the first time ever that West Virginians with Medicaid can walk into a providers office with a Blue Cross and Blue Shield card. It means something to me because when I was a kid that was kind of the standard bearer for quality and that was actually, I believe, probably my first question to Jim and others when they were talking about doing a Blue Cross Plan. One was, you know, how is this ACA thing going, and two is it going to be blue branded because I see really an opportunity for those members that can graduate...let's call it graduate, that's probably a better term...from Medicaid into an ACA plan and then beyond. So, I'll just mention our tagline that is on there, Medicaid that goes beyond care. Just pay attention to that, I'll come back to it in a little bit but...we were an option beginning August 1st and I guess technically right now I'm the fastest growing MCO in the state of West Virginia. We went from 860 members in the first month to a couple thousand the next month. So, if I do the math, Southern West Virginia math, that's

about 130% growth, something like that. So, dubious honor, but it's an honor...but it truly is an honor for me to be in this population.

So, a couple of things. I mentioned that we spent a couple of years doing this. We really spent a lot of time really just talking about what we want to do in the Medicaid space and developing win themes and what our company is going to look like from a philosophical standpoint. The second thing we had to do over that two years was we stood up a real multi state Medicaid platform. Highmark government markets serves well over half a million members in our footprint in the government space. Medicaid, D-SNP, LTSS, all lines of business, CHIP, and what we've done here in West Virginia is selected the best of the best platform for claims, for clinical management, for everything...and brought them all together as kind of the cutting edge multi state platform here in West Virginia. We chose a...a real government powered program called Health Rules Payer, we call it HRP. That is our operation system, and then Guiding Care, which is also a HealthEdge product, and it is state-of-the-art...a clinical platform used by a lot of Medicaid plans. So...so, really we...we took the best of the best and brought it to West Virginia, which is very exciting for me...and if you look back on the history of Highmark in the Medicaid space by itself, they've been in that space managing these half a million lives for well over three...30 years, three decades. That's generations of knowledge that we are really bringing into West Virginia to help us manage that segment of this spend in a more productive way. Again, Jim said that you guys are here for finance. We all know Medicaid is the...that is the lion's share of spend. That is a big spend that we have and so we want to be...just as Jim talked about...being good stewards of premium. Our premium comes from the state of West Virginia, and we want to be good stewards of that.

I said we put together win themes. These are...these are just sound bites that really we try to live by every single day and I'll just...I just want to say them...we want to be West Virginia, I am a West Virginian, it's important to me. We want to be accountable...we want to be accountable to the state of West Virginia and our members...and we want to be experts. That's why we really spent the time to develop a plan that we thought we could win with. It's...these are things that we talk about in every single meeting and they're not just words. We really...we live every single one of these and our experience here in West Virginia allows us to really understand the market dynamics that drive healthcare in the state. I mean Jim spent a lot of time talking about what the exact breakdown of care looks like. So, we have a ton of expertise that we bring and again we want to hold ourselves accountable to the provider community, to our members, and to the state of West Virginia.

One of the things that I thought was important when I came back was I want to be West Virginia first and that is something that I talk about at Highmark all the time. They...they joke occasionally that I am...I am West Virginia and I...I feel like that I...I just ran a little trivia contest on the...the first residents in West Virginia, the Pringle brothers, and the Pringle Tree in Buckhannon, West Virginia. I'm a...I'm a West Virginia history nut...so, I love stuff like that but they always kid that I am West Virginia, and it became important to me to have a West Virginia first priority in everything we do in this and so as we stood this thing up...we hired all of our key staff, they're all now in place. We are...we have our last hire that begins...ironically, she is going to get her West Virginia license at the next board meeting of the West Virginia Board of Medicine and that...which I think is November 4th. So, she'll start on November 4th, but they're all people that are here and live here in West Virginia. That is a requirement of the state and it's a requirement of

me...and we developed...even we took it one step further and...and developed a West Virginia first hiring program that as we grow, every incremental job...we can be in any place in the world and the world has changed quite a bit where things like operations claims, those things can be done anywhere in the world...but what we're doing is we've adapted, we've adopted this West Virginia first hiring so that West Virginians get preference in every job.

We want our dollars to stay here in West Virginia as we deliver care to West Virginians and I...I mentioned our...our tagline, we...it's...we go beyond care and I...I just wanted to take a moment to talk about what that means to us. It really means, as I've said repeatedly, putting our West Virginia citizens first. We think about what it means to be a West Virginian, and I was just on a...a clinical discussion today about delivering cardiac rehab services remotely because I have so many places where there is no way that a Medicaid person could actually make it into a...a clinical...a facility setting to receive those services. So, we're looking at ways that we can take our care, take our services to where the members are. Going beyond care really means not only empowering our...our members to be healthy. You know, every health plan makes sure that our kids are getting immunized on schedule, they're seeing their doctor appropriately, all of those scheduled events that we have throughout life and I'm...I'm at the...I'm at the other end, I'm not a...a kid anymore, but I still have my schedule of events that I go but again, as a West Virginian, it also means going beyond that. We are identifying opportunities to assist our members with opportunities to reenter the West Virginia workforce when it's possible. It's not always possible, our SSI population obviously have challenges that have to be met, but our aim is to overcome that notion of West Virginia fatalism that keeps people from entering the

workforce. I have the benefit...I've spent the last almost ten years as a board member on the local college here, West Virginia University of Parkersburg, and I've said a lot that we need to talk to our members about the opportunities that exist that are attainable for them and through a...partnerships with our community colleges, I tell people all the time that you give me a person and one year of their life, I can teach them to be a welder and they'll make more money than I will in a year and that's an achievement and that...that really kind of breaks that bond or of...of kind of just fatalism...it's never going to get better. We have to show people that there are opportunities. So, as we speak to our members, we are looking for all of those opportunities and then really...finally...the final thing it means to go beyond care is, you know, I've talked about our 30 years of...our 80 years of West Virginia history...our 30 years in the Medicaid environment and all of this experience that we've gained really effectively raising the healthcare and the opportunities for other people and offering them to the state of West Virginia as a font of kind of institutional knowledge that we've gained over this period and how can we adapt this to...to make it work for West Virginia?

One of the things in our footprint is, in our Delaware footprint, we actually work on reentry of incarcerated members back into the population. We follow them through their incarcerated...incarceration time, and then as they leave incarceration, we make our first contact with them before they ever walk out. That is probably the most critical time...and we connect them with resources...and the aim is to keep them sober and on the...on the path to a better life and so we spent a lot of time taking those key elements of reentry and talking about ways that we can push those not only to the incarcerated population, but I always view the...the substance use population as another form of reentry. They...they

really need to find ways to...to find that goal, get assistance from us just in terms of...hey, here are the opportunities out there, we would like to talk to you about them and enabling the...our people to...to make good decisions. So, that's...I think that's all I had but I did want to thank you guys again for giving me a chance to talk about something that I'm very passionate about.”

Jim Fawcett: “Thank you. So, in closing we're proud to be Parkersburg, we're proud to be West Virginia, and we are committed to serving all West Virginians for any of their health insurance needs in all 55 counties. I thought it would be fair to share our mission and that is to create a remarkable health experience, freeing people to be their best, and I always every...every mission statement, there's always a word or something that grabs you. For me, whether it's been parents, spouse, children, or grandchildren, when one of them gets sick, I lose my freedom and that's...the word being free is the one that gets to me...and then most importantly, you know, we're so interested in the work that all of you are doing. It's so important I mean, I always look forward to the West Virginia Business Summit because we get good updates on all...everything you're trying to accomplish, but we really welcome the opportunity to continue to assist the legislation that you're considering...healthcare policy...I know that you often reach out to Mark Polen, Linda Beckman, it's never me because your questions are always so granular we need a subject matter expert but we are interested in providing any facts, figures, opinions, whatever you'd like. We're...we're in. So, thank you. Questions or yeah?”

Speaker Hanshaw: “Yes, sir. Very good. Thank you. Thank you for being here and not just today for this meeting but for having us in Parkersburg this week too.”

Jim Fawcett: “Yeah.”

Speaker Hanshaw: “Questions of any of our...of our committee? Yeah, Delegate Summers.”

Delegate Summers: “Are they on already? Yes. Hi, thanks for being here.”

Jim Fawcett: “Sure.”

Delegate Summers: “I’d like to see the data where it was talking about the number of people on Medicaid and then I think you had a Medicare chart, but also on the Medicaid, you listed the 618,000. So, we got an update this week that our current Medicaid population is 518,000—”

Jim Fawcett: “Correct.”

Delegate Summers: “—enrollees. So, it will be interesting to see if they go...if the...if those 100,000 go to uninsured or go to other plans but I feel really encouraged after hearing Jason speak that perhaps...perhaps people will be working with that population to try to get them on another plan instead of being uninsured. So, that was kind of exciting to hear.”

Jim Fawcett: “It is. That whole redetermination process...which of course I think got put on hold through COVID...we definitely have tracked some that have come into the individual policies. Quite frankly some of those people ended up on group policies and...and I think it will be good for all of us to figure out where they were...and again, this was the Commissioners Report from the ‘22 market. So, like I said, I always wait for them to publish the new ones.”

Delegate Summers: “Well yeah, I saw that for ‘22 and I thought it would be interesting to see what ‘25 says...’24 and ‘25.”

Jim Fawcett: “Oh, on the...yeah, because then you go to the ACA...this is ‘24. Yeah, this is a...not saying all of them came from redeterminations but that jump from 28,000 to 51,000...think it's a pretty safe bet that some of them came from Medicaid and as I said could be having zero-dollar premiums or premiums under \$50.00 dollars a month for commercial coverage because of the advanced premium tax credits.”

Speaker Hanshaw: “Others? Senator Takubo.”

Senator Takubo: “Thank you, Mr. Chairman. Thank you, Jim for...both of you...for the presentations. Question...when we passed the bill where we bumped PEIA for inpatient rates up to 110% of Medicare, has that made any dent in in private premiums?”

Jim Fawcett: “Not a single health system came back and offered to lower the reimbursement rates for us. Now, I live here in Parkersburg, I...I want WVU Medicine Camden to be healthy. I'm in my 60s, I'm hypertensive, I'm...according to my BMI, I'm obese. If I have the big one, I want there to be a really good cardiologist down the street. So, I care about the financial viability of our systems. So, it would be irresponsible for me to say that that wasn't a good and an important change. I would say that in many states you see other models and...and that you know, that pressure on our three major health systems and everyone else to have to deal with the 75% payer mix is really a challenge...but again being a Parkersburg resident, it helped (...inaudible...) but we didn't get any rate reductions.”

Senator Takubo: “Thanks.”

Speaker Hanshaw: “Others? Delegate Summers again.”

Delegate Summers: “I thought of one other question, sorry. So, when you talked about...what did you call it? Allegheny Health Network?”

Jim Fawcett: “Yes.”

Delegate Summers: “Is that what you called it? Could you describe that to me just a little bit?”

Jim Fawcett: “Yeah. So, our parent company, Highmark Health, we are a sole corporate member. Highmark Health is a not-for-profit company, we're a not-for-profit company, and that umbrella of Highmark Health...there is the Blue Cross Blue Shields in New York, PA, Delaware, there's a dental company, a...there's a stop loss company, a technology company. They also own Allegheny Health Network. I'm going to give some rough numbers...nearly 3,000 physicians employed, thirteen or fourteen hospitals in Western Pennsylvania up into New York, but they...Allegheny General Hospital, they...you know, the medical provider team behind the Pittsburgh Pirates. If you ever, you know, you're a pirate fan...it is a...a large health system and...in Western Pennsylvania and as part of our leadership team, when we get together, being an integrated delivery of financing system it...it is...you know, I talked about things that I've experienced in my 36 years in this company, you know, like inpatient versus that. Having both clinical leadership, along with insurance leadership in the same parent company has really been just a fantastic part of my experience...and eye opening...and you know, probably why I'm not up here pounding the table to say give PEIA reimbursement to our...our commercial members because I know that will bankrupt the health systems and

then I don't have the cardiologist I need when it happens but yeah...it's a large health system. Again...again, I think it's twelve or fourteen hospitals in Western Pennsylvania.”

Delegate Summers: “Do you think that health system has any interest in being in West Virginia?”

Jim Fawcett: “I don't think so. I can't speak for them, but I talked a lot about how we're structured very clearly that every dollar that Highmark West Virginia makes stays in West Virginia. Allegheny Health Network is a not-for-profit insurance company...or a healthcare provider...that came primarily from West Penn. Hospital, Allegheny...Pittsburgh and Erie. They're very focused on making a difference in the communities they serve and I really would say West Virginia is not on...on their market. I mean, they would certainly work with other health systems, you know, but I don't see it coming down this way and...and our board wouldn't approve our money to be used to buy a health fund so...”

Delegate Summers: “Right. Right. All right. Thank you, very much.”

Jim Fawcett: “But I've learned never say never in this world but I...I don't see it.”

Speaker Hanshaw: “All right. Other further questions or comments of any of our panel today? All right, if not...gentlemen, thank you—”

Jim Fawcett: “Thank you.”

Speaker Hanshaw: “—very much for being here today. With that, we have no other items or business on the agenda. Any other items or business from any of our

committee today? Okay if not, the committee meeting will be adjourned. Thank you, very much.”

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

August 25, 2024

5:00 p.m. – 6:00 p.m.

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

Speaker Hanshaw: “We do have a quorum, so let's go ahead and call this afternoon's Joint Committee meeting to order. On page fifteen of your packets, you will find the draft set of minutes from our last meeting of the committee on April 14th, 2024. If everyone will please take a moment and familiarize yourself with that draft. Are there questions of any member of the committee about the draft set of minutes? If not, Chair recognize the President.”

President Blair: “Mr. Speaker, I move the minutes from April the 14th, 2024's meeting of the Joint Committee on Government Finance, as contained in the members packets be approved.”

Speaker Hanshaw: “The President's motion is that the draft minutes of the April 14th meeting of the committee be approved as distributed. Is there discussion or debate

on the motion? If not, those in favor of the motion will please say aye, any opposed please say no. The ayes have it, that motion is adopted, and the minutes are approved. Let's move into our regular reports. Mr. Muchow, welcome!"

Secretary Muchow: "Good afternoon. It's been a while since there was an interim. So, I thought I'd give you a quick...a quick summary and talk about a quick summary of Fiscal Year '24 and then move into July of '25, if that's okay?"

In Fiscal Year '24 in the...in the middle of May, there was a special session called by the governor and the revenue estimates for '24 were raised by \$236.611 million dollars...of which \$150 million was appropriated to Highways. So, those are two...two big factors. On the...the final revenues for Fiscal Year '24 totaled \$5.71 billion. The revised estimate was \$5.12 billion. We ended up very close to \$590 million above the revised estimate, down 11.9% from the prior year. That was mainly due to two factors. One, the personal income tax cuts resulted in personal income collections being down 15.9% for the year and severance tax collections were down 61% from the prior year when there was record high prices. Interesting on the...components...the consumer sales tax in the month of June was up 6.2%, which is a very strong growth. For the whole year, it was 3.8%. The personal income tax, even though it was down 15.9% in June, it was up 17...or 15.9% for the year...it was up 17.9% in June. So, we had very strong June revenues for both sales and income tax. That was due to a statute that's been in place for several years that requires certain large taxpayers to accelerate half of their withholding tax and half of their sales tax that's normally due in July, back into June...and we had a very strong pickup of that acceleration that pushed monies into June.

On the State Road Fund...State Road Fund collections were a record...record level in Fiscal Year '24...2.1, almost \$2.12 billion dollars for the State Road Fund. We've never been anywhere near that. That was up \$409.6 million dollars over the prior year. The federal funds were a record \$822.9 million dollars. Normally, for many many years the state would get about \$400 million dollars from the federal government...we got \$822.9 million. The federal funds were up 28.7% over the prior year, or \$183.7 million and the other big factor was the miscellaneous category because the legislature, on two separate occasions, appropriated \$150 million dollars to Highways for a total of \$300 million dollars of one-time monies for Highways in Fiscal Year '24 versus \$150 million in one-time revenues in the prior year. So, that that also pushed the State Road Fund numbers to those levels that we saw in Fiscal Year '24.

We've moved to Fiscal Year '25. In July of '25, only one month in the books, we collected \$335.3 million. The estimate was \$330.4 million, we were above estimate by about \$4.9 million, we were 0.1% ahead of last year, about \$300,000 dollars. We did use a little bit of income tax refund reserve money in June...or in July...\$7.14 million. Absent that reserve fund use, we were slightly below estimate by about \$2.2 million dollars for the month of July. Look at two particular categories, the consumer sales tax in July, \$92.7 million dollars. In a normal month we collect probably one hundred thirty to one hundred fifty million dollars. We collected 92.7, that was 1% below last year and 2 million below estimate. If I put June and July sales tax collections together your growth rate is 3.8%, which is on par with the growth rate we saw for the entire prior fiscal year for sales tax. Personal income tax, we collected \$142.9 million dollars, that was 8.9 million below estimate, 1.8% below last year and that was inclusive of the 7.1 million from the Income

Reserve Fund. If I take the Income Reserve Fund monies out and I combine June revenues and July revenues, the growth rate...adjusted growth rate...for the personal income tax is a healthy seven and a half percent. So, basically due to that acceleration, it pulled from July back into June. So, that's a...that's a July problem that...that happens each year. The criteria for this...accelerated payments...is not adjusted for inflation. So, more folks get caught up in it each year than the previous year and that also plays into those numbers. Beyond those...personal income and sales...some of the other categories, we generally did fairly well. B&O tax is above estimate by 800,000. The corporate income tax was 8.4 million above estimate and just slightly below last year. Insurance premium taxes were 2.6 million above estimate and 12.3% ahead of last year. Interest income is still strong, interest rates are still high, 18.8 million for the month of July, that was 12.6% ahead of last year and 6.6 million above estimate. The severance tax, the severance tax we collected 3.1 million in July, the estimate was 4.4, that was 1.3 million below estimate, 16.7% below last year. Of course, July is the month each year that we put money in the Infrastructure Bond Fund. The Infrastructure Bond Fund was fully funded at a total of 22.2 million and also July represents a quarterly distribution month for local coal severance tax and the local coal severance tax is eleven and a half million dollars...two different distributions...that was actually one and a half million above estimate but a little bit below, about 2.3% below last year. On the state road fund for July, total collections were one hundred and sixty-one and a half million, the estimate was 162 million. So, we're about...a little less than 600,000 below estimate, we were ahead of last year by 0.3%. The federal reimbursement we collected seventy-one and a half million in July compared to 58.9 million last year...so, that was 21.4% ahead. Motor fuel tax is

above estimate by 2.9 million, but it's fourteen and a half percent below last year and some of that is timing and then the other part is the motor fuel tax rate is actually one and a half cents lower this year compared to where it was last year. The motor vehicle sales tax collections 29.3 million, it was 3.8 million above estimate, 5.6% ahead of last year. Registration fees 15.8 million, that was above estimate by 0.8 million and thirty-eight and a half percent ahead of last year. So, reasonable...reasonably good performance on registration fees. If you have any questions, I'll take the questions."

Speaker Hanshaw: "Thank you, sir. Questions from any of the committee members? President Blair."

President Blair: "Thank you, Mr. Speaker. Let's go back to last fiscal year and talk about the Road Fund again. I think it served the committee and the public well. You were able to break that out a little bit further when we we're talking about how the dollars that we used generate in the state and what we did to draw down the federal dollars, that there's been a lot of work that's done with that. Can you discuss that—"

Secretary Muchow: "I could discuss—"

President Blair: "—or do you need someone from Highways?"

Secretary Muchow: "—that generalistically. In terms of the specifics on highway matches and how all those things work that's a little...little out of my bailiwick but generally the more state funds that are put into roads and the more work that's done it has the ability to draw down federal funds. There's a federal fund allocation for all fifty states and I know that not all funds are used in particular by all states. So, the leftover funds get redistributed to the other states. Probably West Virginia has been a recipient of some of

those leftover funds. Secretary of Transportation would be able to give you a whole lot better picture on all that but certainly the more state activity that's going on there's a...there's a federal match rate that goes with that state activity. The state shows that we put up our share, the feds will come with their share. So, that...that plays hand in hand.”

President Blair: “All right then, I'll add a little bit more to it then because I've been in a lot of the meetings where this is taking place and what happens is is that they're doing a very, very, very good job of being able to look and see what resources they got and where they've got the ability to draw down the federal dollars and the match up with the needs of the state to be able to do the road...and so I wish they were sitting here to get them to actually lay that out a little bit better. Mr. Speaker, we actually need to get them in here on our next meeting or the next one that we're down here in...in October and have them break that down a little bit because it's interesting and it's good for us to know of how that part of it is managed. So, sorry I put you on the spot for something—”

Secretary Muchow: “I know a little bit about it but...but not enough to be well...”

President Blair: “I wasn't sure how far you could go on that. All right, Personal Income Tax Reserve Fund, you didn't talk about that. What's the status of that reserve fund right now and the interest it is generating is not staying in the fund, it's being moved out to the general revenue side, can you talk about any of that?”

Secretary Muchow: “Yes, the...the refund reserve account originally had about \$60 million dollars in it and little over a year ago we put an extra \$400 million dollars into it. So, it's \$460 million dollars in the Income Reserve Fund. We've probably taken out about twelve or thirteen million temporarily for...we expect to put it back in...to restore it

to the 460, but whatever interest is earned on...on that fund, plus whatever interest is earned on various overnight deposits associated with general revenue as a whole, come back as general revenue interest income. So, the interest earned on that 460 is coming in that's part of that \$18 million dollars that we saw in...in the month of July in interest incomes. Part of...probably...maybe about two million of that and I'd have to do some calculations on that...is coming directly from the Income Reserve Fund.”

President Blair: “Thank you, I just wanted it out loud. Thank you, Mark.”

Secretary Muchow: “Thank you.”

Speaker Hanshaw: “Okay, other...other committee members? Okay, if not, Mark—”

Secretary Muchow: “Thank you.”

Speaker Hanshaw: “—thank you very much. Our second report for today is from the Department of Human Services. We have Secretary Persily with us today. Doctor Persily, welcome!”

Secretary Persily: “Thank you. Okay, I wasn't really asked to give a report. I was told that you would have questions, but I do have some introductory remarks about how things are going, which is the direction that I received so...”

Speaker Hanshaw: “You're...you're welcome—”

Secretary Persily: “Here we go?”

Speaker Hanshaw: “You're welcome to open any way you'd like.”

Secretary Persily: “Okay, thank you. So, we have now been an individual department as the Department of Human Services for about the last eight months...since January the first...but important to note, we've had a separate budget from the other two departments only for about six weeks and so we are still working through untangling the three departments and their finances, but that task has...while it's been Herculean...the three secretaries have worked together very closely with our leaders in our Office of Shared Administration to do that. There will always be some bumps as we go through this and make sure that all of the funds are in the proper accounts and all of the new accounts have been designated but working hand in hand with those leaders and the members...the employees of the Office of Shared Administration, I think we've done a great job with that. Quite frankly, when we came on, the former department was sort of destabilized and we've worked a lot over the last year since the three secretaries have been in place to really try to stabilize the...the new structure by providing consistent leadership and involvement by the secretaries.

In my department I've spent some time to try and get the right people in leadership roles and I think we are on a really good path right now, filling some key vacancies after departures as well as stabilizing the department, completing some ongoing initiatives...you may have heard that we have finally fully implemented the PATH project, which is the large people's access to health project that's been underway for about seven years. We have completely implemented that project and other...some new initiatives that we're we've been working on.

After one year in the role, I think I can confidently say that I believe we're...we're steering a very large ship in the right direction, but certainly continue to have challenges

but we're seeing changes through investing in our workforce, through our programs and...and programming that we've introduced, and through I think a shared sense of purpose and direction across all of the bureaus. I have been heavily involved in the work of the department. I am not a hands-off person and some people say that maybe I am too involved with the work of the department. I don't think you can ever be that as a leader and especially as a new leader. So, I have been very, very much involved in our offices and our depart...our bureaus within the department and the work that they're doing. Making sure that they have the support as well as the attention...the resources...that they need, but also that we are not functioning in silos because that will not serve us well and while you might not hear this enough, we are doing some really great things.

So, there are a number of things that we are leading the nation in...in, in West Virginia and I think we should all be proud of that. There isn't a week that goes by that someone from another state doesn't reach out to one of us to ask us to show us how they were able...we were able...to do something or how we were able to be successful in a particular program. We are providing advice and assistance. We're receiving competitively awarded federal grants for our work. We just got notice of one the other day that's not public yet, but we will be announcing that soon. We need the...we lead the nation in several markers...federal markers...of child welfare, which I think is something you'd never hear, but we are leading the nation in a number of federal markers. We're the first state in the nation to have a fully implemented child welfare information network and that's through our PATH system and that was the first module that was implemented in PATH...not this past January...but the January prior. We will also...because we are the first one implemented...we will hopefully be the first one to have a fully accredited

integrated eligibility system for our...all of our social programs...through the PATH system.

So, there are a number of accomplishments to add to this and things that I think that all of us can be proud of related to the department and our work, but I will stop there and defer to your questions because I literally could speak all day.”

Speaker Hanshaw: “Madame Secretary, we thank you. Questions for the Secretary...on any element of the items she touched on? Just go ahead and do it, Senator Tarr.”

Senator Tarr: “I’m not sure if the mics picking up? There it goes. Thank you, Mr. Speaker. Secretary Persily, I've got a question on the month...you're getting through these first six weeks...but in our report it has nursing facilities on the actual expenses in twenty-three and twenty-four and it's talking...it shows a budget difference of about 103 million—”

Secretary Persily: “Right.”

Senator Tarr: “—which stands out...excuse me...stands out with another one that's one down below that's about 186 million. So, can you speak to the ones that...those are pretty significant variances, can you speak to that?”

Secretary Persily: “So, we'll be talking about that tomorrow in Finance as part of my presentation, but I do want to say that the 100 million over budget in nursing facilities is where we thought it was going to be and if you recall, we did go through an initiative. We undertook a rate adjustment for nursing homes that takes effect on October the 1st that will save us 60 million in the first year. It's a phased in rate reduction as well as a...a

new way that we will be...right now their rates are set by cost reporting and we will be going to a flat...flat rate...not cost reported and so those rates...I think we've spoken about that before...those rates were escalating and they were really way out of line with even national rates and certainly our neighboring states and so we have adjusted those through an agreement with the industry and they are being adjusted over three years, so that they are then to a rate that will be permanent. So, we expect 60 million savings the first year and then subsequent savings. We also have a quality withhold with the nursing homes that will take place that will start at the same time and so that quality withhold will also help us save some dollars and get us back into a more tenable budget area.”

Senator Tarr: “So, are you anticipating that between those two lines that...that you're going to see at least a \$60 million dollar improvement over the entire fiscal year from where that sits now?”

Secretary Persily: “Right.”

Senator Tarr: “Okay. Okay, thank you.”

Secretary Persily: “Mm-hmm.”

Speaker Hanshaw: “Delegate Summers.”

Delegate Summers: “Thank you, Mr. Speaker. I've got two categories—”

Secretary Persily: “Sure.”

Delegate Summers: “—the waiver and childcare—”

Secretary Persily: “Sure.”

Delegate Summers: “—and I know we haven't been together formally like in four months...so, a lot of things have changed. For the waiver rate increases that were just proposed...which I'm really excited about...can you explain to the committee like, where's the money going to come from and how much does it cost?”

Secretary Persily: “Okay, so you...so I wish I had that in front of me.”

Delegate Summers: “Is it going to be in Finance?”

Secretary Persily: “It will be in Finance...right.”

Delegate Summers: “I'm in that committee as well so—”

Secretary Persily: “Yes. Okay—”

Delegate Summers: “—can just address it tomorrow—”

Secretary Persily: “—but basically the dollars are coming from the appropriated line. The appropriated line for nine months will...we will have to go into the reserve for a little bit of the...the nine-month IDD waiver increase as well as the ADW...TBI will be okay.”

Delegate Summers: “Okay. Okay and can you just talk about the 15% increase? Like, does each waiver get fifteen or—”

Secretary Persily: “Yes.”

Delegate Summers: “—is there varied amounts or...”

Secretary Persily: “All the three waivers will get the 15% increase as was recommended in the Myers and Stauffer report and the personal care as well.

Family...the family side of IDD waiver will get an increase, but it won't be 15%. On that side of the waiver, the families are paid directly to care for their family member. They will...they will have a...a smaller increase.”

Delegate Summers: “Is there anybody getting more than 15%?”

Secretary Persily: “No.”

Delegate Summers: “Okay. Okay, I was trying to look at the numbers—”

Secretary Persily: “Sure.”

Delegate Summers: “—it's kind of—”

Secretary Persily: “Sure.”

Delegate Summers: “—it's kind of hard to—”

Secretary Persily: “Yeah.”

Delegate Summers: “—to look at that. Okay and what do you think about...so, that rate study was December of '23 and so now it's been almost a year—”

Secretary Persily: “Sure.”

Delegate Summers: “—and I saw Kentucky and Ohio have already raised their rates and—”

Secretary Persily: “Yes.”

Delegate Summers: “—it's like we're behind again. How are we going to compete with that and keep...keep our providers stable?”

Secretary Persily: “Right. So, we will want to be looking at the impact that this rate increase has. Certainly, we...we hope and we are encouraging that those rate increases go toward direct care workforce. Remember, we pay rates to providers, providers make decisions about how much they pay their employees from the...the funds that we provide to them. So, we are encouraging them. CMS is actually...is actually...has a rule change that will occur and in the next few years that will require those rates to be 80/20 to...to the workforce...to the direct care workforce. We are looking at how we...how we do financial reporting for the waiver providers because everyone else does cost reports. Our waiver providers do not do cost reports. So, financial disclosures will be part of the ongoing increases on waiver rates and we will continue to study those increases, study our surrounding states, and come back to you if you so choose to appropriate additional dollars.”

Delegate Summers: “Well, and I was thinking that in '23 Senate Bill 617 there is a report that comes to the Joint Committee on Finance—”

Secretary Persily: “Yes.”

Delegate Summers: “—due July 1 that does that right? Annually looks at the review. So, did you guys do that yet for a comparison or?”

Secretary Persily: “The waiver rate increases...I think—”

Delegate Summers: “The rate—”

Secretary Persily: “—they were reported—”

Delegate Summers: “—the annual rate—”

Secretary Persily: “—out to your committee—”

Delegate Summers: “—reviews, yeah. So, that’ll be—”

Secretary Persily: “I’ll have to check on that one—”

Delegate Summers: “Okay, so that would be—”

Secretary Persily: “—Delegate Summers.”

Delegate Summers: “—in Finance but—”

Secretary Persily: “Yeah.”

Delegate Summers: “—I know it was due July 1—”

Secretary Persily: “Yeah.”

Delegate Summers: “—and so I thought, okay, we’ve had another review of the rates.”

Secretary Persily: “Yeah—”

Delegate Summers: “Okay.”

Secretary Persily: “—and that would have been the previous rates, not the rates that are beginning on October 1st.”

Delegate Summers: “Okay. Okay and the last thing is I know when in enCircle came before us and presented they said that the billing of 15 minute increments...24 hours a day every 15 minutes—”

Secretary Persily: “There are—”

Delegate Summers: “—what is that 96 different billing things? It is very cumbersome. Did we change that policy to like an hour or?”

Secretary Persily: “There are some services that are still billed in 15 minute increments. Remember that some of these are federal requirements, but some are...some we've done to an hourly rate—”

Delegate Summers: “The state—”

Secretary Persily: “—where we can.”

Delegate Summers: “—the ones we could in the state.”

Secretary Persily: “Where we could, right.”

Delegate Summers: “Okay, so did enCircle decide to leave? I know that they were saying—”

Secretary Persily: “I—”

Delegate Summers: “—they needed more money. I was—“

Secretary Persily: “I—”

Delegate Summers: “I know they have twenty-seven clients. I was just worried about those individuals.”

Secretary Persily: “So, as part of...so, enCircle I understand has announced closure of their...their centers in West Virginia. We have been in discussions with them and discussing the...you know...the potential rate increase, also discussing whether

there is the possibility of them helping us with some dual diagnosis IDD folks who are in our state hospitals who need to come out into specialized care, who we could and have offered higher rates for it. You know, it comes down to them for a business decision...to a business decision...of what they're doing. They do have, however, a responsibility to assure appropriate placement of those clients prior to any hand off. So yeah, we're...we're talking to them, working with them. I can't control their business decisions.”

Delegate Summers: “But...but we can control what we do to try to help them stay here...”

Secretary Persily: “Exactly. Exactly.”

Delegate Summers: “...and what I was wondering is on those twenty-seven clients, I understand they have to get them moved but they run that model I think where they have four individuals and I...and I don't know if that would work with higher...they could get a higher rate if they had a higher acuity person. They're going to leave; those twenty-seven people have to go somewhere. Those twenty-seven people, that is their home, right? I mean—”

Secretary Persily: “Yes.”

Delegate Summers: “—they've known those—”

Secretary Persily: “Yes.”

Delegate Summers: “—people they're with, those providers—”

Secretary Persily: “Yes.”

Delegate Summers: “—and these individuals all have disabilities.”

Secretary Persily: “Yes, absolutely. We are extremely concerned and have been working with them since the moment that they told us. So...”

Delegate Summers: “Okay and the last point on that is that I understood...I understood in a press release that we were taking some people off of the waiver list—”

Secretary Persily: “Yes.”

Delegate Summers: “—and how many was that?”

Secretary Persily: “So, on July 1st, we took off ninety-nine people and that was...those are what we call replacement slots, right?”

Delegate Summers: “Oh, just replacing people that—”

Secretary Persily: “So, someone in...someone has moved out of state, or someone has passed away and so we...they are no longer on the waiver. So, that was ninety-nine that came off on July 1st and we anticipate...we propose taking fifty more off on October 1st.”

Delegate Summers: “And those fifty will be additional clients—”

Secretary Persily: “It will be additional slots.”

Delegate Summers: “—then, not replacements.”

Secretary Persily: “Exactly.”

Delegate Summers: “So, we...we increased...we're going to increase the rates. So, we're going to increase our cost to deliver services to those clients and now we're going to add fifty more people that we need to take care of—”

Secretary Persily: “Right.”

Delegate Summers: “—in an environment that's not stable yet. I mean—”

Secretary Persily: “Yeah.”

Delegate Summers: “—that seems concerning to me. So...okay. All right, I have some—”

Secretary Persily: “We're trying to balance the cost...the workforce. We don't want to overload the system because of the workforce and so we are trying to balance the cost, the need, and the workforce.”

Delegate Summers: “Okay. I have questions on childcare, but if anyone else has a question first they can go and then I can...does anyone else have any?”

Speaker Hanshaw: “You...you have the floor.”

Delegate Summers: “Okay well, I didn't want to take all the time. Okay. All right. On childcare, I was just confused on...and there's a lot been going on apparently...okay. So, you know in my committee we heard testimony about...in Joint Health...we heard the testimony about the August 30th deadline and then everyone was worried about that? Okay. So, it's my understanding that we thought our funds ran...our TANF ran out then, but now they don't. So, now we have maybe till December 1 but no matter the date, you're going to alert providers and families 60 days' notice so that they can prepare—”

Secretary Persily: “Right.”

Delegate Summers: “—right?”

Secretary Persily: “So, can we go back though?”

Delegate Summers: “Yes.”

Secretary Persily: “I’m sorry to interrupt—”

Delegate Summers: “No—”

Secretary Persily: “Can we go back?”

Delegate Summers: “—please do. Yes.”

Secretary Persily: “Can we go back to the Joint Health testimony that—”

Delegate Summers: “Yes.”

Secretary Persily: “—Commissioner Cole gave? I don't think that Commissioner Cole ever meant to indicate that the funds would end on September 1st. I think what she said...and I went back and watched her testimony...was that by September 1st we're going to have to make some decisions because we know that the funds are not going to last forever. We're paying for childcare by enrollment via TANF dollars, and so we are using those TANF dollars...the federal dollars...to pay by enrollment. So, the difference between what our appropriation is and what the costs are to pay by enrollment to stabilize that system. So, that arbitrary deadline of September 1st was her saying we're probably going to in...in the next 60 days or 90 days after September 1st we're going to have to make some decisions about what we're going to do. Are we going to change the...the subsidy rates? Are we going...because we don't want to go back to attendance, right? Are we going to change the subsidy rates? Are we going to ask for additional dollars? Are we...what are...what are we going to do? And that somehow in July bubbled up in social...on social media as we were going to fall over this cliff on September 1st. As soon

as we saw that on social media, we responded to social media posts because they were coming from groups that we didn't know who they were. So, we couldn't reach out to them directly. We also put out a dear provider letter to all of our providers. We assured them that September 1st wasn't that date. We also said...let them know...that if we were going to make any change that we would give everyone...providers as well as families...a 60-day notice and we also responded to some press inquiries at that time.”

Delegate Summers: “Okay.”

Secretary Persily: “So, I think we...we started this by saying September 1st we're going to have to make some decisions. We did not mean September 1st is when the money is going to run out.”

Delegate Summers: “Okay well, I felt good once I saw you said any...no matter when the date is everyone gets 60 days now.”

Secretary Persily: “Absolutely.”

Delegate Summers: “Okay.”

Secretary Persily: “Absolutely.”

Delegate Summers: “Okay. So, it seems to me then...like you said...we're going to only have so much money...whatever 's in your appropriation...and I noticed...but that is the appropriation and I noticed that the...the department, the governor, never asked for an additional appropriation.”

Secretary Persily: “Right.”

Delegate Summers: “Not in regular session, not in...not in...not after February we found out that we're going to go to enrollment versus attendance, so we knew we were going to have to pay more money...not in special session and I...I don't know, do you think that's a plan for the next special we...session we have from the governor or the department to the governor...or do you think that we are...we the department are comfortable with this allocation and are going to go back probably to pre pandemic levels because I know it was expanded during the pandemic—”

Secretary Persily: “Sure.”

Delegate Summers: “—to cover more people that make more money.”

Secretary Persily: “Sure. So, I think a combination of everything that you just said is probably what will happen. I...and I said this to Charles Young the other day...the childcare allocations are not necessarily science because there are so many factors that cause fluctuations in the amount we spend a month in childcare. So, for instance, it costs more to care for...to...we provide more dollars for infants than we...than we provide for preschool children, than we provide for school aged children and after school care. So, if there were to be a lot of births, our costs are going to go up. If there weren't, our costs are going to go down or stay the same. So, even knowing what our costs are going to be month to month is very difficult to forecast. The second thing is that we are committed to using those TANF dollars until they run out. So, if we have TANF dollars say that have been given to...in another grant...to someone else, even outside of childcare for instance, and they return TANF dollars. We're going to put that toward childcare, and so we're constantly looking and...and trying to figure out. I can't honestly say to you that they're going to run out in December. They may run out in February or March.”

Delegate Summers: “Right. Yeah, when I saw that date I thought, oh gosh, here we go there's another date been put out—”

Secretary Persily: “Exactly.”

Delegate Summers: “—there but really it's we're going to give you 60 days.”

Secretary Persily: “Exactly and that's I think the important part is that if we make any changes, we want to give 60 days' notice. I know it sounds squishy to talk like that but really our costs are...are just...they fluctuate and the way the dollars are...can be used across the...across the...all the TANF programs, fluctuate as well.”

Delegate Summers: “So, question on the reserve fund then. Do you feel that you...because I saw the one statement where you felt like you cannot take from the reserve fund...but I know what Senate Bill 1001 says...that you can use the money, you can transfer it without any condition. Is that something you would consider using the reserve fund for or? No, you don't think you can touch it? Like just explain your philosophy on the reserve fund.”

Secretary Persily: “So, our understanding is...of the reserve fund...and we met with Senator Tarr and his team a couple...month and a half ago maybe...to talk about our understanding. Our understanding of the reserve fund is that...that we can pull from the reserve fund after we've spent our other funds and that we can only pull from the reserve fund to replace funds in those lines that were cut by 10% and so childcare wasn't one of those lines that was cut and so we don't necessarily...from that discussion...we didn't necessarily believe that we could do that. I think in further discussions that there perhaps is some flexibility. If the number that we need to fill is higher though than the amount that

I'm allowed to move from line to line...that I have authority to do...we will need to...to come back to the legislature to ask for that ability to do that. Right now, I think my amount is 5% that I can move between lines, which I assume means from the reserve line as well into other lines and so that would be about nine million. Our estimates are...at some point, you know, if it runs out at the end of the year, we'd need twenty-three million for instance.”

Delegate Summers: “That...that's not how I'm reading Senate Bill 1001 but I'm not a lawyer...but there's a lot of provisos and I think the final one says you can move it without condition but if you've made arrangements with Finance that I don't know about, then...then I can understand your...your philosophy there. So, okay...thank you, very much.”

Speaker Hanshaw: “Okay there...there is a little glitch in our recognition system here today. So, the Chair cannot see if anyone has a button pressed. So, at this time are there questions from any other member? Just please raise your hand to be identified. Okay, Senator Tarr.”

Senator Tarr: “Thank you. Just following up on the childcare piece. Where in the...in our books here in front of us that show your dates...where does the childcare fall within this...these budget line items? Where is that...that expense?”

Secretary Persily: “I don't know that off the top of my head but I can have that for you tomorrow morning.”

Senator Tarr: “Okay. Do you have any idea what we were spending on childcare pre COVID?”

Secretary Persily: “No, but I could have that for you tomorrow morning as well.”

Senator Tarr: “Okay. Do you know what we're spending now a year on childcare?”

Secretary Persily: “No.”

Senator Tarr: “Okay.”

Secretary Persily: “I'm sorry, I just wasn't prepared to speak to childcare funding.”

Senator Tarr: “Yeah. Tomorrow would be...if you can have that for us—”

Secretary Persily: “Yes.”

Senator Tarr: “—tomorrow to kind of...for those different things.”

Secretary Persily: “I will.”

Senator Tarr: “For...for the federal rule that's changed, going from attendance to enrollment.”

Secretary Persily: “Yes.”

Senator Tarr: “That's for people who had already been on state assistance of some sort. Is that correct? Like if...if I'm not on state assistance and I've got my kid in childcare...is this childcare rule going from attendance to enrollment going to affect me?”

Secretary Persily: “If you're receiving a subsidy for childcare, then it affects you and you can receive a subsidy for childcare based on your income levels, which may be different than based on income levels for other social programs that we have...and we...and you may choose not to participate in those other social programs as well. You have to be working full time...excuse me...you have to be working...you have to be...or you can be in approved education. There are some federal guidelines relative to

education activities in order to receive a childcare subsidy. So, it's based on income and size of family, and it is...that's how...that's how our...our childcare subsidies work.”

Senator Tarr: “You do have to be working or you just have to be looking for a job as the way it sits now?”

Secretary Persily: “You have to be seeking, you have to be working, or you have to be in an education program that leads to employment. There are federal rules related to...there's some categories.”

Senator Tarr: “So I...so I don't qualify for the subsidy if I just tell you I'm actively seeking a job now?”

Secretary Persily: “Huh uh.”

Senator Tarr: “Okay. So, what's the upper limit on the subsidy? So, when you said there's graduated income levels...so, are we talking if some...you got a family making \$300,000 dollars a year, do they qualify for subsidy?”

Secretary Persily: “No—”

Senator Tarr: “So what's the upper limit on the—”

Secretary Persily: “If I remember correctly...and we can pull that up for you tomorrow...but if I remember correctly, the upper income level is somewhere around 70,000 but that's for a very large family, seven or eight people.”

Senator Tarr: “Is that new since COVID? Did it—”

Secretary Persily: “I don't think that there have been significant changes since COVID. During COVID though, there were significant ARPA funds that were provided to

child...the childcare provider industry to keep them steady as essential workers. So, there were significant ARPA funds that were provided to them.”

Senator Tarr: “So I guess what I'd like though...what I was trying to get to is a couple things. One, like if you can prepare for by tomorrow, one is what were we spending a year—”

Secretary Persily: “Yes.”

Senator Tarr: “—as the state of West Virginia on subsidizing childcare—”

Secretary Persily: “Right.”

Senator Tarr: “—compared to what we are now per year, compared to what we would be when it goes to enrollment, and then also labor force participation for those that are actually getting that subsidy, because what you've told me is different than I understand it. So, I want to make sure that I understand it correctly.”

Secretary Persily: “Sure.”

Senator Tarr: “So, I'd like to know that within that population of people who are receiving the childcare subsidy relative to that change of expense, what has the labor force participation...how's it changed?”

Secretary Persily: “Okay.”

Senator Tarr: “Okay, thank you.”

Secretary Persily: “Yes and if I don't have that number by tomorrow, I will make sure I have that to you this week.”

Senator Tarr: “Thank you.”

Speaker Hanshaw: “Other questions? All right, Madam Secretary, thank you very much—”

Secretary Persily: “Great.”

Speaker Hanshaw: “—we appreciate you being here with us today.”

Secretary Persily: “Thank you so much.”

Speaker Hanshaw: “For the benefit of all members in your packets are various other reports that are due to the committee this month. You have those for inspection, including the Board of Treasury report that's available in the packets today. Chair has noted that...the President's request that at our October meeting, we add Highways as a presenter to the agenda for the October meeting. If there's no objection from the committee, we'll ask our staff to please add Highways to our October meeting. At this time is there other business to come before today's meeting? Yes, Chair recognize Delegate Criss.”

Delegate Criss: “On the...old workers comp fund...I noticed in the charts under the federal black lung there's been a rise in cases...under the old fund...I would like for somebody from the old workers comp fund to come forward and explain why we're having increases in the old fund.”

Speaker Hanshaw: “Okay. We can ask our staff to also please have that added to our agenda.”

Delegate Criss: “Thank you.”

Speaker Hanshaw: “Other business to come before today's meeting? If not, Chair recognize the President.”

President Blair: “I move we adjourn.”

Speaker Hanshaw: “The question is on the President's motion that we stand adjourned. Those in favor will please say aye, those opposed please say no. The ayes have it, we are adjourned. Thanks to all.”

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

November 04, 2024

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

- West Virginia Lottery as of September 30, 2024
Gross profit as of September 30, 2024, was \$144.4 million. Gross profit as of September 30, 2023, was \$149.6 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2024
Total disbursements were \$13.5 million higher than in fiscal year 2024. Overall ending trust fund balance was \$10.2 million higher on September 30, 2024, than on September 30, 2023.
- General Revenue Fund as of October 31, 2024
The general revenue collections ended the fourth month of fiscal year 2025 at 99% of the estimate for the year. Total collections were \$13.8 million below the estimate for the fiscal year.
- State Road Fund as of October 31, 2024
The road revenue collections ended the fourth month of fiscal year 2025 at 99% of the estimate for the year. Total collections were \$2.5 million below the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 304-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: September 20, 2024

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2024

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for September 30, 2024, 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 \$314 million for July-September of fiscal year 2024-2025. Table games accounted for \$8 million of this total. Historic Resort Hotel video lottery accounted for \$1.2 million of total gross receipts. Gross lottery revenue has decreased by \$18.4 million or -5.5% when compared with July-September of fiscal year 2023-2024. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-September was \$144 million; for July-September of last fiscal year, it was \$149.6 million. Expressed as a percentage, gross profit is -3.5% lower for fiscal year 2025 than for fiscal

Lottery continued

year 2024.

Operating Transfers to the State of West Virginia:

A total of \$137,531,000.00 has been accrued to the state of West Virginia for fiscal year 2024-2025. 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	\$55,268,000.00
Community and Technical College	\$1,498,000.00
Department of Education	\$8,480,000.00
Library Commission	\$6,618,000.00
Higher Education-Policy Commission	\$4,329,000.00
Tourism	\$4,072,000.00
Department of Natural Resources	\$2,243,000.00
Division of Culture and History	\$2,468,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$2,999,000.00
School Building Authority	\$5,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$93,375,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$6,305,000.00
Higher Education Improvement Fund	\$4,500,000.00
Economic Development Authority	\$1,317,000.00
General Purpose Fund	\$12,953,000.00
Higher Education Improvement Fund	\$5,779,000.00
State Park Improvement Fund	\$300,000.00
School Building Authority	\$5,292,000.00
Refundable Credit	\$267,000.00
WV Racing Commission	\$1,199,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$12,160,000.00
Economic Development Authority	\$000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$9,772,000.00
Total State Excess Lottery Revenue Fund	\$76,844,000.00

Total Budgetary Distributions:	\$170,219,000.00
Veterans Instant Ticket Fund	\$119,000.00
Pension Plan	\$00.00

Lottery continued

TOTAL TRANSFERS	*\$170,338,000.00
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* CASH BASIS

Total Accrued last FY 2023:	\$190,015,000.00
Total Cash Distributions FY 2024:	\$170,338,000.00
Applied to FY 2024:	\$170,338,000.00
Applied to FY 2025:	\$000.00
Accrued for FY 2024 as of September 30:	\$19,677,000.00
Accrued for FY 2025 as of September 30:	\$137,531,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John A. Myers, Director

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

RE: Monthly Report on Lottery Operations
Month Ending September 30, 2024

DATE: October 17, 2024

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

Financial statements of the Lottery for the month ending September 30, 2024 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$99,478,311 for the month of September.

Transfers of lottery revenue totaling \$45,721,274 made for the month of September 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 September 30, 2024 was 1,502 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
Larry Pack, 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-**

September 30, 2024

WEST VIRGINIA LOTTERY**TABLE OF CONTENTS**

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

ASSETS	September 30, 2024	June 30, 2024
Current Assets:		
Cash and cash equivalents	\$ 191,487	\$ 227,763
Accounts receivable	37,702	38,583
Inventory	1,582	1,330
Other assets	215	213
Total Current Assets	<u>230,986</u>	<u>267,889</u>
Capital assets	63,968	63,915
Less accumulated depreciation and amortization	<u>(23,967)</u>	<u>(23,544)</u>
Net Capital Assets	<u>40,001</u>	<u>40,371</u>
Net Pension Asset	24	24
Net OPEB Asset	<u>204</u>	<u>204</u>
Total Noncurrent Assets	<u>40,229</u>	<u>40,599</u>
Total Assets	<u>\$ 271,215</u>	<u>\$ 308,488</u>
Deferred outflows of resources	<u>\$ 1,471</u>	<u>\$ 1,471</u>
Total assets and deferred outflows	<u>\$ 272,686</u>	<u>\$ 309,959</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 157,208	\$ 190,015
Estimated prize claims	19,490	19,293
Accounts payable	4,283	5,104
Other accrued liabilities	29,803	33,645
Total Current Liabilities	<u>210,784</u>	<u>248,057</u>
Deferred inflows	<u>\$ 370</u>	<u>370</u>
Net Position:		
Net Investment in capital assets	40,001	40,371
Unrestricted	<u>21,531</u>	<u>21,161</u>
Total Net Position	<u>61,532</u>	<u>61,532</u>
Total net position, liabilities, and deferred inflows	<u>\$ 272,686</u>	<u>\$ 309,959</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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2024

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2025	FY 2024	FY 2025	FY 2024
Lottery revenues				
On-line games	\$ 5,823	\$ 7,898	\$ 17,244	\$ 29,987
Instant games	11,213	12,409	38,925	41,341
Racetrack video lottery	37,831	40,237	120,526	124,323
Limited video lottery	37,672	39,452	117,788	120,564
Table games	2,678	2,569	7,942	8,351
Historic resort	323	543	1,193	1,874
Sports Wagering	744	437	1,461	965
Interactive Wagering	3,195	1,829	9,262	5,358
	<u>99,479</u>	<u>105,374</u>	<u>314,341</u>	<u>332,763</u>
Less commissions				
On-line games	410	547	1,208	2,089
Instant games	785	868	2,725	2,894
Racetrack video lottery	20,755	22,075	66,125	68,209
Limited video lottery	18,459	19,332	57,716	59,076
Table games	1,139	1,095	3,383	3,558
Historic resort	164	262	592	901
	<u>41,712</u>	<u>44,179</u>	<u>131,749</u>	<u>136,727</u>
Less on-line prizes	2,890	3,823	8,690	14,598
Less instant prizes	7,687	8,490	26,701	28,273
Less ticket costs	133	205	449	524
Less vendor fees and costs	692	812	2,380	3,025
	<u>11,402</u>	<u>13,330</u>	<u>38,220</u>	<u>46,420</u>
Gross profit	<u>46,365</u>	<u>47,865</u>	<u>144,372</u>	<u>149,616</u>
Administrative expenses				
Advertising and promotions	636	330	1,875	1,297
Wages and related benefits	1,148	1,042	3,002	3,101
Telecommunications	85	35	207	93
Contractual and professional	1,343	835	3,399	2,547
Rental	10	22	45	84
Depreciation and amortization	141	141	424	424
Other administrative expenses	(78)	201	271	1,096
	<u>3,285</u>	<u>2,606</u>	<u>9,223</u>	<u>8,642</u>
Other Operating Income	<u>564</u>	<u>489</u>	<u>2,007</u>	<u>2,253</u>
Operating Income	<u>43,644</u>	<u>45,748</u>	<u>137,156</u>	<u>143,227</u>
Nonoperating income (expense)				
Investment income	753	1,159	2,800	3,580
Distributions to municipalities and counties	(738)	(773)	(2,309)	(2,363)
Distributions -capital reinvestment	(38)	(31)	(116)	(100)
Distributions to the State of West Virginia	<u>(43,621)</u>	<u>(46,103)</u>	<u>(137,531)</u>	<u>(144,344)</u>
	<u>(43,644)</u>	<u>(45,748)</u>	<u>(137,156)</u>	<u>(143,227)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>61,532</u>	<u>61,430</u>	<u>61,532</u>	<u>61,430</u>
Net position, end of period	<u>\$ 61,532</u>	<u>\$ 61,430</u>	<u>\$ 61,532</u>	<u>\$ 61,430</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2024

(In Thousands)
- Unaudited -

	2025	2024
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 317,229	\$ 331,910
Cash payments for:		
Personnel costs	(3,002)	(3,101)
Suppliers	(5,008)	(4,217)
Other operating costs	(169,147)	(181,105)
Cash provided by operating activities	<u>140,072</u>	<u>143,487</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(170,338)	(173,664)
Distributions to municipalities and counties	(2,362)	(2,381)
Distributions to racetrack from racetrack cap. reinv. fund	(6,394)	(6,123)
Cash used in noncapital financing activities	<u>(179,094)</u>	<u>(182,168)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(54)</u>	<u>(254)</u>
Cash flows from investing activities:		
Investment earnings received	<u>2,800</u>	<u>3,580</u>
Increase (decrease) in cash and cash equivalents	(36,276)	(35,355)
Cash and cash equivalents - beginning of period	<u>227,763</u>	<u>288,680</u>
Cash and cash equivalents - end of period	<u>\$ 191,487</u>	<u>\$ 253,325</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 137,156	\$ 143,227
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	424	424
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	881	(3,106)
(Increase) decrease in inventory	(252)	(17)
(Increase) decrease in other assets	(2)	1,197
Increase (decrease) in estimated prize claims	197	487
Increase (decrease) in accounts payable	(821)	(246)
Increase (decrease) in other accrued liabilities	2,489	1,521
Cash provided by operating activities	<u>\$ 140,072</u>	<u>\$ 143,487</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
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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 \$887,847 and \$807,352 at June 30, 2024 and 2023, 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 September 30, 2024 the carrying amounts of deposits (overdraft) with financial institutions were \$469 thousand with a bank balance (overdraft) of \$489 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):

	September 30, 2024	June 30, 2024
Deposits with financial institutions	\$ 469	\$ 491
Cash on hand at the Treasurer's Office	14,990	4,236
Investments with BTI reported as cash equivalents	176,028	223,036
	\$ 191,487	\$ 227,763

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
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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended September 30, 2024 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2024	Additions	Deletions	Historical Cost At September 30, 2024
Construction in Progress	2,812	52	-	2,864
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	-	-	11,180
	<u>\$ 63,916</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 63,968</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2024	Additions	Deletions	Historical Cost At September 30, 2024
Buildings	\$ 13,865	\$ 307	\$ -	\$ 14,172
Equipment	9,679	116	-	9,795
	<u>\$ 23,544</u>	<u>\$ 423</u>	<u>\$ -</u>	<u>\$ 23,967</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 September 30, 2024 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,929,978	\$ 5,468,470
Lotto America	506,365	1,458,458
Mega Millions	1,611,593	4,730,714
Total	\$ 4,047,936	\$ 11,657,642

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 968,852	\$ 2,745,194
Lotta America	253,184	729,230
Mega Millions	805,828	2,365,419
Total	\$ 2,027,864	\$ 5,839,843

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 September 30, 2024, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 127,055,280	\$ 1,137,959
Lotto America	9,773,930	718,875
Mega Millions	95,865,294	707,859
Total	\$ 232,694,504	\$ 2,564,693

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
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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 \$23,197,039 at September 30, 2024, of which the Lottery's share was \$215,470.

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
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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 September 30, 2024 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2025	2024	2025	2024
Total credits played	\$ 457,693	\$ 469,302	\$ 1,454,239	\$ 1,458,172
Credits (prizes) won	(411,861)	(421,609)	(1,309,288)	(1,311,338)
Promotional credits played	(8,001)	(7,456)	(24,425)	(22,511)
Gross terminal income	37,831	40,237	120,526	124,323
Administrative costs	(1,513)	(1,610)	(4,821)	(4,973)
Net Terminal Income	36,318	38,627	115,705	119,350
Less distribution to agents	(20,755)	(22,075)	(66,126)	(68,209)
Racetrack video lottery revenues	<u>\$ 15,563</u>	<u>\$ 16,552</u>	<u>\$ 49,579</u>	<u>\$ 51,141</u>

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

	Current Month	Year-to-Date
State Lottery Fund	\$ 10,896	\$ 34,711
State Excess Lottery Revenue Fund	4,667	14,868
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 15,563</u>	<u>\$ 49,579</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
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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 September 30, 2024 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2025	2024	2025	2024
Total credits played	\$ 503,365	\$ 525,758	\$ 1,579,439	\$ 1,601,728
Credits (prizes) won	(465,693)	(486,306)	(1,461,651)	(1,481,164)
Gross terminal income	\$ 37,672	\$ 39,452	\$ 117,788	\$ 120,564
Administrative costs	(753)	(789)	(2,356)	(2,411)
Gross Profit	36,919	38,663	115,432	118,153
Commissions	(18,459)	(19,332)	(57,716)	(59,076)
Municipalities and Counties	(738)	(773)	(2,309)	(2,363)
Limited video lottery revenues	<u>\$ 17,722</u>	<u>\$ 18,558</u>	<u>\$ 55,407</u>	<u>\$ 56,714</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
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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 September 30, 2024 were \$7,650,339 and \$22,691,725, 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	
	2025	2024	2025	2024
Table Games Privilege Tax	\$ 2,678	\$ 2,569	\$ 7,942	\$ 8,351
Interest on Table Games Fund	20	26	74	81
Administrative costs	(230)	(220)	(681)	(716)
Total Available for Distribution	<u>2,468</u>	<u>2,375</u>	<u>7,335</u>	<u>7,716</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	172	165	511	537
Thoroughbred & Greyhound Development Funds	138	132	408	430
Racing Association Pension Plan	68	66	203	213
Municipalities/ Counties	761	732	2,261	2,378
Total Distributions	<u>1,139</u>	<u>1,095</u>	<u>3,383</u>	<u>3,558</u>
Excess Lottery Fund	<u>\$ 1,329</u>	<u>\$ 1,280</u>	<u>\$ 3,952</u>	<u>\$ 4,158</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 September 30, 2024 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2025	2024	2025	2024
Total credits played	\$ 3,311	\$ 4,954	\$ 11,296	\$ 15,975
Credits (prizes) won	(3,049)	(4,547)	(10,382)	(14,573)
Promotional credits played	(45)	(79)	(149)	(273)
Gross terminal income	217	328	765	1,129
Capital reinvestment	(10)	(15)	(36)	(53)
Excess Lottery Fund	(2)	(3)	(7)	(10)
Administrative costs	(12)	(18)	(43)	(61)
Hotel commissions	(92)	(139)	(323)	(477)
Net terminal income	101	153	356	528
Historic Resort Hotel Fund	64	97	227	336
Human Resource Benefit Fund	37	56	129	192

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 September 30, 2024 were \$302,879 and \$1,231,055 respectively.

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

	Current Month		Year-to-Date	
	2025	2024	2025	2024
Table games privilege tax	\$ 106	\$ 215	\$ 430	\$ 745
Administrative Costs	(14)	(28)	(55)	(96)
Total Available for Distribution	92	187	375	649
Historic Resort Hotel Fund	77	156	312	543
Human Resource Benefit Fund	15	31	63	106

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;20+19+
- 5) +74
- 6) 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;
- 7) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

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

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 64	\$ 227
Historic Resort Table Games	77	314
Interest on Historic Resort Hotel Fund	4	14
Historic Resort Hotel Fund Net Income	145	555
Municipalities/ Counties	20	77
Excess Lottery Fund	125	477
Total Distributions	<u>\$ 145</u>	<u>\$ 554</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 September 30, 2024 were \$7,441,232 and \$14,607,730, 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>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Sports Wagering Privilege Tax	\$ 744	\$ 437	\$ 1,461	\$ 965
Interest on Sports Waging Fund	5	7	19	19
Administrative Costs	<u>(112)</u>	<u>(66)</u>	<u>(219)</u>	<u>(145)</u>
Total Available for Distribution	637	378	1,261	839

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 September 30, 2024 were \$21,298,338 and \$61,745,589 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	
	2025	2024	2025	2024
Interactive Wagering Privilege Tax	\$ 3,195	\$ 1,829	\$ 9,262	\$ 5,358
Interest on Interactive Wagering Fund	40	46	143	138
Administrative Costs	<u>(479)</u>	<u>(274)</u>	<u>(1,389)</u>	<u>(804)</u>
Total Available for Distribution	<u>2,756</u>	<u>1,601</u>	<u>8,016</u>	<u>4,692</u>

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

	Current Month	Year-to-Date
Pensions	28	80
Lottery Fund	2,728	7,936
Total Distributions	<u>\$ 2,756</u>	<u>\$ 8,016</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, 2025 the State Legislature budgeted \$149,094,042 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 \$6,404,184 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 September 30, 2024 the Lottery has accrued additional distributions of \$157,208,492. 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>September 30, 2024</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 1,498
Bureau of Senior Services	8,799	55,268
Department of Education	1,937	8,480
Library Commission	1,512	6,618
Higher Education-Policy Commission	989	4,329
Tourism	930	4,072
General Revenue		
Natural Resources	512	2,243
Fire Protection Fund		
Division of Culture & History	564	2,468
Economic Development Authority	1,000	2,999
School Building Authority	1,800	5,400
Total State Lottery Fund	<u>\$ 18,542</u>	<u>\$ 93,375</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 6,305
Higher Education Improvement Fund	1,500	4,500
Economic Development Authority	439	1,317
General Purpose Account	6,788	12,953
Higher Education Improvement Fund	3,029	5,779
State Park Improvement Fund	157	300
School Building Authority	1,764	5,292
Refundable Credit		267
WV Racing Commission	209	1,199
Division of Human Services		17,000
WV Lottery Statutory Transfers	6,373	12,160
General Revenue Fund		
West Va. Infrastructure Council	4,778	9,772
Total State Excess Lottery Revenue Fund	<u>\$ 27,139</u>	<u>\$ 76,844</u>
Total Budgetary distributions:	<u>\$ 45,681</u>	<u>\$ 170,219</u>
Veterans Instant Ticket Fund	\$ 41	\$ 119
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 45,722	\$ 170,338
Accrued nonoperating distributions, beginning	(159,309)	(190,015)
Accrued nonoperating distributions, end	<u>157,208</u>	<u>157,208</u>
	<u>\$ 43,621</u>	<u>\$ 137,531</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 September 30, 2024 and September 30, 2023 approximated \$45,072 and \$84,376 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 September 30, 2024 and September 30, 2023 approximated \$282,864 and \$235,857 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2024 and June 30, 2023 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2024 and 2023, \$5,321,574 and \$5,986,994, 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 September 30, 2024 and fiscal year-to-date are as follows (in thousands):

	<u>September 30, 2024</u>	<u>Year-to-Date</u>
Employee contributions	\$ 43	\$ 134
Lottery contributions	76	234
Total contributions	<u>\$ 119</u>	<u>\$ 368</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2024
 (In Thousands)**

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	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	11,213	12,500	38,925	37,500
On-line games	5,823	5,833	17,244	17,499
Racetrack video lottery	37,831	36,743	120,526	114,509
Limited video lottery	37,672	36,924	117,788	112,041
Racetrack table games	2,678	2,010	7,942	6,404
Historic resort	323	392	1,193	1,156
Sports wagering	744	500	1,461	939
Interactive wagering	3,195	1,234	9,262	3,349
Total gross revenues	<u>99,479</u>	<u>96,136</u>	<u>314,341</u>	<u>293,397</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,203	1,223	4,211	3,669
On-line games	1,774	1,674	5,201	5,023
Racetrack Video Lottery	11,087	10,495	35,446	32,776
Sports wagering	638	253	1,261	759
Interactive wagering	2,728	1,038	7,936	2,818
Total Lottery Fund net revenues	<u>17,430</u>	<u>14,683</u>	<u>54,055</u>	<u>45,045</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,741	4,495	15,151	14,039
Limited Video Lottery	18,015	17,369	56,390	52,704
Limited Video Lottery Fees	174	-	1,019	-
Racetrack table games	1,329	986	3,953	3,142
Historic resort	127	149	485	440
Total Excess Lottery Fund Net Revenues	<u>24,386</u>	<u>22,999</u>	<u>76,998</u>	<u>70,325</u>
Total Net Revenues	<u>41,816</u>	<u>37,682</u>	<u>131,053</u>	<u>115,370</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: November 04, 2024

Re: Status of General Revenue Fund and State Road Fund as of
October 31, 2024 (FY 25)

We have read the cash flow of the West Virginia general revenue fund as of October 31, 2024, which is the fourth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 99% of the estimate for the fiscal year. Total collections were \$13.8 million below the estimate for the fiscal year.

Personal Income Tax collections were \$33.5 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$398 thousand below the estimate for the year.

Severance Tax was \$19.3 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$10.9 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 99% of the estimate for the fiscal year. Total collections were \$2.5 million below 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 \$737,474,363.55 as of October 31, 2024.

Balance July 1, 2024	\$ 706,059,828.24
* Fiscal year 24 Surplus	\$ 00.00
**Loan to General Revenue Fund	\$ (78,500,000.00)
Loan paid off 09-16-2024	\$(78,500,000.00)
Earnings/(Loss)	\$31,414,535.31
Balance October 31, 2024	\$ 737,474,363.55

***No transfer in accordance with SB 1015.**

****\$78.5 million loan to state General Revenue Fund 7/01/2024 for beginning of the year cash flow, to be repaid within 90 days. Loan was paid off 09-16-2024.**

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$580,758,269.35 as of October 31, 2024.

Balance July 1, 2024	\$ 550,104,765.71
Earnings	\$30,653,503.64
Balance October 31, 2024	\$ 580,758,269.35

The **Personal Income Tax Reserve** Fund had a \$460,000,000.00 cash balance as of October 31, 2024.

Balance July 1, 2024	\$460,000,000.00
**Loan to General Revenue Fund	\$(12,903,957.81)
Loan paid off 09-18-2024	\$12,903,957.81
Balance October 31, 2024	\$460,000,000.00

****Loan 7/01/2024 for beginning of year cash flow, to pay income tax refunds, and is expected to be repaid later this year in a similar manner to the funds borrowed from the Rainy Day Fund. Loan paid off 9-18-2024.**

REVENUE COLLECTIONS
FISCAL YEAR 2025
as of October 31, 2024

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	\$ 184,900,000	\$ 168,510,627	\$ (16,389,373)		\$ 735,400,000	\$ 701,919,093	\$ (33,480,907)	95%	
Consumer Sales Tax & Use Tax	127,200,000	125,054,172	(2,145,828)		549,400,000	549,002,454	(397,546)	100%	
Severance Tax	9,800,000	(5,743,344)	(15,543,344)		87,800,000	68,471,859	(19,328,141)	78%	
Corporate Net Income Tax	12,400,000	27,405,183	15,005,183		96,600,000	107,503,255	10,903,255	111%	
Insurance Tax	26,600,000	27,313,967	713,967		53,140,000	57,844,296	4,704,296	109%	
Tobacco Products Tax	11,000,000	12,330,271	1,330,271		53,000,000	48,402,834	(4,597,166)	91%	
Business and Occupation	10,000,000	7,326,161	(2,673,839)		36,300,000	36,865,800	565,800	102%	
Liquor Profit Transfers	2,520,000	2,544,290	24,290		11,320,000	11,979,337	659,337	106%	
Departmental Collections	1,450,000	1,258,915	(191,085)		6,050,000	5,444,537	(605,463)	90%	
Property Transfer Tax	600,000	438,715	(161,285)		2,350,000	2,587,571	237,571	110%	
Property Tax	1,170,000	1,864,608	694,608		5,140,000	5,840,095	700,095	114%	
Beer Tax and Licenses	500,000	454,489	(45,511)		2,400,000	2,220,542	(179,458)	93%	
Miscellaneous Transfers	100,000	31,396	(68,604)		1,240,000	278,726	(961,274)	22%	
Interest Income	12,100,000	18,443,944	6,343,944		50,000,000	80,270,349	30,270,349	161%	
Refundable Credit Reimb Liability	300,000	145,460	(154,540)		500,000	412,559	(87,441)	0%	
HB 102 - Lottery Transfers	6,150,000	5,839,611	(310,389)		18,950,000	18,793,224	(156,775,56)	0%	
Miscellaneous	1,650,000	185,003	(1,464,997)		3,600,000	731,492	(2,868,508)	20%	
Business Franchise Fees	58,000	50,876	(7,124)		325,000	184,361	(140,639)	57%	
Estate & Inheritance Tax	-	-	-		-	-	-	0%	
Liquor License Renewal	91,000	98,757	7,757		272,000	282,798	10,798	104%	
Special Revenue Transfers	-	-	-		-	-	-	0%	
Charter Tax	-	110	110		-	569	569	0%	
Telecommunications Tax	-	-	-		-	-	-	0%	
Video Lottery Transfers	-	-	-		-	-	-	0%	
July-Dec Retro Rev Adj	-	16,242	16,242		-	40,586	40,586	0%	
Cash Flow Transfer	-	-	-		-	-	-	0%	
Soft Drink Excise Tax	0	19,643	19,643		500,000	1,400,455	900,455	280%	
SUBTOTALS	\$ 408,589,000	\$ 393,589,095	\$ (14,999,905)		\$ 1,714,287,000	\$ 1,700,476,794	\$ (13,810,206)		
Less: Cash Flow Transfer	-	-	-		-	-	-		
Less: Special Revenue Transfer	-	-	-		-	-	-		
TOTALS	\$ 408,589,000	\$ 393,589,095	\$ (14,999,905)		\$ 1,714,287,000	\$ 1,700,476,794	\$ (13,810,206)		

Percent of Estimates 96%

Collections this day \$ 51,463,348

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 2024

STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
OCT 2023 vs OCT 2024

GENERAL REVENUE FUND

	Actual Collections Oct 2023	Actual Collections Oct 2024	Actual Collections 4 Months Jul-Oct 2023	Actual Collections 4 Months Jul-Oct 2024	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 189,269,727	\$ 168,510,627	\$ 796,784,099	\$ 701,919,093	\$ (94,865,005)	-12%
Consumer Sales Tax & Use Tax	125,188,806	125,054,172	539,722,385	549,002,454	9,280,069	2%
Severance Tax	(37,489,955)	(5,743,344)	34,970,731	68,471,859	33,501,128	96%
Corporate Net Income Tax	26,344,528	27,405,183	152,287,560	107,503,255	(44,784,305)	-29%
Insurance Tax	26,220,778	27,313,967	52,240,078	57,844,296	5,604,218	11%
Tobacco Products Tax	9,358,475	12,330,271	53,911,557	48,402,834	(5,508,722)	-10%
Business and Occupation	10,015,298	7,326,161	36,049,290	36,865,800	816,510	2%
Liquor Profit Transfers	2,522,666	2,544,290	11,570,086	11,979,337	409,251	4%
Departmental Collections	1,393,861	1,258,915	5,819,298	5,444,537	(374,761)	-6%
Property Transfer Tax	1,080,233	438,715	5,235,913	2,587,571	(2,648,342)	-51%
Property Tax	1,144,101	1,864,608	4,983,799	5,840,095	856,296	17%
Beer Tax and Licenses	439,535	454,489	2,301,454	2,220,542	(80,912)	-4%
Miscellaneous Transfers	-	31,396	159,772	278,726	118,954	74%
Interest Income	17,014,773	18,443,944	74,456,747	80,270,349	5,813,602	8%
Refundable Credit Reimb Liability	624,015	145,460	1,026,889	412,559	(614,330,00)	-60%
HB 102 - Lottery Transfers	6,088,678	5,839,611	19,341,459	18,793,224	(548,235,04)	-3%
Miscellaneous	10,186,581	185,003	12,310,505	731,492	(11,579,013)	-94%
Business Franchise Fees	57,551	50,876	331,095	184,361	(146,734)	-44%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	98,757	98,757	282,798	282,798	0	0%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	1,171	110	1,902	569	(1,333)	-70%
Video Lottery Transfers	65,785	16,242	234,803	40,586	(194,217)	-83%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	1,210,968	19,643	4,738,479	1,400,455	(3,338,024)	-70%
SUBTOTALS	\$ 390,836,331	\$ 393,589,095	\$ 1,808,760,699	\$ 1,700,476,794	(108,283,906)	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 390,836,331	\$ 393,589,095	\$ 1,808,760,699	\$ 1,700,476,794	(108,283,906)	
Increase/Decrease over Prior Period		\$ 2,752,764		(108,283,906)		
% Increase/Decrease over Prior Period		0.70%		-5.99%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 2024

STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
OCT 2023 vs OCT 2024

STATE ROAD FUND

	Actual Collections Oct 2023	Actual Collections Oct 2024	Actual Collections 4 Months Jul-Oct 2023	Actual Collections 4 Months Jul-Oct 2024	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 62,461,502	\$ 40,103,991	\$ 170,499,858	\$ 154,551,384	\$ (15,948,473)	-9%
Privilege Tax	27,460,823	35,156,309	112,494,621	120,478,427	7,983,806	7%
Licenses & Registration	8,728,188	7,340,106	41,046,573	46,646,376	5,599,804	14%
Miscellaneous	8,187,511	3,345,559	190,523,700	19,930,501	(170,593,200)	-90%
Highway Litter Control	115,195	134,717	565,788	641,272	75,484	13%
Federal Reimbursement	61,242,005	90,426,392	281,337,573	308,339,307	27,001,734	10%
SUBTOTALS	\$ 168,195,223	\$ 176,507,074	\$ 796,468,113	\$ 650,587,267	\$ (145,880,845)	
Less: Federal Reimbursement	61,242,005	90,426,392	281,337,573	308,339,307	27,001,734	
TOTALS	\$ 106,953,219	\$ 86,080,682	\$ 515,130,540	\$ 342,247,961	\$ (172,882,580)	

Increase/Decrease over Prior Period \$ (20,872,537) \$ (172,882,580)

% Increase/Decrease over Prior Period -19.5% -33.6%

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 2024

REVENUE COLLECTIONS
FISCAL YEAR 2025
as of October 31, 2024

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	\$ 42,100,000	\$ 40,103,991	\$(1,996,009)	\$ 149,200,000	\$ 154,551,384	\$ 5,351,384	104%
Sales/Privilege Tax	26,500,000	35,156,309	8,656,309	110,000,000	120,478,427	10,478,427	110%
Licenses & Registration	10,500,000	7,340,106	\$(3,159,894)	51,000,000	46,646,376	(4,353,624)	91%
Miscellaneous	8,000,000	3,345,559	\$(4,654,441)	34,000,000	19,930,501	(14,069,499)	59%
Highway Litter Control	120,000	134,717	14,717	590,000	641,272	51,272	109%
Federal Reimbursement	74,500,000	90,426,392	15,926,392	326,000,000	308,339,307	(17,660,693)	95%
SUBTOTALS	\$ 161,720,000	\$ 176,507,074	\$ 14,787,074	\$ 670,790,000	\$ 650,587,267	\$(20,202,733)	
Less: Federal Reimbursement	74,500,000	90,426,392	15,926,392	326,000,000	308,339,307	(17,660,693)	
TOTALS	\$ 87,220,000	\$ 86,080,682	\$ (1,139,318)	\$ 344,790,000	\$ 342,247,961	\$(2,542,039)	

Percent of Estimates 99% 99%

Collections this day \$ 6,769,987

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of October 31, 2024 : \$737,474,363.55

\$78.5 million loan to General Revenue fund 7/1/24 for beginning of the year cash flow, to be repaid within 90 days, not reflected.
Loan repaid 9-16-2024.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of October 31, 2024: \$ 580,758,269.35

SPECIAL INCOME TAX REFUND RESERVE FUND as of October 31, 2024: \$460,000,000.00

\$400 million appropriated on 9/8/23 - HB 2024 will be used to pay for the first year of the Personal Income Tax and Personal Property Tax Exemption.
Loan to General Revenue Fund for beginning of the year cash flow. Loan repaid 9-18-2024.

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
November 01, 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: October 31, 2024

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the September 30, 2024 monthly report of the Unemployment Compensation Trust Fund we received from Workforce West Virginia.

As of September 30, 2024, of fiscal year 2024-2025, the Trust Fund cash flow was as follows:

Beginning Cash Balance July 1, 2024	\$ 434,053,523.79
Receipts July 1, 2024 - September 30, 2024	\$ 94,735,906.86
Disbursements July 1, 2024 - September 30, 2024	\$ 101,499,963.61
Ending Cash Balance September 30, 2024	\$ 427,289,467.04

ITEMS OF NOTE:

Regular benefits paid for July-September 2024 were \$7.1 million more than July-September 2023.

Federal emergency benefits were \$0 for July-September 2024. For July-September 2023, federal emergency benefits were also \$0.

Total disbursements were \$13.5 million more in July-September 2024 than the preceding July-September 2023.

Receipts, year to date, as of September 2024, were \$9.6 million more than the preceding September 2023. Overall ending trust fund balance was \$10.2 million higher on September 30, 2024, than on September 30, 2023.

Seasonally adjusted unemployment rate for September 2024 remained at 4.2 percent. The national rate inched downward one-tenth of a percentage point to 4.1 percent in September.

Since September 2023, employment has risen by 6,400. Employment gains included 6,600 in private education and health services, 800 in leisure and hospitality, 700 in professional and business services, 600 in construction, 500 in mining and logging, 400 in government, 200 in financial activities, and 100 in other services. Employment declines included 2,100 in trade, transportation, and utilities, 1,200 in manufacturing, and 200 in information.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JULY 2023 AND JULY 2024**

	JULY 2023	AUGUST 2023	SEPTEMBER 2023	JULY 2024	AUGUST 2024	SEPTEMBER 2024	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 419,876,988.10	\$ 422,838,146.62	\$ 423,531,699.22	\$ 434,053,523.79	\$ 437,834,850.04	\$ 436,056,954.48	\$ 41,698,494.37
Add Receipts:							
1. Bond Assessment							1,102,523.51
2. Regular Contributions:	15,274,118.79	10,920,131.47	916,581.81	17,998,166.50	10,029,087.73	186,101.35	(15,074.11)
3. Federal Emergency Benefits (FEUC)	10,046.55	4,951.89	3,291.67	-	-	3,216.00	-
4. Federal Share Extended Benefits (EB)							(153,828.45)
5. Federal Additional Compensation - FPUC	34,122.75	70,327.64	58,284.06	900.00	3,030.00	4,976.00	115,457.59
6. Pandemic Unemployment Assistance PUA	(10,030.00)	(96,527.94)	(12,343.65)	(3,570.00)	226.00	(100.00)	(1,513.91)
7. UCFE (Federal Agencies)	54,450.49	87,787.58	31,268.45	63,790.31	49,506.82	58,695.48	-
8. TSFR From Non-Invst'd FUA							-
9. EUISAA - EMER US RELIEF/STC							-
10. Treasury Interest Credits			2,772,628.98			3,309,254.49	536,625.51
11. UCX (Military Agencies)	28,621.29	15,034.96	17,342.57	70,899.89	40,283.84	28,816.90	79,001.81
12. Temporary Compensation							(1,329.00)
13. BT to State UI Account			1,329.00				-
14. UI Modernization							-
15. Loan Advance							-
16. Return of Overpayments FPUC/PUA/EUO							-
Total Monthly Receipts	\$ 40,323,764.10	\$ 31,593,212.99	\$ 13,233,259.02	\$ 48,159,607.56	\$ 31,371,798.50	\$ 15,204,500.80	\$ 9,585,670.75

	JULY 2023	AUGUST 2023	SEPTEMBER 2023	JULY 2024	AUGUST 2024	SEPTEMBER 2024	THREE MONTH TOTAL VARIANCE *
Less Disbursements:							
Debt Bond Repayment							(Retired)
Regular Benefits:	\$ 12,287,393.67	\$ 10,242,958.74	\$ 8,671,273.90	\$ 14,233,919.86	\$ 11,805,237.59	\$ 12,257,859.68	7,095,390.82
Federal Emergency Compensation - FEUC	11,243.55	3,754.89	3,291.67	-	-	3,216.00	(15,074.11)
Federal Additional Compensation - FPUC	42,921.75	71,827.45	65,184.22	1,230.00	2,700.00	4,976.00	(171,027.42)
Pandemic Unemployment Assistance PUA	(10,030.00)	(100,730.94)	(8,140.65)	(3,570.00)	226.00	(100.00)	115,457.59
Federal Emergency Benefits (EUC08)							-
Federal Extended - 2112							-
Emergency Benefits (TEUC)							-
UCFE (Federal Workers) Benefits	68,750.38	74,659.69	27,701.31	54,132.32	51,006.52	62,067.97	(3,904.57)
UCX (Military Workers) Benefits	27,849.72	13,925.77	17,041.87	63,148.27	40,859.84	30,428.01	75,618.76
Reed Act Funds							-
EUISAA Title IX/STC	2,042.28	1,757.40	1,500,076.27	-	-	-	(1,503,875.95)
Total Monthly Disbursements	\$ 37,362,605.58	\$ 30,899,660.39	\$ 19,721,304.72	\$ 44,378,281.31	\$ 33,149,694.06	\$ 23,971,988.24	\$ 13,516,392.92
Trust Fund Balance	\$ 422,838,146.62	\$ 423,531,699.22	\$ 417,043,653.52	\$ 437,834,850.04	\$ 436,056,954.48	\$ 427,289,467.04	\$ 37,767,772.20

* 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 \$549,488.24 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 – 2024

Month	Receipts	Disbursements	Trust Fund Balance
2023			
Balance 1/1/2023			\$ 382,161,959
January	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
February	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
March	\$ 17,679,370	\$ 25,286,212	\$ 361,700,928
April	\$ 53,423,465	\$ 41,376,931	\$ 373,747,462
May	\$ 135,614,882	\$ 83,183,401	\$ 426,178,943
June	\$ 14,588,998	\$ 20,890,953	\$ 419,876,988
July	\$ 40,323,764	\$ 37,362,605	\$ 422,838,147
August	\$ 31,593,212	\$ 30,899,660	\$ 423,531,699
September	\$ 13,233,259	\$ 19,721,305	\$ 417,043,653
October	\$ 37,545,497	\$ 33,067,426	\$ 421,521,724
November	\$ 21,846,092	\$ 26,399,918	\$ 416,967,898
December	\$ 16,677,941	\$ 27,336,411	\$ 406,309,428
Totals - 2023	\$ 443,816,990	\$ 419,669,520	\$ 406,309,428
2024			
January	\$ 41,041,993	\$ 47,064,592	\$ 400,286,829
February	\$ 28,824,885	\$ 37,422,044	\$ 389,689,670
March	\$ 17,566,730	\$ 29,810,943	\$ 377,424,125
April	\$ 127,728,175	\$ 83,769,711	\$ 421,382,589
May	\$ 74,642,045	\$ 57,199,763	\$ 438,824,871
June	\$ 27,730,470	\$ 32,501,817	\$ 434,053,524
July	\$ 48,159,607	\$ 44,378,281	\$ 437,834,850
August	\$ 31,371,798	\$ 33,149,694	\$ 436,056,954
September	\$ 15,204,501	\$ 23,971,988	\$ 427,289,467
October	\$	\$	\$
November	\$	\$	\$
December	\$	\$	\$
Totals - 2024	\$	\$	\$

Benefits and Technical Support Section • Unemployment Compensation Division
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Regular UI Account Summary

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Beginning UI Balance	\$400,316,770.70	\$390,647,716.66	\$384,518,696.57	\$371,695,077.18	\$379,586,296.72	\$434,187,565.42	\$423,283,239.93	\$420,588,931.32	\$426,180,577.05
UI Deposits - Contributions	4,695,647.45	9,097,559.27	392,787.45	18,136,774.70	65,873,387.24	600,337.63	7,120,022.80	15,809,644.58	391,485.28
Interstate Payments In	1,529,771.18	810,535.42	91,361.62	3,023,983.71	502,939.08	746,089.64	2,354,765.51	1,165,197.53	41,095.07
U.S. Treasury Interest Credits	2,745,303.64			2,656,195.21			2,913,562.02		
UI Deposits - Reimbursement	519,352.55	591,340.73	193,612.55	381,675.77	855,012.76	190,762.37	742,877.20	493,255.42	127,614.72
Total UI Receipts	\$9,490,074.82	\$10,499,435.42	\$677,761.62	\$24,198,629.39	\$67,231,339.08	\$1,537,189.64	\$13,131,227.53	\$17,468,097.53	\$560,195.07
UI Withdrawals Benefit PMT - Contribution	18,573,610.26	15,331,051.73	12,877,209.15	14,843,679.44	11,810,462.53	11,699,279.58	14,666,560.98	10,817,177.48	10,364,617.11
Interstate Payments Out		754,770.54	52,288.10	884,486.63	286,141.08	56,830.16	473,569.77	409,741.67	7,140.51
UI Withdrawals Benefit PMT - Reimbursement	585,518.60	542,633.24	571,883.76	579,243.78	533,466.77	685,405.39	685,405.39	\$649,532.65	\$668,292.50
Total UI Monthly Disbursements	\$19,159,128.86	\$16,628,455.51	\$13,501,381.01	\$16,307,409.85	\$12,630,070.38	\$12,441,515.13	15,825,536.14	\$11,876,451.80	\$11,040,050.12
UI Trust Fund Balance	\$390,647,716.66	\$384,518,696.57	\$371,695,077.18	\$379,586,296.72	\$434,187,565.42	\$423,283,239.93	\$420,588,931.32	\$426,180,577.05	\$415,700,722.00
ASAP Daily report total	\$390,647,716.66	\$384,518,696.57	\$371,695,077.18	\$379,586,296.72	\$434,187,565.42	\$423,283,239.93	\$420,588,931.32	\$426,180,577.05	\$415,700,722.00

FOR RELEASE: October 16, 2024
Contact: Andy Malinoski
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304-553-9305

State Unemployment Rate Unchanged in September 2024

West Virginia's seasonally adjusted unemployment rate remained at 4.2 percent in September 2024. The number of unemployed state residents climbed 400 to 33,300. Total employment declined 400 over the month. The national seasonally adjusted unemployment rate inched downward one-tenth of a percentage point to 4.1 percent in September 2024.

Total nonfarm payroll employment rose 400 in September, where a gain of 900 in the service-providing sector offset a decline of 500 in the goods-producing sector.

Within the goods-producing sector, employment declines included 400 in construction and 100 in manufacturing. Employment in mining and logging was unchanged over the month.

Within the service-providing sector, employment gains included 400 in trade, transportation, and utilities, 400 in professional and business services, 400 in private education and health services, 100 in financial activities, and 100 in other services. Employment declines include 300 in government, 100 in leisure and hospitality, and 100 in information.

Since September 2023, total nonfarm payroll employment has risen 6,400. Employment gains included 6,600 in private education and health services, 800 in leisure and hospitality, 700 in professional and business services, 600 in construction, 500 in mining and logging, 400 in government, 200 in financial activities, and 100 in other services. Employment declines included 2,100 in trade, transportation, and utilities, 1,200 in manufacturing, and 200 in information.

West Virginia's not seasonally adjusted unemployment rate fell four-tenths of a percentage point to 4.0 percent in September.

The state's seasonally adjusted labor force participation rate remained at 55.1 percent in September 2024.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
September 2024

	Prelim. Sep 2024	Revised Aug 2024	Revised Sep 2023	Change from:	
				Aug 2024	Sep 2023
Civilian Labor Force	788.3	788.1	789.9	0.2	-1.6
Total Employment	754.9	755.3	756.2	-0.4	-1.3
Total Unemployment	33.3	32.9	33.7	0.4	-0.4
Unemployment Rate	4.2	4.2	4.3	xx	xx
Labor Force Participation Rate	55.1	55.1	55.2	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	719.3	718.9	712.9	0.4	6.4
Total Private	565.9	565.2	559.9	0.7	6.0
Goods Producing	100.8	101.3	100.9	-0.5	-0.1
Mining and Logging	22.0	22.0	21.5	0.0	0.5
Construction	33.9	34.3	33.3	-0.4	0.6
Manufacturing	44.9	45.0	46.1	-0.1	-1.2
Durable Goods	26.9	27.1	28.2	-0.2	-1.3
Non-Durable Goods	18.0	17.9	17.9	0.1	0.1
Service-Providing	618.5	617.6	612.0	0.9	6.5
Private Service-Providing	465.1	463.9	459.0	1.2	6.1
Trade, Transportation, and Utilities	120.6	120.2	122.7	0.4	-2.1
Wholesale Trade	18.7	18.6	19.2	0.1	-0.5
Retail Trade	77.2	77.0	78.2	0.2	-1.0
Transportation, Warehousing, and Utilities	24.7	24.6	25.3	0.1	-0.6
Information	7.6	7.7	7.8	-0.1	-0.2
Financial Activities	26.1	26.0	25.9	0.1	0.2
Finance and Insurance	19.3	19.3	19.1	0.0	0.2
Real Estate and Rental and Leasing	6.8	6.7	6.8	0.1	0.0
Professional and Business Services	73.8	73.4	73.1	0.4	0.7
Professional, Scientific & Technical Services	31.3	30.9	29.9	0.4	1.4
Administrative and Support and Waste Mgmt	35.4	35.4	35.9	0.0	-0.5
Private Education and Health Services	140.3	139.9	133.7	0.4	6.6
Private Educational Services	7.0	7.1	6.8	-0.1	0.2
Health Care and Social Assistance	133.3	132.8	126.9	0.5	6.4
Leisure and Hospitality	72.5	72.6	71.7	-0.1	0.8
Arts, Entertainment, and Recreation	9.3	9.1	8.6	0.2	0.7
Accommodation and Food Service	63.2	63.5	63.1	-0.3	0.1
Other Services	24.2	24.1	24.1	0.1	0.1
Government	153.4	153.7	153.0	-0.3	0.4
Federal Government	26.5	26.6	26.1	-0.1	0.4
State Government	47.1	47.0	47.8	0.1	-0.7
Local Government	79.8	80.1	79.1	-0.3	0.7

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

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	790,900	790,500	790,500	789,600	789,200	788,700	789,000	788,100	788,300				
Employment	756,800	756,400	756,200	756,000	756,100	756,000	755,900	755,300	754,900				
Unemployment	34,000	34,100	34,300	33,600	33,000	32,700	33,100	32,900	33,300				
Rate	4.3	4.3	4.3	4.3	4.2	4.1	4.2	4.2	4.2				
Participation Rate	55.3	55.2	55.2	55.2	55.1	55.1	55.1	55.1	55.1				
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	779,400	780,100	780,800	781,900	783,300	785,100	786,900	788,600	789,900	790,600	790,500	790,200	785,600
Employment	751,500	752,800	753,800	754,500	754,800	755,200	755,500	755,900	756,200	756,400	756,400	756,300	755,000
Unemployment	27,900	27,200	27,000	27,400	28,500	29,900	31,400	32,700	33,700	34,200	34,100	33,900	30,700
Rate	3.6	3.5	3.5	3.5	3.6	3.8	4.0	4.2	4.3	4.3	4.3	4.3	3.9
Participation Rate	54.5	54.5	54.6	54.7	54.8	54.9	55.0	55.1	55.2	55.2	55.2	55.2	54.9
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	777,400	778,700	779,500	779,700	779,400	778,800	778,300	778,000	777,800	777,900	778,300	778,800	778,700
Employment	747,000	748,900	750,000	750,200	749,500	748,400	747,300	746,500	746,400	747,000	748,300	750,000	748,300
Unemployment	30,400	29,700	29,400	29,500	29,900	30,400	31,000	31,400	31,400	30,900	30,000	28,900	30,400
Rate	3.9	3.8	3.8	3.8	3.8	3.9	4.0	4.0	4.0	4.0	3.8	3.7	3.9
Participation Rate	54.2	54.3	54.4	54.4	54.4	54.4	54.4	54.4	54.3	54.3	54.4	54.4	54.4
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	771,500	771,600	772,600	773,800	774,800	775,400	774,900	774,300	773,800	774,000	774,800	775,900	788,800
Employment	724,400	725,600	727,400	729,600	731,900	733,800	735,200	736,600	738,200	740,100	742,300	744,600	749,100
Unemployment	47,100	46,100	45,300	44,300	43,000	41,600	39,700	37,600	35,600	33,800	32,400	31,300	39,700
Rate	6.1	6.0	5.9	5.7	5.5	5.4	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	53.6	53.6	53.7	53.8	53.9	53.9	53.9	53.8	53.8	53.9	53.9	54.0	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,900	795,900	792,900	799,100	772,900	769,700	772,800	771,500	773,700	772,500	772,300	772,400	792,200
Employment	755,800	753,300	750,400	759,200	739,200	733,800	735,200	736,600	738,200	740,100	742,300	744,600	749,100
Unemployment	42,100	42,500	42,500	41,900	43,000	41,600	39,700	37,600	35,600	33,800	32,400	31,300	39,700
Rate	5.3	5.3	5.4	5.2	5.6	5.3	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	55.0	54.9	54.7	52.6	53.6	53.4	53.6	53.5	53.7	53.6	53.6	53.6	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,400	792,500	791,700	791,700	792,300	793,600	795,100	796,500	797,600	798,500	798,900	798,800	798,300
Employment	753,700	753,400	753,400	753,800	754,700	755,800	756,600	757,100	757,700	758,100	758,200	757,500	759,000
Unemployment	39,700	39,100	38,400	37,800	37,600	37,800	38,500	39,300	39,900	40,300	40,800	41,400	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.8	4.9	5.0	5.1	5.1	5.2	4.9
Participation Rate	54.5	54.5	54.4	54.5	54.5	54.6	54.7	54.9	54.9	55.0	55.0	55.1	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	788,500	789,900	791,700	793,400	794,500	795,000	794,900	794,600	794,500	794,600	794,700	794,500	793,400
Employment	746,000	747,400	749,400	751,500	753,100	754,200	754,700	754,900	754,800	754,700	754,500	754,300	752,200
Unemployment	42,500	42,500	42,300	41,900	41,400	40,800	40,200	39,800	39,700	39,900	40,200	40,200	41,200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Participation Rate	53.9	54.0	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate	5.4	5.2	5.1	5.0	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
Participation Rate	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
Participation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
Participation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
Participation Rate	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
Participation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800	57,000	57,900	58,900</								

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

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,500	783,900	784,900	784,500	789,300	800,500	798,100	788,900	791,700				
Employment	745,200	744,800	746,500	754,500	759,500	764,500	760,900	754,300	760,400				
Unemployment	37,200	39,100	38,300	30,000	29,900	36,000	37,200	34,600	31,300				
Rate	4.8	5.0	4.9	3.8	3.8	4.5	4.7	4.4	4.0				
Participation Rate	54.7	54.8	54.8	54.8	55.2	55.9	55.8	55.1	55.3				
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	770,000	776,400	775,400	781,100	783,600	797,900	793,000	794,400	793,400	793,100	787,100	782,300	785,600
Employment	738,700	744,300	744,500	753,600	755,600	765,000	761,600	759,200	763,900	763,700	758,300	751,500	755,000
Unemployment	31,300	32,100	30,900	27,500	28,000	32,900	31,400	35,300	29,500	29,400	28,800	30,800	30,700
Rate	4.1	4.1	4.0	3.5	3.6	4.1	4.0	4.4	3.7	3.7	3.7	3.9	3.9
Participation Rate	53.8	54.3	54.2	54.6	54.8	55.8	55.4	55.5	55.4	55.4	55.0	54.7	54.9
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	770,500	776,300	773,200	776,500	781,700	792,200	784,800	782,800	779,500	781,000	774,200	771,800	778,700
Employment	734,700	739,900	740,500	747,200	753,900	758,100	752,200	749,300	753,900	755,000	748,100	746,500	748,300
Unemployment	35,800	36,400	32,600	29,400	27,800	34,200	32,500	33,500	25,600	26,000	26,100	25,300	30,400
Rate	4.6	4.7	4.2	3.8	3.6	4.3	4.1	4.3	3.3	3.3	3.4	3.3	3.9
Participation Rate	53.7	54.2	54.0	54.2	54.6	55.3	54.8	54.7	54.5	54.6	54.1	53.9	54.4
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	760,700	767,900	765,700	773,800	775,200	787,900	783,700	779,000	776,100	775,300	770,100	768,000	788,800
Employment	708,700	715,500	716,900	728,300	733,400	742,800	743,600	740,500	745,600	747,000	742,600	741,200	749,100
Unemployment	52,000	52,400	48,800	45,500	41,800	45,100	40,200	38,500	30,600	28,300	27,500	26,800	39,700
Rate	6.8	6.8	6.4	5.9	5.4	5.7	5.1	4.9	3.9	3.6	3.6	3.5	5.0
Participation Rate	52.8	53.4	53.2	53.8	53.9	54.8	54.5	54.2	54.0	54.0	53.6	53.5	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	790,800	795,500	785,800	754,900	772,700	781,300	778,400	777,400	776,900	778,700	768,100	765,100	792,200
Employment	745,200	749,000	733,000	636,800	674,400	703,000	703,700	715,800	721,700	732,100	723,400	718,400	726,000
Unemployment	45,600	46,400	52,800	118,100	98,300	78,400	74,800	61,600	55,200	46,600	44,700	46,700	66,100
Rate	5.8	5.8	6.7	15.6	12.7	10.0	9.6	7.9	7.1	6.0	5.8	6.1	8.3
Participation Rate	54.5	54.9	54.2	52.3	53.6	54.2	54.0	53.9	53.9	54.0	53.3	53.1	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	786,600	789,900	783,000	786,800	791,400	807,000	804,200	800,400	800,200	803,000	793,900	792,000	798,300
Employment	739,400	743,300	740,400	751,000	755,700	766,400	764,500	761,200	766,300	767,000	757,200	753,600	759,000
Unemployment	47,200	46,600	42,600	35,800	35,600	40,600	39,700	39,200	33,900	35,900	36,700	38,400	39,300
Rate	6.0	5.9	5.4	4.5	4.5	5.0	4.9	4.9	4.2	4.5	4.6	4.8	4.9
Participation Rate	54.0	54.3	53.8	54.1	54.5	55.6	55.4	55.1	55.1	55.3	54.7	54.6	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	779,100	789,200	783,600	790,400	794,700	808,800	805,300	794,500	795,600	799,400	791,300	789,200	793,400
Employment	731,800	738,000	736,000	748,900	756,800	765,100	763,800	755,700	762,000	764,800	757,000	751,200	752,200
Unemployment	47,300	51,300	47,600	41,500	37,800	43,600	41,400	38,800	33,600	34,600	34,300	38,000	41,200
Rate	6.1	6.5	6.1	5.3	4.8	5.4	5.1	4.9	4.2	4.3	4.3	4.8	5.2
Participation Rate	53.3	54.0	53.6	54.1	54.5	55.4	55.2	54.5	54.6	54.9	54.3	54.2	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,600	779,900	775,100	781,500	780,000	795,200	792,500	790,400	792,900	789,400	784,100	780,400	783,800
Employment	726,200	730,700	731,100	743,000	744,500	753,600	751,500	747,700	757,600	754,300	745,400	739,900	742,700
Unemployment	49,300	49,200	44,000	38,500	35,500	41,600	41,100	42,700	35,300	35,100	38,700	40,400	41,000
Rate	6.4	6.3	5.7	4.9	4.6	5.2	5.2	5.4	4.5	4.4	4.9	5.2	5.2
Participation Rate	52.7	53.0	52.7	53.2	53.1	54.2	54.0	53.9	54.1	53.9	53.5	53.3	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782,200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
Participation Rate	53.0	53.3	53.0	53.3	53.4	54.0	53.5	53.3	53.3	53.4	52.9	52.6	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment	730,400	730,400	727,800	741,200	744,400	750,700	744,400	741,500	743,100	745,900	738,400	735,300	739,500
Unemployment	56,600	59,300	57,100	52,600	53,300	56,200	55,400	52,400	45,000	44,400	45,500	47,100	52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
Participation Rate	53.1	53.3	53.0	53.6	53.9	54.5	54.0	53.6	53.3	53.4	53.0	52.9	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	795,300	800,800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
Participation Rate	53.1	53.6	53.3	53.5	53.9	54.2	53.9	53.7	53.6	53.9	53.3	53.0	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment	734,500	734,900	733,800	747,400	752,100	758,400	754,200	749,400	752,500	749,100	744,500	739,200	745,800
Unemployment	64,300	63,100	57,100	51,800	50,300	55,800	53,500	52,700	48,100	49,000	48,400	49,600	53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
Participation Rate	53.7	53.6	53.2	53.7	54.0	54.8	54.3	53.9	53.8	53.7	53.3	53.1	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,500	802,500	799,100	806,600	815,200	822,700	815,800	809,500	811,600	813,000	802,600	800,200	808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500	60,200	56,100	58,000	62,300	61,500	60,200	54,100	53,600	53,200	56,100	58,400
Rate	7.7	8.0	7.5	7.0	7.1	7.6	7.5	7.4	6.7	6.6	6.6	7.0	7.2
Participation Rate	53.6	53.9	53.7	54.2	54.8	55.3	54.8	54.4	54.5	54.6	53.9	53.8	54.3

BRIM
November 2024
Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Three Months Ending September 30, 2024

Talking Points for Joint Committee on Government and Finance Meeting
November 2024

1. **Premium Revenue** for September reflects the premiums earned for the first three months of the current fiscal year. BRIM premiums in FY'25 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 September plus estimated accruals for the months of July, August and September. Claim payments through September were lower than through September of last year. Please note that claims expense does not include an adjustment of our claims reserves to the actuarial report, as we have not yet received this report for the first quarter. This adjustment could have a significant positive or negative impact on our net income for the quarter.
3. **Investments** reflect a gain of \$14.9 million year to date. Investment returns in September of last year were lower than in September of this year. Interest rates fluctuated during FY'24 and there was volatility in the equities markets. In FY'25 the outlook for investment income is uncertain given the continued volatility of the equities markets and the interest rate environment.
4. BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Three Months Ended September 30th

	2024	2023
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,661	\$ 13,646
Advance deposits with insurance company and trustee	263,376	240,675
Receivables	20,877	1,845
Prepaid insurance	8,791	7,404
Restricted cash and cash equivalents	9,828	6,309
Premiums due from other entities	1,539	1,534
Total current assets	327,073	271,413
Noncurrent assets:		
Equity position in internal investments pools	60,794	136,934
Restricted investments	34,023	29,462
Total noncurrent assets	94,818	166,396
Total assets	421,891	437,809
Deferred Outflows of Resources	243	399
Deferred Outflows of Resources - OPEB	10	59
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	91,641	189,423
Unearned premiums	16,458	16,321
Agent commissions payable	2,381	1,570
Claims Payable	0	95
Accrued expenses and other liabilities	22,059	2,066
Total current liabilities	132,539	209,474
Estimated unpaid claims and claims adjustment expense net of current portion	201,925	169,554
Compensated absences	182	192
Net pension liability	(4)	148
Total noncurrent liabilities	202,103	169,893
Total liabilities	334,642	379,368
Deferred Inflows of Resources	0	0
Deferred Inflows of Resources - OPEB	64	137
Net position:		
Restricted by State code for mine subsidence coverage	38,026	32,363
Unrestricted	37,826	36,438
Net Assets (Deficiency)	11,585	(10,038)
Net position	\$ 87,437	\$ 58,763

Unaudited

West Virginia Board of Risk and Insurance Management
 Statements of Revenues, Expenses, and Changes in Net Position
 For the Three Months Ended September 30th

	2024	2023
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	31,479	\$ 29,257
Less coverage/reinsurance programs	(3,484)	(3,734)
Net operating revenues	27,995	25,523
Operating expenses		
Claims and claims adjustment expense	29,597	30,862
General and administrative	1,717	1,541
Total operating expenses	31,314	32,404
Operating income (loss)	(3,319)	(6,881)
Nonoperating revenues		
Investment income	14,904	(3,157)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	14,904	(3,157)
Changes in net position	11,585	(10,038)
Total net position, beginning of year	75,852	68,801
Total net position, end of period	\$ 87,437	\$ 58,763

Unaudited

PEIA
November 2024
Interim Packet

PEIA November Interim Talking Points

- **PEIA and RHBT interim financial statements for September 30, 2024, are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$7 million. This is due to higher than forecast investments and lower than forecast expenses.**
- **RHBT statements indicate RHBT is currently ahead of plan by \$50 million. This is due to higher than forecast investment income.**
- **The 2025 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$87, \$1.4 and \$125 million respectively.**
- **These reserve levels represent 10%, .07% and 62% 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 Three Months Ending Monday, September 30, 2024

(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
OPERATING REVENUE						
Premium Revenue						
			\$572	0%	\$10,544	7%
Health Insurance - State Gov. - Employers			(143)	(0%)	3,702	10%
Health Insurance - State Gov. - Employees			428	1%	4,707	12%
Health Insurance - Local Gov. - All			1	0%	14	1%
Administrative Fees, Net of Refunds			(169)	(28%)	(133)	(23%)
Total Operating Revenue			689	0%	18,834	8%
NON-OPERATING REVENUE						
Life Insurance			36	6%	49	8%
Direct Transfer			21,750	0%	21,750	0%
Interest and Investment Income			4,428	185%	7,712	(865%)
WV RHBT Pay Go Premiums			13	0%	7,263	0%
Total Non-Operating Revenue			26,227	256%	36,774	(12,637%)
TOTAL REVENUE			26,916	10%	55,608	24%
EXPENSES						
Claims Expense - Medical			10,689	7%	3,605	3%
Gross Claims Expense - Drugs			(8,922)	(10%)	(20,070)	(25%)
Prescription Rebate			(2,429)	6%	4,105	(13%)
Net Claims Expense-Drugs			(11,351)	(21%)	(15,965)	(33%)
Payments to Managed Care Org.			(607)	(4%)	(1,556)	(10%)
Administrative Service Fees			2,265	29%	3,355	37%
Wellness and Disease Management			532	96%	115	85%
Other Operating Expenses			615	30%	(26)	(2%)
Life Insurance Expense			336	62%	249	55%
ACA Comparative Effectiveness Fee			-	0%	3	3%
WV RHBT Pay Go Premiums			(13)	(0%)	(7,263)	0%
TOTAL EXPENSES			2,466	1%	(17,483)	(8%)
YTD Surplus (Deficit)			29,382	132%	38,202	284%
Total Net Position, Beginning of Period			-	0%	43,538	35%
Total Net Position, End of Period			\$29,382	28%	(\$5,336)	(4%)

Real Estate Division
November 2024
Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of October 1 - 31, 2024

There are 19 leasing changes for this period, and they are as follows:

- 4 - New Contract of Lease
- 3 - Straight Renewal - DOA Owned
- 5 - Straight Renewal
- 6 - Renewal with Increase in Rent
- 1 - Increase in Rent and Square Feet

Department of Administration Real Estate Division Leasing Report

For the period of October 1 - 31, 2024

NEW CONTRACT OF LEASE

DIVISION OF FORESTRY

FOR-096 New Contract of Lease for 10 years consisting of 2,150 square feet of office space at the annual per square foot rate of \$15.35, annual cost \$33,000.00 for years 1 - 5, then increase to the annual per square foot rate to \$16.88, annual cost \$36,300.00 for the years 6 - 10, 712 North Main Street, in the City of Moorefield, Hardy County, West Virginia.

FOR-089 Renewal for 5 years consisting of 250 square feet of office space at the current annual monthly rate of \$500.00, annual cost \$6,000.00, 300-B Second Avenue, in the City of Marlinton, Pocahontas County, West Virginia.

NAT-141 Renewal for 5 years consisting of 5,600 square feet of aquaculture lab space at the current monthly rate of \$700.00, annual cost \$8,400.00, full service, 1695 State Route 259 North, in the City of Wardensville, Hardy County, West Virginia.

DEPARTMENT OF HEALTH

HEA-012 New Contract of Lease for 5 years consisting of 1,300 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$15,600.00, Utilities included, 404 Market Street, in the City of Parkersburg, Wood County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

REAL ESTATE DIVISION

RED-009 Renewal consisting of 116 square feet of Guard House space at the current annual per square foot rate of \$5.00, annual cost \$580.00, full service, Greenbrier Guard House, Greenbrier Street on the Capitol Complex, in the City of Charleston, Kanawha County, West Virginia.

RED-008 Renewal consisting of 360 square feet of Guard House space at the current annual per square foot rate of \$5.00, annual cost \$1,800.00, full service, Piedmont Guard House, Piedmont Road, Capitol Complex, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH

HEA-014 Renewal consisting of 229,212 square feet of office space with parking garage included at the current annual per square foot rate of \$19.00, annual cost \$4,355,028.00, and shall continue until updated, full service, Building #35 and #31, 350 and 500 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

WEST VIRGINIA STATE POLICE

PSA-030 Renewal for 1.5 years consisting of land for a tower and monitoring space at the current monthly rate of \$500.00, annual cost \$6,000.00, 3564 Waynesburg Pike Road, in the City of Moundsville, Marshall County, West Virginia.

STRAIGHT RENEWAL - Continued

DEPARTMENT OF HEALTH

HEA-010 Renewal for 5 years consisting of 300 square feet of office space at the current monthly rate of \$750.00, annual cost \$9,000.00, full service, 703 Seventh Avenue, in the City of Huntington, Cabell County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-086 Renewal for 1 year consisting of 10,322 square feet of office space at the current annual per square foot rate of \$6.85, annual cost \$70,705.68, water/sewer service and snow/ice removal provided, 105 South Railroad Street, in the City of Philippi, Barbour County, West Virginia.

DEP-143 Renewal for 5 years consisting of 437 square feet of land for an air quality monitoring station at the current annual cost \$1.00, 1501 East Ninth Street, in the City of Moundsville, Marshall County, West Virginia.

DEP-141 Renewal for 5 years consisting of 375 square feet of roof space for an air quality monitoring station at the current annual rate of \$300.00, annual cost \$300.00, 312 Fourth Avenue, in the City of South Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-180 Renewal for 1 year consisting of 3.37 acres of land with an increase in the monthly rate from \$567.01 to \$1,000.00, annual cost \$12,000.00, Clinton District, Monongalia County, West Virginia.

DEPARTMENT OF HUMAN SERVICES

HUM-006 Renewal for 5 years consisting of 14,718 square feet of space with an increase in the annual per square foot rate from \$6.75 to \$7.23, annual cost \$106,411.20, for years 1 - 2 then increase the annual per square foot rate to \$7.60, annual cost \$111,856.80, for years 3 - 5, 1234 North State Route 2, in the City of New Martinsville, Wetzel County, West Virginia.

DIVISION OF NATURAL RESOURCES

NAT-124 Renewal for 10 years consisting of 1 boat slip with an increase in the monthly rate from \$234.00 to \$265.00, annual cost \$3,180.00, for years 1 - 5, then increase the monthly rate to \$300.00, annual cost \$3,600.00, for years 6 - 10, 418 1st Avenue, in the City of Saint Albans, Kanawha County, West Virginia.

SMALL BUSINESS DEVELOPMENT CENTER

SBD-010 Renewal for 3 years consisting of 135 square feet of office space with an increase in the monthly rate from \$300.00 to \$375.00, annual cost \$4,500.00, full service, 804 Industrial Park Drive, Suite #5, in the City of Maxwelton, Greenbrier County, West Virginia.

BUREAU OF JUVENILE SERVICES

BJS-019 Renewal for 5 years consisting of 3,780 square feet of office space with an increase in the annual per square foot rate from \$12.00 to \$13.00, annual cost \$49,140.00, garbage removal and snow/ice removal, 3266 Winfield Road, in the City of Winfield, Putnam County, West Virginia.

RENEWAL WITH INCREASE IN RENT - Continued

BUREAU OF JUVENILE SERVICES

BJS-021 Renewal for 5 years consisting of 2,301 square feet of office space with an increase in the annual per square foot rate from \$11.86 to \$12.45, annual cost \$28,647.45 for years 1 - 3 then increase to \$12.82, annual cost \$29,498.82, garbage removal, 1014 South Raleigh Street, in the City of Martinsburg, Berkeley County, West Virginia.

RENEWAL WITH INCREASE IN RENT AND SQUARE FEET

WEST VIRGINIA OFFICE OF TECHNOLOGY

OOT-011 Renewal for 10 years with an increase of square feet from 46,286 square feet to 67,838 square feet of warehouse space and an increase in the annual per square foot rate from \$3.97 to \$5.19, annual cost \$351,755.40, 902 and 908 Bullitt Street, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 October 1 - 31, 2024

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Forestry	FOR-096	Hardy	2,150	15.35	33,000	5.00	165,000
	Division of Forestry	FOR-096	Hardy	2,150	16.88	36,300	5.00	181,500
2	Division of Forestry	FOR-089	Pocahontas	250	24.00	6,000	5.00	30,000
3	Division of Natural Resources	NAT-141	Hardy	5,600	1.50	8,400	5.00	42,000
4	Department of Health	HEA-012	Wood	1,300	12.00	15,600	5.00	78,000
5	Real Estate Division	RED-009	Kanawha	116	5.00	580	1.00	580 **
6	Real Estate Division	RED-008	Kanawha	360	5.00	1,800	1.00	1,800 **
7	Department of Health	HEA-014	Kanawha	229,212	19.00	4,355,028	1.00	4,355,028 */**
8	West Virginia State Police	PSA-030	Marshall	1	500.00	6,000	1.50	9,000
9	Department of Health	HEA-010	Cabell	300	30.00	9,000	5.00	45,000
10	Department of Environmental Protection	DEP-086	Barbour	10,322	6.85	70,706	1.00	70,706
11	Department of Environmental Protection	DEP-143	Marshall	437	1.00	1	5.00	5
12	Department of Environmental Protection	DEP-141	Kanawha	375	0.80	300	5.00	1,500
13	Department of Environmental Protection	DEP-180	Monongalia	146,797	0.08	12,000	1.00	12,000
14	Department of Human Services	HUM-006	Wetzel	14,718	7.23	106,411	2.00	212,822
	Department of Human Services	HUM-006	Wetzel	14,718	7.60	111,857	3.00	335,570
15	Division of Natural Resources	NAT-124	Kanawha	12 months	265.00	3,180	5.00	15,900
	Division of Natural Resources	NAT-124	Kanawha	12 months	300.00	3,600	5.00	18,000
16	Small Business Development Center	SBD-010	Greenbrier	135	33.33	4,500	3.00	13,500
17	Bureau of Juvenile Services	BJS-019	Putnam	3,780	13.00	49,140	5.00	245,700
18	Bureau of Juvenile Services	BJS-021	Berkeley	2,301	12.45	28,647	3.00	85,942
	Bureau of Juvenile Services	BJS-021	Berkeley	2,301	12.82	29,499	2.00	58,998
19	West Virginia Office of Technology	OOT-011	Kanawha	67,838	5.19	351,755	10.00	3,517,554 *

1,294.08

Total Rentable : 505,161

Average Annual Rental Rate _____

Total Annual Rent 5,243,304

* Indicates the rental rate will exceed \$1,000,000.00 within the term of the lease.

**Indicates the lease automatically renews at the rate listed until updated by RED.

MEDICAID REPORT

September 2024



WEST VIRGINIA DEPARTMENT OF
**HUMAN
SERVICES**

Bureau for Medical Services

Joint Committee on Government and Finance and
Legislative Oversight Commission on Health and
Human Resources Accountability
November 2024

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2025

MONTH OF SEPTEMBER 2024

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2024	SFY2025	Current Month Ended 09/30/24	Current Month Ended 09/30/24	Year To-Date Thru 09/30/24	10/01/24 Thru 6/30/2025
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	83,817,704	80,487,667	6,977,077	6,439,013	17,691,932	62,795,735
Inpatient Hospital - DSH	50,312,786	53,500,000	101,122	4,280,000	13,250,362	40,249,638
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	14,955,984	13,452,984	68,808	1,076,239	3,737,007	9,715,977
Mental Health Facilities	9,303,347	6,126,772	998,666	490,142	2,974,465	3,152,307
Mental Health Facilities - DSH Adjustment Payments	21,401,331	18,887,045	-	1,510,964	4,721,761	14,165,284
Nursing Facility Services - Regular Payments	1,015,122,804	977,819,307	89,902,482	78,225,545	275,091,677	702,727,630
Nursing Facility Services - Supplemental Payments	-	25,000,000	-	2,000,000	-	25,000,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	72,228,418	63,354,257	6,519,020	5,068,341	19,242,138	44,112,119
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	31,193,313	26,937,348	2,543,466	2,154,988	6,689,798	20,247,550
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	40,442,837	36,161,261	3,962,194	2,892,901	13,126,564	23,034,697
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	870,892,219	982,436,076	71,210,878	78,594,886	213,083,950	769,352,126
Drug Rebate Offset - National Agreement	(499,047,033)	(555,000,000)	(65,737,126)	(44,400,000)	(134,454,435)	(420,545,565)
Drug Rebate Offset - State Sidebar Agreement	(110,721,125)	(50,000,000)	(145,033)	(4,000,000)	(25,095,028)	(24,904,972)
Drug Rebate Offset - MCO National	(6,058,271)	(10,600,000)	(883,781)	(848,000)	(2,263,813)	(8,336,187)
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	20	-	263	(263)
OID Medication Assisted Treatment-Drugs	88,015,331	-	8,663,283	-	22,415,471	(22,415,471)
Dental Services	4,984,609	3,176,416	466,699	254,113	1,272,229	1,904,187
Other Practitioners Services - Regular Payments	204,036,097	148,476,163	274,225	11,878,093	3,639,268	144,836,895
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	3,424,613	2,830,187	32,230	226,415	103,440	2,726,747
Lab & Radiological Services	6,347,377	2,973,175	601,636	237,854	1,493,754	1,479,421
Home Health Services	19,827,448	22,173,528	2,047,875	1,773,882	4,103,064	18,070,464
Hysterectomies/Sterilizations	4,402	2,617	196	209	586	2,031
Pregnancy Terminations (2)	-	9,500	-	760	-	9,500
EPSTD Services	1,624,351	984,638	104,666	78,771	398,432	586,206
Rural Health Clinic Services	3,596,071	1,635,084	199,987	130,807	675,396	959,688
Medicare Health Insurance Payments - Part A Premiums	29,878,225	30,546,783	2,555,752	2,443,743	7,636,009	22,910,774
Medicare Health Insurance Payments - Part B Premiums	147,248,461	171,623,734	12,477,442	13,729,899	37,108,368	134,515,366
120% - 134% Of Poverty	16,268,702	16,303,907	1,182,719	1,304,313	3,548,856	12,755,051
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	13,872,088	13,234,165	1,238,520	1,058,733	3,405,742	9,828,423

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2025

MONTH OF SEPTEMBER 2024

	ACTUALS SFY2024	TOTAL SFY2025	ACTUALS Current Month Ended 09/30/24	ESTIMATE Current Month Ended 09/30/24	ACTUALS Year To-Date Thru 09/30/24	PROJECTED 10/01/24 Thru 6/30/2025
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,266,208,133	2,252,164,686	242,720,563	180,173,175	555,761,894	1,696,402,792
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	-	-	-	-	-	-
Medicaid Health Insurance Payments: Coinsurance	2,557,631	2,345,281	308,506	187,622	982,744	1,362,537
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	329,808,774	425,642,440	34,393,844	34,051,395	94,835,161	330,807,279
Home & Community-Based Services (Aged/Disabled)	56,452,071	173,750,658	15,570,561	13,900,053	46,932,162	126,818,496
Home & Community-Based Services (Traumatic Brain Injury)	1,275,260	2,366,248	226,083	189,300	758,827	1,607,421
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(f) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	15,087,039	79,295,592	7,274,550	6,343,647	20,203,886	59,091,706
Personal Care Services - SDS 1915(f)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	675,729	2,173,559	29,701	173,885	122,294	2,051,265
Targeted Case Management Services - State Wide	-	-	-	-	-	-
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	37,776,695	27,406,107	3,811,936	2,192,489	10,066,554	17,339,553
Emergency Services Undocumented Aliens	862,430	599,959	98,117	47,997	287,013	312,946
Federally Qualified Health Center	16,145,868	19,980,394	1,071,533	1,598,432	2,195,949	17,784,445
Non-Emergency Medical Transportation	39,975,647	38,198,127	3,263,476	3,055,850	9,749,464	28,448,663
Physical Therapy	1,022,382	970,227	102,399	77,618	240,795	729,432
Occupational Therapy	424,227	377,068	37,548	30,165	98,847	278,221
Services for Speech, Hearing & Language	285,602	250,955	29,268	20,076	86,450	164,505
Prosthetic Devices, Dentures, Eyeglasses	830,381	784,017	70,559	62,721	219,899	564,118
Diagnostic Screening & Preventive Services	92,984	62,227	7,398	4,978	18,626	43,601
Nurse Mid-Wife	119,754	99,331	8,918	7,946	23,986	75,345
Emergency Hospital Services	1,347	-	-	-	-	-
Critical Access Hospitals	24,477,636	23,478,001	2,695,511	1,878,240	6,906,684	16,571,317
Nurse Practitioner Services	6,088,515	4,369,853	540,910	349,588	1,337,618	3,032,235
School Based Services	32,300,499	30,000,000	174,778	2,400,000	968,696	29,031,304
Rehabilitative Services (Non-School Based)	32,984,078	28,282,709	2,243,673	2,356,892	7,908,298	20,374,411
2a) Opioid Treatment Program (OTP) - Methadone services	163,700	-	2,799,496	-	2,828,093	(2,828,093)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	4,567	-	-	-	112,982	(112,982)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	11,203,875	-	-	-	1,931,950	(1,931,950)
2a) OUD Medicaid Assisted Treatment Services	16,943,910	-	-	-	2,742,928	(2,742,928)
2a) Opioid Treatment Program (OTP) - Other	689,814	-	-	-	136,107	(136,107)
Private Duty Nursing	5,407,133	3,524,030	496,230	281,922	1,483,496	2,040,534
Freesstanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,022,694	2,494,719	29,274	199,577	222,987	2,271,732
Other Care Services	33,133,542	34,525,780	2,927,310	2,762,062	7,879,665	26,646,115
Less: Recoupments	-	-	(579,519)	-	(7,756,379)	7,176,379
NET MEDICAID EXPENDITURES:	5,067,994,004	5,235,674,582	465,715,646	418,948,242	1,262,884,932	3,972,789,649

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2025

MONTH OF SEPTEMBER 2024

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

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

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

TOTAL MEDICAID EXPENDITURES

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

TOTAL EXPENDITURES

ACTUALS	TOTAL	ACTUALS Current Month Ended 09/30/24	ESTIMATE Current Month Ended 09/30/24	ACTUALS Year To-Date Thru 09/30/24	PROJECTED 10/01/24 Thru 6/30/2025
SFY2024	SFY2025				
(6,776,262)	-	-	-	-	-
(4,205,201)	-	-	-	-	-
(472,244)	-	-	-	-	-
(32,211,509)	-	-	-	-	-
5,024,328,788	5,235,674,582	465,715,646	418,948,242	1,262,884,932	3,972,789,649
52,812,392	53,881,349	4,683,137	4,310,508	14,006,774	39,874,575
204,570	258,896	20,458	20,712	57,431	201,465
1,049,581	1,194,667	99,322	95,573	252,601	942,066
\$5,078,395,331	\$5,291,009,494	\$470,518,563	\$423,375,035	\$1,277,201,736	\$4,013,807,756
5,819,748	-	562,312	-	1,691,113	(1,691,113)
242,674	209,422	65,567	16,754	104,442	104,980
-	-	-	-	-	-
\$5,084,457,753	\$5,291,218,915	\$471,146,442	\$423,391,789	\$1,278,997,293	\$4,012,221,622

(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 \$ 6,841,373 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2025

MONTH OF SEPTEMBER 2024

REVENUE SOURCES

Beg. Bal. 7/01/22 (5084/1020 prior mth)

MATCHING FUNDS

	ACTUALS SFY2024	ACTUALS Current Month Ended 09/30/24	ACTUALS Year-To-Date Thru 09/30/24	PROJECTED 10/01/24 Thru 06/30/25	TOTAL SFY2025
General Revenue (0403/189)	127,247,384	34,164,465	51,699,646	-	51,699,646
Prescription Drugs (FFS)	267,202,774	4,513,642	13,540,924	54,163,696	67,704,620
Physical and Occupational Therapy (FFS)	-	1,316,048	3,948,140	15,792,558	19,740,698
Speech, Hearing, and Language Disorders (FFS)	-	4,586	13,758	55,034	68,792
Respiratory Care Services (FFS)	-	855	2,563	10,250	12,813
Clinic Services (FFS)	-	673	2,017	8,066	10,083
Diagnostic, Screening, Preventive and Rehabilitative Services (FFS)	-	9,632	28,894	115,577	144,471
Dental Services (FFS)	-	213	635	2,541	3,176
Podiatry Services, Optometry Services, and Prosthetics (FFS)	-	11,094	33,278	133,112	166,390
Chiropractic Services (FFS)	-	2,074	6,216	24,862	31,078
Private Duty Nurses, Personal Care, and Other Practitioner Services (FFS)	-	347	1,041	4,165	5,206
Hospice Benefits (FFS)	-	789,821	2,369,459	9,477,835	11,847,294
Case Management (FFS)	-	93,255	279,759	1,119,034	1,398,793
Institution for Mental Disease Services (FFS)	-	7,398	22,188	88,750	110,938
Intermediate Care Facility Services (FFS)	-	85,133	255,397	1,021,588	1,276,985
Health Homes for Enrollees with Chronic Conditions (FFS)	-	215,571	646,713	2,586,854	3,233,567
Managed Care Organizations (FFS)	-	8,490	25,466	101,863	127,329
Substance Use Disorder Waiver (FFS)	-	-	15,132,514	98,361,355	113,493,869
IDW Waiver (0403/466)	-	56,144	168,430	673,721	842,151
Rural Hospitals Under 150 Beds (0403/940)	108,541,736	-	13,025,008	84,662,554	97,687,562
Tertiary Funding (0403/547)	2,596,000	155,760	467,280	1,869,120	2,336,400
Traumatic Brain Injury (0403/835)	6,356,000	381,360	1,144,080	4,576,320	5,720,400
Title XIX Waiver for Seniors (0403-533)	800,000	48,000	144,000	576,000	720,000
Medical Services Surplus (0403/633)	13,593,620	906,242	2,718,724	10,874,896	13,593,620
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	18,000,000	18,000,000
Lottery Waiver (Less 550,000) (5405/539)	23,126,633	-	6,396,523	20,989,569	27,386,092
Lottery Waiver (0420/539)	10,839,825	-	1,645,092	4,935,274	6,580,366
Lottery Transfer (5405/871)	16,400,070	-	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	60,716,750	-	17,000,000	46,232,578	63,232,578
Lottery Surplus (5405/68199)	14,750,000	-	14,750,000	-	14,750,000
Lottery Surplus (5365/68100)	17,000,000	-	17,000,000	-	17,000,000
Trust Fund Appropriation (5185/189)	55,000,000	5,762,285	15,226,818	34,049,264	49,276,082
Provider Tax (5090/189)	393,594,315	170,000,000	289,087,684	225,984,248	515,071,932
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2025

MONTH OF SEPTEMBER 2024

Certified Match
 Reimbursables - Amount Reimbursed
 Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015
 CHIP State Share
 CMS - 64 Adjustments

	ACTUALS SFY2024	ACTUALS Current Month Ended 09/30/24	ACTUALS Year-To-Date Thru 09/30/24	PROJECTED 10/01/24 Thru 06/30/25	TOTAL SFY2025
	18,829,653	788,271	2,642,142	11,710,108	14,352,250
	5,281,103	186,053	335,815	(335,815)	-
	512,476	67,886	207,261	(207,261)	-
	-	-	-	-	-
	1,563,870	-	-	-	-
TOTAL MATCHING FUNDS	\$ 1,143,952,210	\$ 219,575,298	\$ 457,067,483	\$ 676,957,768	\$ 1,134,025,251
FEDERAL FUNDS	3,991,384,983	276,590,427	847,369,191	3,244,361,118	4,091,730,309
TOTAL REVENUE SOURCES	\$ 5,135,337,193	\$ 496,165,725	\$ 1,304,436,673	\$ 3,921,318,886	\$ 5,225,755,560
TOTAL EXPENDITURES:					
Provider Payments	\$ 5,084,457,753	\$ 471,146,442	\$ 1,278,997,293	\$ 4,012,221,622	\$ 5,291,218,915
TOTAL	\$ 50,879,440	\$ 25,019,283	\$ 25,439,380	\$ (90,902,736)	\$ (65,463,356)

Notes: FMAP (74.10% applicable Jul 2024 - Sep 2024)
 FFS: Fee For Service

MEDICAID WAIVER REPORT

September 2024



Joint Committee on Government and Finance and
Legislative Oversight Commission on Health and
Human Resources Accountability
November 2024

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

Aged & Disabled Waiver Reported September 30, 2024	FY2024	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	FY2025 YTD
Slots Approved By CMS (1)	8,750	8,750	8,750	8,750										8,750
-Slots Available for Traditional (ADW-WV) enrollees	8,674	8,424	8,674	8,674										8,674
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	76	76	76	76										76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees	8,551	7,568	7,708	7,851										7,851
Total number of members served YTD (unduplicated slots used) (2)	87	130	98	111										111
YTD Column reflects most recent month's count	2	1	5	1										1
Applicants determined eligible this month and added to MEL (3) * 87 of 87 are awaiting Financial Eligibility not yet on MEL														
Applicants determined ineligible														
ACTIVE MEMBERS														
Active Traditional Members at the end of the month	7,530	7,516	7,533	7,565										7,565
Active Take Me Home Members at the end of the month	50	48	51	53										53
Active Money Follows the Person Members at the end of the month	7,580	7,564	7,584	7,618										7,618
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	1,592	75	187	139										401
Active members enrolled during the calendar month	1,541	71	182	135										388
-Total Active Traditional members enrolled during the calendar month	51	4	5	4										13
-Total Active TMH-WV members enrolled during the calendar month	1,619	91	167	105										363
-Total Active MFP-WV members enrolled during the calendar month	742	56	78	44										178
Members discharged during the calendar month	877	35	89	61										185
ADW Members whose case was closed by reason														
Member is deceased														
Other (4)														
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,270	368	156	177										701
ADW Applicants removed from the MEL	1,010	270	49	76										395
Applicant offered a slot (Traditional + MFP)	116	9	14	4										27
Applicant became deceased	1,144	89	93	97										279
Other (5)	0	2	4	2										2
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month	0	3	1	2										2
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month	208	19	23	31										31
Applicants on the MEL at the end of month	9	1	3	3										2
Days - Average time spent on the MEL to date Minus MFP Applicants														

(1) Beginning January 1, 2024, an additional 250 slots were approved by CMS, increasing the total to 8750. Of these slots, 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 I/DD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported September 30, 202	FY2024	July-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	YTD2025
Slots approved by CMS	6,115	6,115	6,165	6,165										6,165
Total number of members served YTD (unduplicated slots used) (1)	6,109	6,033	6,037	6,040										6,040
Total number of members served YTD in Traditional Slots	6,101	6,033	6,036	6,039										6,039
Total number of members served YTD in Adult Ben H. slots (Active)	5	0	0	0										0
Total number of members served YTD in Children Ben H. slots (Active)	3	0	1	1										1
Applicants determined eligible (2)	459	51	43	39										133
Applicants determined ineligible (3)	556	51	38	44										133
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	5,957	6,015	6,006	6,001										6,001
Discharged members at the end of the calendar month	168	18	15	9										42
Deceased	63	6	7	5										18
Left program to enter a facility	39	6	1	2										9
a. Hospital	0	0	0	0										0
b. ICF/IID	18	5	0	2										7
c. Nursing Facility	21	1	1	0										2
d. Psychiatric Facility	0	0	0	0										0
e. Rehabilitation Facility	0	0	0	0										0
f. Other Facility	0	0	0	0										0
Other (6)	66	6	7	2										15
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	753	726	759	792										792
Number of applicants added to the MEL (4)	459	51	43	39										133
Applicants enrolled (removed from the MEL)	220	76	6	4										86
Applicants removed from the MEL due to Death (5)	4	0	0	0										0
Applicants removed from the MEL due to Other (6)	30	2	4	2										8
Applicants on the MEL who are in a Nursing Facility	2	2	2	1										1
Applicants on the MEL who are in an ICF/IID Group Home	23	35	37	42										42
Applicants on the MEL receiving Personal Care Services each month	14	10	9	13										13
Longest on the MEL to date (7)	1,098	1,129	1,160	1,190										1,190

(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**

	FY2024	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	FY2025 YTD
Traumatic Brain Injury Waiver Reported September 30, 2024	102	102	102	102										102
Slots Approved By CMS (1)														
-Slots Available for Traditional (non TMH-WV) enrollees	100	6	6	6										6
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	2	4	4	4										4
Total number of members served YTD (unduplicated slots used) (2)	100	92	92	92										92
YTD Column reflects most recent month's count														
Applicants determined eligible this month and added to MEL (3)	14	0	0	1										1
Applicants determined ineligible	0	0	0	0										0
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active)	92	92	92	92										92
YTD Column reflects most recent month's count														
Active members enrolled during the calendar month	15	0	0	0										0
-Total Active Traditional members enrolled during the calendar month	13	0	0	0										0
-Total Active TMH-WV members enrolled during the calendar month	2	0	0	0										0
Members discharged during the calendar month	15	0	0	0										0
TBIW Members whose case was closed by reason	5	0	0	0										0
Other (4)	10	0	0	0										0
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	16	0	0	0										0
TBIW Applicants removed from the MEL	16	0	0	0										0
Applicant offered a slot														
Applicant became deceased	0	0	0	0										0
Other (5)	2	0	0	0										0
Applicants on the MEL who are in a nursing facility	1	0	0	0										0
Applicants on the MEL receiving Personal Care	2	0	0	0										0
Applicants on the MEL at the end of the month	0	0	0	0										0
Days -Longest time spent on the MEL to date (6)	78	0	0	0										0
YTD Column reflects average # of days														

(1) CMS Approved 96+6=102 slots. Of the 102 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2024. 2/2024-two (2) reserved slots released for non TMH applicants. 5/2024-six (6) slots approved by CMS.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year. Two (2) funded slots became available, no services paid for this SFY .

(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

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

November 2024



West Virginia Children's
Health Insurance Program
Stacey Shamblin, Deputy
Commissioner, WVCHIP, BMS

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Years Ending September 30, 2024 and September 30, 2025

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2025	Year-to-Date	September 30, 2024	September 30, 2023	Variance	%	Variance	%
					\$	%	\$	%
Beginning Operating Fund Balance			\$3,255,799	\$5,382,999	(\$2,127,200)	-40%		
Revenues								
Federal Grants	\$63,527,759	\$15,881,940	\$17,455,942	\$14,739,606	\$2,716,336	18%	\$1,574,002	10%
State Appropriations	\$12,755,475	\$3,188,869	\$2,551,690	\$2,212,919	\$0	0%	(\$637,179)	-20%
Premium Revenues	\$83,500	\$20,875	\$158,474	\$6,595	\$151,879	2303%	\$137,599	659%
Investment Earnings (Interest)	\$155,000	\$38,750	\$69,909	\$33,889	\$36,019	106%	\$31,159	80%
Total Operating Fund Revenues	\$76,521,734	\$19,130,434	\$20,236,014	\$16,993,009	\$3,243,005	19%	\$1,105,581	6%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$14,339,861	\$11,050,984	\$3,288,878	30%		
Prescribed Drugs			\$3,703,382	\$2,840,512	\$862,870	30%		
Physicians & Surgical			\$427,540	\$1,034,867	(\$607,326)	-59%		
Inpatient Hospital Services			\$265,239	\$571,637	(\$306,398)	-54%		
Medical Transportation			\$546,448	\$426,090	\$120,358	28%		
Outpatient Services			\$287,338	\$277,953	\$9,385	3%		
Dental			\$149,660	\$166,525	(\$16,865)	-10%		
Therapy			\$75,997	\$85,745	(\$9,748)	-11%		
Other Services			\$42,692	\$49,162	(\$6,471)	-13%		
Outpatient Mental Health			\$10,765	\$21,570	(\$10,805)	-50%		
Vision			\$10,855	\$11,030	(\$175)	-2%		
Durable & Disposable Med. Equip.			\$5,684	\$8,365	(\$2,681)	-32%		
Inpatient Mental Health			\$0	\$6,896	(\$6,896)	-100%		
Less: Other Collections**			\$0	(\$3,718)	\$3,718	-100%		
Drug Rebates	\$0	\$0	(\$1,059,543)	\$0	(\$1,059,543)	0%	\$1,059,543	0%
Total Claims Expenses	\$70,153,130	\$17,538,283	\$18,805,919	\$16,547,618	\$2,258,300	14%	\$1,267,636	7%
Administrative Expenses:								
Salaries and Benefits	\$557,031	\$139,258	\$85,966	\$81,170	\$4,795	6%	(\$53,292)	-38%
Program Administration	\$5,222,107	\$1,305,527	\$507,806	\$1,255,198	(\$747,392)	-60%	(\$797,721)	-61%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$56,250	\$56,250	\$0	0%	\$0	0%
Current	\$413,409	\$103,352	\$9,841	\$7,939	\$1,902	24%	(\$93,511)	-90%
Total Administrative Expenses in Operating Fund	\$6,417,547	\$1,604,387	\$659,863	\$1,400,558	(\$740,695)	-53%	(\$944,524)	-59%
Total Operating Fund Expenditures	\$76,570,677	\$19,142,669	\$19,465,782	\$17,948,176	\$1,517,606	8%	\$323,112	2%
Adjustments			\$3,429	(\$617)				
Ending Operating Fund Balance			\$4,029,460.92	\$4,427,215	(\$397,754)	-9%		
Money Market			\$0	\$0				
Bond Pool			\$2,486,656	\$3,770,698				
Cash on Deposit			\$1,542,805	\$656,516				
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
Total WVCHIP Revenues			\$20,236,014	\$16,993,009	\$3,243,005	19%		
Program Expenses outside of Operating Funds:								
Eligibility	\$1,500,000	\$1,500,000	\$0	\$114,895	(\$114,895)	-100%	(\$1,500,000)	-100%
Total Administrative Expenses	\$7,917,547	\$3,104,387	\$659,863	\$1,515,453	(\$855,590)	-56%	(\$2,444,524)	-79%
Total WVCHIP Expenditures	\$78,070,677	\$20,642,669	\$19,465,782	\$18,063,071	\$1,402,711	8%	(\$1,176,888)	-6%

Footnotes:

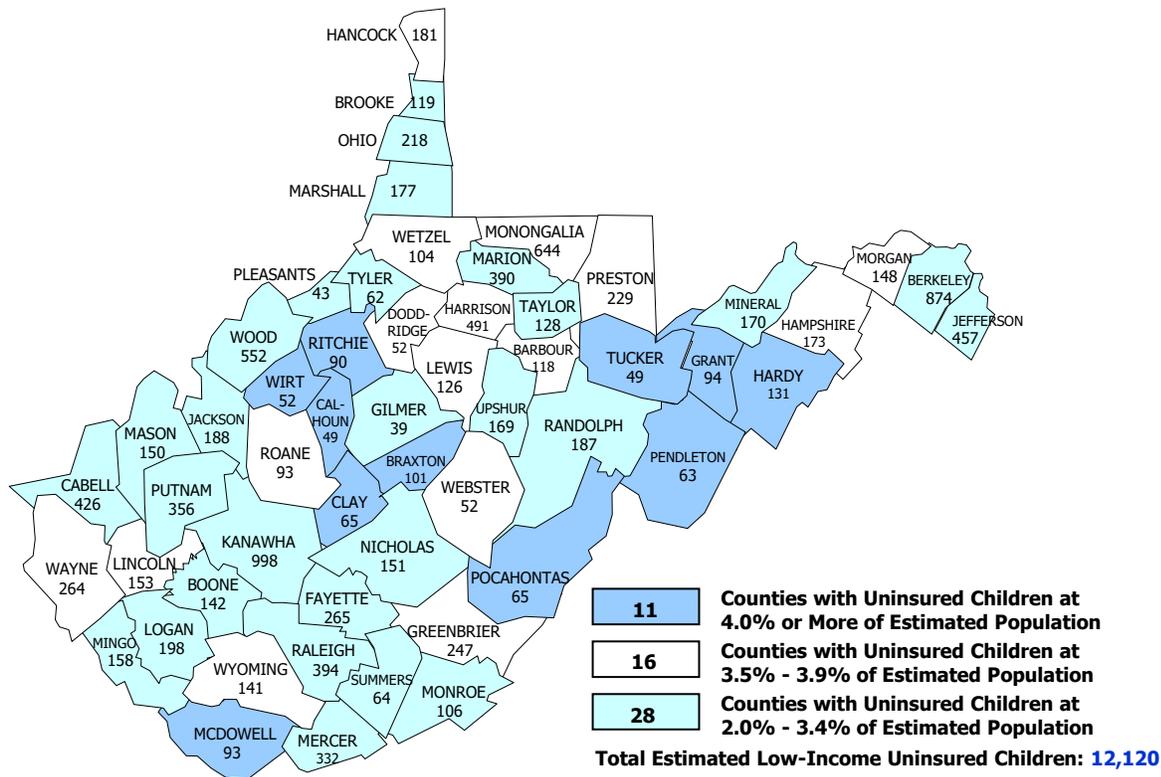
- Statement is on cash basis.
- Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2024 is \$998,704. The September 30, 2023 estimate was \$558,624.
- Administrative Accounts Payable balance on September 30, 2024 was \$758,866. The September 30, 2023 balance was \$386,446.
- 2024 and 2023 adjustments to fund balances represents timing issues between the payment of expense and the draw-down of federal revenues.
- Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY25 is 81.87% and during SFY24 is 81.87% (1/1/24); 82.92% (10/1/23); 83.56% (7/1/23).
- Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- Other Services includes home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

SEPTEMBER 2024

County	County Pop.				MATERNITY		Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2021	2021
	2021 Est. (0-18 Yrs)	BLUE Sep-24	GOLD Sep-24	PREM Sep-24	BLUE Sep-24	PREM Sep-24	Enrollment Sep-24	Enrollment Sep-24	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,204	105	48	82	1	3	239	1,605	1,844	57.6%	107	3.3%
Berkeley	30,213	1,357	418	771	22	23	2,591	12,427	15,018	49.7%	879	2.9%
Boone	4,539	145	58	77	4	2	286	2,481	2,767	61.0%	145	3.2%
Braxton	2,378	72	26	51	3	2	154	1,287	1,441	60.6%	98	4.1%
Brooke	4,043	0	0	0	0	0	0	0	0	0.0%	121	3.0%
Cabell	19,300	574	171	336	4	14	1,099	8,475	9,574	49.6%	562	2.9%
Calhoun	1,178	64	18	36	1	1	120	703	823	69.9%	47	4.0%
Clay	1,793	64	15	34	2	1	116	1,155	1,271	70.9%	76	4.2%
Doddridge	1,084	45	8	30	0	1	84	691	775	71.5%	39	3.6%
Fayette	8,467	347	114	189	2	10	662	4,430	5,092	60.1%	254	3.0%
Gilmer	1,140	29	19	35	1	0	84	514	598	52.5%	35	3.1%
Grant	2,230	72	23	73	5	1	174	1,137	1,311	58.8%	93	4.2%
Greenbrier	6,534	333	99	210	5	9	656	3,280	3,936	60.2%	246	3.8%
Hampshire	4,248	170	59	87	5	2	323	2,189	2,512	59.1%	159	3.7%
Hancock	5,604	269	108	168	4	6	555	3,636	4,191	74.8%	205	3.7%
Hardy	2,892	144	26	92	3	4	269	1,269	1,538	53.2%	139	4.8%
Harrison	14,585	481	162	325	4	11	983	5,828	6,811	46.7%	555	3.8%
Jackson	6,181	179	78	111	3	0	371	2,677	3,048	49.3%	196	3.2%
Jefferson	13,328	430	137	276	6	4	853	3,547	4,400	33.0%	473	3.5%
Kanawha	36,989	1,197	411	769	26	29	2,432	30,076	32,508	87.9%	1103	3.0%
Lewis	3,706	139	70	81	2	2	294	1,847	2,141	57.8%	133	3.6%
Lincoln	4,606	167	40	75	1	11	294	2,472	2,766	60.1%	169	3.7%
Logan	6,800	198	69	125	7	0	399	3,938	4,337	63.8%	225	3.3%
Marion	11,652	425	142	234	2	8	811	4,882	5,693	48.9%	380	3.3%
Marshall	5,954	155	69	100	1	1	326	2,506	2,832	47.6%	154	2.6%
Mason	5,368	185	62	88	2	4	341	3,896	4,237	78.9%	157	2.9%
McDowell	3,143	115	33	69	2	2	221	2,444	2,665	84.8%	128	4.1%
Mercer	3,802	588	191	266	5	12	1,062	7,255	8,317	218.8%	110	2.9%
Mineral	12,788	208	77	111	0	1	397	2,283	2,680	21.0%	433	3.4%
Mingo	5,538	170	48	78	3	3	302	3,552	3,854	69.6%	144	2.6%
Monongalia	5,227	487	179	362	10	12	1,050	5,367	6,417	122.8%	188	3.6%
Monroe	18,601	108	40	85	0	4	237	1,128	1,365	7.3%	540	2.9%
Morgan	2,520	141	54	86	2	0	283	1,378	1,661	65.9%	97	3.8%
Nicholas	5,074	181	73	124	3	5	386	2,349	2,735	53.9%	166	3.3%
Ohio	8,461	197	86	123	3	5	414	3,430	3,844	45.4%	257	3.0%
Pendleton	1,195	45	8	41	1	1	96	514	610	51.0%	60	5.0%
Pleasants	1,522	38	7	29	1	0	75	643	718	47.2%	37	2.4%
Pocahontas	1,417	57	19	25	0	0	101	649	750	52.9%	66	4.7%
Preston	6,770	253	77	154	3	4	491	2,829	3,320	49.0%	238	3.5%
Putnam	13,220	386	134	241	7	10	778	3,798	4,576	34.6%	392	3.0%
Raleigh	16,094	550	191	396	9	9	1,155	8,064	9,219	57.3%	481	3.0%
Randolph	5,312	247	63	151	4	4	469	2,390	2,859	53.8%	176	3.3%
Ritchie	1,750	62	17	25	1	0	163	922	1,085	62.0%	90	5.1%
Roane	2,946	139	44	83	0	4	240	1,353	1,593	54.1%	107	3.6%
Summers	1,967	87	29	53	2	1	172	1,340	1,512	76.9%	65	3.3%
Taylor	3,325	129	53	53	1	6	235	1,383	1,618	48.7%	112	3.4%
Tucker	920	47	32	46	1	2	118	469	587	63.8%	45	4.9%
Tyler	1,667	51	14	36	0	0	207	678	885	53.1%	55	3.3%
Upshur	4,995	183	72	142	2	3	396	2,517	2,913	58.3%	164	3.3%
Wayne	8,022	315	95	136	3	6	458	4,269	4,727	58.9%	300	3.7%
Webster	1,639	75	31	39	0	2	161	935	1,096	66.9%	60	3.7%
Wetzel	3,033	74	26	53	1	5	134	1,827	1,961	64.7%	106	3.5%
Wirt	1,108	36	3	28	0	0	357	539	896	80.9%	44	4.0%
Wood	18,255	566	145	318	8	6	876	7,974	8,850	48.5%	548	3.0%
Wyoming	4,418	120	50	151	4	6	331	2,029	2,360	53.4%	161	3.6%
Totals	372,745	13,001	4,341	7,959	192	262	25,755	181,256	207,011	55.5%	12,120	3.3%



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

Participant Plan Performance Report

September 30, 2024



West Virginia Investment Management Board
 Participant Plans Allocation & Performance Net of Fees Period Ending: September 30, 2024

	6/30/2024		9/30/2024		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	26,315,335	100.0	27,221,516	100.0								
Pension Assets	21,418,293	81.3	22,130,949	81.3								
Public Employees' Retirement System	9,060,044	34.4	9,408,224	34.5	1.6	4.4	4.4	17.8	6.0	10.0	8.6	8.1
Teachers' Retirement System	10,042,974	38.2	10,320,071	37.9	1.6	4.4	4.4	17.8	6.0	10.0	8.6	7.9
EMS Retirement System	142,608	0.5	149,617	0.6	1.6	4.3	4.3	17.8	5.9	10.0	8.6	
Public Safety Retirement System	820,831	3.1	842,290	3.1	1.6	4.4	4.4	17.8	6.0	10.0	8.6	8.1
Judges' Retirement System	306,539	1.2	318,723	1.2	1.6	4.4	4.4	17.8	6.0	10.0	8.6	8.1
State Police Retirement System	365,544	1.4	382,766	1.4	1.6	4.4	4.4	17.8	6.0	10.0	8.6	8.1
Deputy Sheriffs' Retirement System	352,093	1.3	367,204	1.4	1.6	4.4	4.4	17.8	6.0	10.0	8.6	8.1
Municipal Police & Firefighter Retirement System	46,198	0.2	50,091	0.2	1.6	4.3	4.3	17.8	5.9	9.9	8.5	
Natural Resources Police Office Retirement System	32,082	0.1	33,739	0.1	1.6	4.3	4.3	17.8	5.9			
Municipal Model A	246,093	0.9	254,623	0.9	1.6	4.4	4.4	18.0	6.6	10.4	8.8	
Municipal Model B	3,287	0.0	3,601	0.0	1.9	5.9	5.9	22.1	4.6	7.8		
Insurance Assets	3,329,471	12.8	3,448,926	12.7								
Workers' Compensation Old Fund	836,283	3.2	851,392	3.1	1.6	4.4	4.4	15.5	2.8	5.7	5.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	40,246	0.2	41,927	0.2	1.6	4.4	4.4	15.5	3.2	6.0	5.2	
Workers' Comp. Self-Insured Security Risk Pool	50,726	0.2	52,379	0.2	1.6	4.4	4.4	15.5	3.2	6.0	5.2	
Workers' Comp. Uninsured Employers' Fund	18,638	0.1	19,561	0.1	1.6	4.4	4.4	15.5	3.2	5.9	5.0	
Pneumoconiosis	201,841	0.8	206,009	0.7	1.6	4.4	4.4	15.6	3.2	6.0	5.2	5.3
Board of Risk & Insurance Management	90,829	0.3	94,818	0.4	1.6	4.4	4.4	15.5	3.2	6.0	5.1	
Public Employees' Insurance Agency	148,452	0.6	155,114	0.6	1.7	4.5	4.5	15.4	2.9	5.5	4.9	
WV Retiree Health Benefit Trust Fund	1,942,456	7.4	2,027,726	7.4	1.6	4.4	4.4	17.8	6.0	10.0	8.6	
Endowment Assets	1,567,571	5.9	1,641,641	6.0								
Berkeley County Development Authority	6,800	0.0	7,098	0.0	1.6	4.4	4.4	17.3	5.8	9.9		
Wildlife Fund	74,682	0.3	77,336	0.3	1.6	4.4	4.4	17.8	6.0	10.0	8.6	8.0
WV State Parks and Recreation Endowment Fund	47,125	0.2	50,988	0.2	1.6	4.4	4.4	17.8	6.1			
Revenue Shortfall Reserve Fund	609,682	2.3	637,116	2.4	1.4	4.3	4.3	12.2	0.8	1.9	2.5	
Revenue Shortfall Reserve Fund - Part B	554,537	2.1	580,758	2.1	1.6	4.7	4.7	14.5	1.3	4.3	4.4	
WV DEP Trust	10,997	0.0	11,511	0.0	1.7	4.7	4.7	19.0	5.2	9.1	7.4	
WV DEP Agency	263,748	1.0	276,854	1.0	1.9	5.0	5.0	18.6	4.2	7.1	6.0	

West Virginia Investment Management Board
 Composite Asset Allocation & Performance Net of Fees Period Ending: September 30, 2024

	Asset (\$000)	%	Performance %																
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year									
Investment Pools Composite	27,232,828	100.00																	
Portable Alpha Composite +/- S&P 500 Index	6,232,602	22.89	2.18 0.04	5.81 (0.08)	5.81 (0.08)	5.81 (0.08)	37.48 1.13	11.70 (0.21)											
Large Cap Domestic Equity Composite +/- S&P 500 Index	346,036	1.27	2.14 0.00	5.84 (0.05)	5.84 (0.05)	5.84 (0.05)	36.34 (0.01)	11.82 (0.09)	15.93 (0.05)	13.27 (0.11)	10.74 0.03								
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,227,334	4.51	2.95 1.46	8.25 (0.50)	8.25 (0.50)	8.25 (0.50)	27.64 1.47	7.23 3.76	12.61 2.18	9.83 0.33	10.01 0.54								
International Equity Composite +/- MSCI AC World ex US /IMI Index (a)	4,565,736	16.77	2.51 (0.27)	7.43 (0.86)	7.43 (0.86)	7.43 (0.86)	24.27 (1.40)	4.71 0.44	9.17 1.00	6.39 0.57	7.79 1.12								
Fixed Income Composite +/- Bloomberg Universal (b)	5,017,222	18.42	1.52 0.15	5.22 0.02	5.22 0.02	5.22 0.02	12.61 0.53	(0.03) 1.02	1.85 1.15	2.89 0.74	3.93 0.43								
Core Fixed Income Composite +/- Bloomberg US Aggregate	2,277,485	8.36	1.40 0.06	5.25 0.05	5.25 0.05	5.25 0.05	12.24 0.67	(0.48) 0.91	1.23 0.90	2.51 0.67									
Total Return Fixed Income Composite (c) +/- Bloomberg Universal	2,739,737	10.06	1.63 0.26	5.19 (0.01)	5.19 (0.01)	5.19 (0.01)	12.91 0.83	0.39 1.44	2.23 1.53	3.10 0.95	4.33 0.81								
TIPS Composite +/- Bloomberg US TIPS 1-10 Yr (d)	531,514	1.95	1.25 (0.03)	3.46 (0.04)	3.46 (0.04)	3.46 (0.04)	8.96 (0.05)	(0.30) 0.02	2.85 0.07	2.66 0.04									
Cash Composite +/- FTSE 3 Month US T-Bill (e)	174,640	0.64	0.43 (0.01)	1.35 (0.02)	1.35 (0.02)	1.35 (0.02)	5.41 (0.22)	3.49 (0.14)	2.25 (0.13)	1.61 (0.06)	1.67 (0.03)								
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,674,404	9.82	(0.01) (2.33)	0.00 (6.97)	0.00 (6.97)	0.00 (6.97)	5.03 (33.16)	6.24 (7.05)	17.44 (0.82)	16.91 1.08									
Real Estate Composite +/- NCREIF + 1% (f)	2,484,812	9.12	0.29 0.29	1.27 1.28	1.27 1.28	1.27 1.28	(4.22) 0.31	1.63 (1.71)	3.15 (1.24)	6.13 (0.95)									
Hedge Fund Composite +/- HFR/ FOF + 1% (h)	2,873,144	10.55	1.97 0.92	2.71 0.58	2.71 0.58	2.71 0.58	14.06 2.87	7.35 3.83	8.12 1.70	5.48 0.82									
Private Credit & Income Composite +/- SOFR + 4% (f, i)	1,105,384	4.06	(0.15) (0.91)	6.24 (2.44)	6.24 (2.44)	6.24 (2.44)	5.68 (0.36)												

West Virginia Investment Management Board
Period Ending: September 30, 2024

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 %
Pension Assets														
Public Employees' Retirement System	48.3	45.0	15.8	15.0	10.7	12.0	10.0	12.0	4.4	6.0	10.5	10.0	0.3	0.0
Teachers' Retirement System	48.3	45.0	15.8	15.0	10.8	12.0	10.0	12.0	4.4	6.0	10.5	10.0	0.2	0.0
EMS Retirement System	47.9	45.0	15.7	15.0	10.7	12.0	9.9	12.0	4.4	6.0	10.4	10.0	1.0	0.0
Public Safety Retirement System	48.4	45.0	15.7	15.0	10.8	12.0	10.0	12.0	4.5	6.0	10.5	10.0	0.1	0.0
Judges' Retirement System	48.1	45.0	16.1	15.0	10.7	12.0	10.0	12.0	4.4	6.0	10.5	10.0	0.2	0.0
State Police Retirement System	48.0	45.0	16.0	15.0	10.7	12.0	9.9	12.0	4.4	6.0	10.4	10.0	0.6	0.0
Deputy Sheriffs' Retirement System	48.0	45.0	15.8	15.0	10.7	12.0	9.9	12.0	4.4	6.0	10.5	10.0	0.7	0.0
Municipal Police & Firefighter Retirement System	46.8	45.0	15.4	15.0	10.5	12.0	9.7	12.0	4.3	6.0	10.2	10.0	3.1	0.0
Natural Resources Police Office Retirement System	48.0	45.0	15.4	15.0	10.7	12.0	9.9	12.0	4.4	6.0	10.4	10.0	1.2	0.0
Municipal Model A	48.3	45.0	15.9	15.0	10.7	12.0	10.0	12.0	4.4	6.0	10.5	10.0	0.2	0.0
Municipal Model B	53.7	55.0	42.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0
Insurance Assets														
Workers' Compensation Old Fund	26.4	25.0	45.3	45.0	3.6	4.0	3.3	4.0	1.5	2.0	15.8	15.0	4.1	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	26.3	25.0	44.8	45.0	3.6	4.0	3.3	4.0	1.5	2.0	15.7	15.0	4.8	5.0
Workers' Comp. Self-Insured Security Risk Pool	26.2	25.0	45.0	45.0	3.6	4.0	3.3	4.0	1.5	2.0	15.8	15.0	4.6	5.0
Workers' Comp. Uninsured Employers' Fund	26.2	25.0	44.7	45.0	3.6	4.0	3.3	4.0	1.5	2.0	15.7	15.0	5.0	5.0
Pneumoconiosis	26.3	25.0	45.2	45.0	3.6	4.0	3.3	4.0	1.5	2.0	15.8	15.0	4.3	5.0
Board of Risk & Insurance Management	26.3	25.0	44.7	45.0	3.6	4.0	3.3	4.0	1.5	2.0	15.7	15.0	4.9	5.0
Public Employees' Insurance Agency	20.8	20.0	54.1	55.0	1.8	2.0	1.7	2.0	0.7	1.0	20.9	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	48.1	45.0	16.3	15.0	10.7	12.0	10.0	12.0	4.4	6.0	10.5	10.0	0.0	0.0
Endowment Assets														
Berkeley County Development Authority	48.1	45.0	16.3	15.0	10.7	12.0	10.0	12.0	4.4	6.0	10.5	10.0	0.0	0.0
Wildlife Fund	48.1	45.0	16.2	15.0	10.7	12.0	9.9	12.0	4.4	6.0	10.5	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	47.5	45.0	16.1	15.0	10.6	12.0	9.8	12.0	4.4	6.0	10.3	10.0	1.3	0.0
Revenue Shortfall Reserve Fund	10.4	10.0	79.6	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0
Revenue Shortfall Reserve Fund - Part B	18.3	17.5	72.3	72.5	1.8	2.0	1.7	2.0	0.7	1.0	5.2	5.0	0.0	0.0
WV DEP Trust	52.8	50.0	15.9	15.0	8.9	10.0	8.3	10.0	3.7	5.0	10.4	10.0	0.0	0.0
WV DEP Agency	35.8	35.0	39.2	40.0	1.8	2.0	1.7	2.0	0.7	1.0	20.8	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.

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

November 2024 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 October 2024, there were 6,012 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.

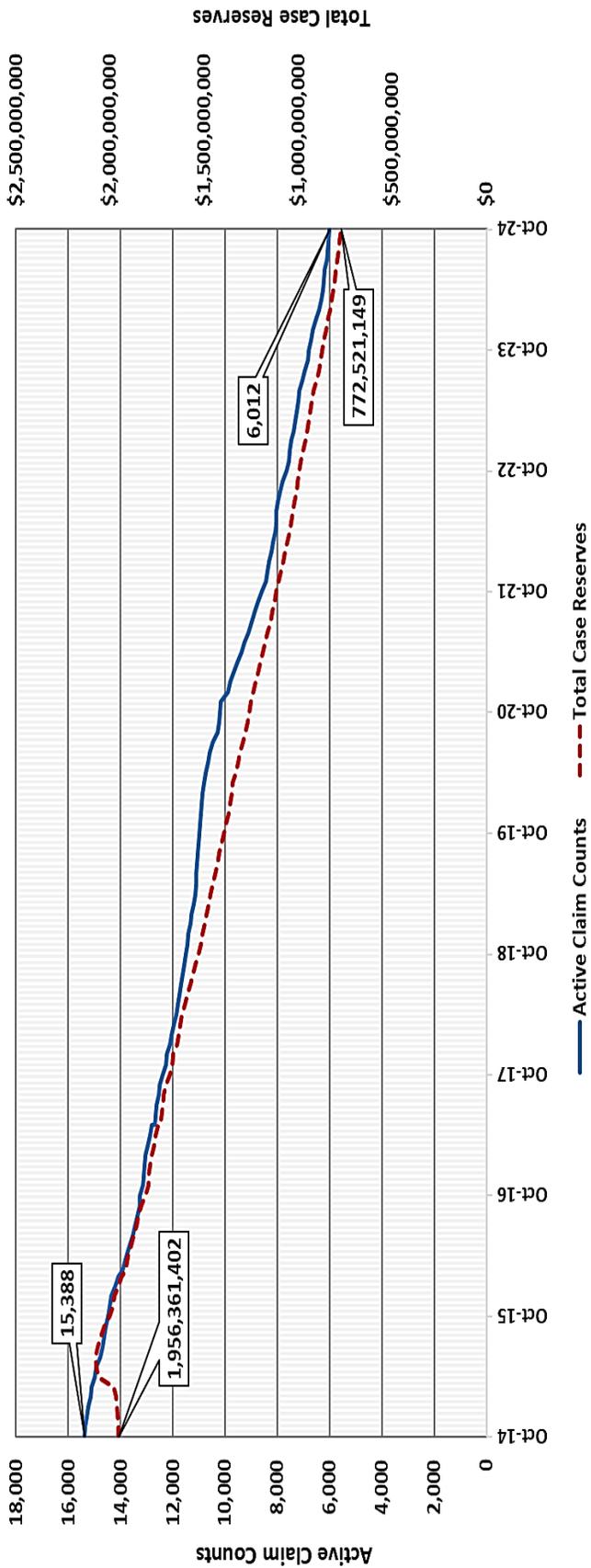
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

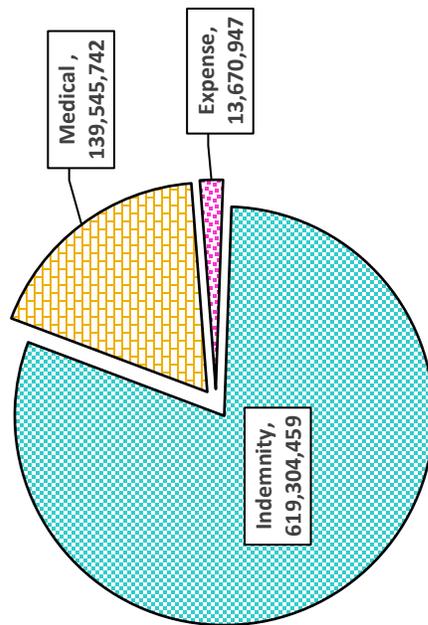
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

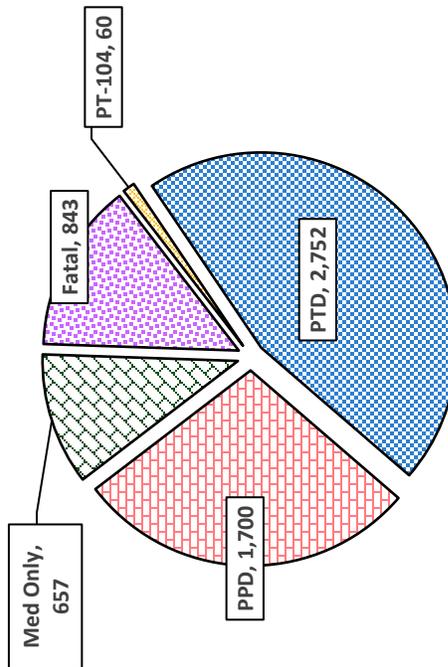
Old Fund
Active Claim Counts and Case Reserves
10/31/2024



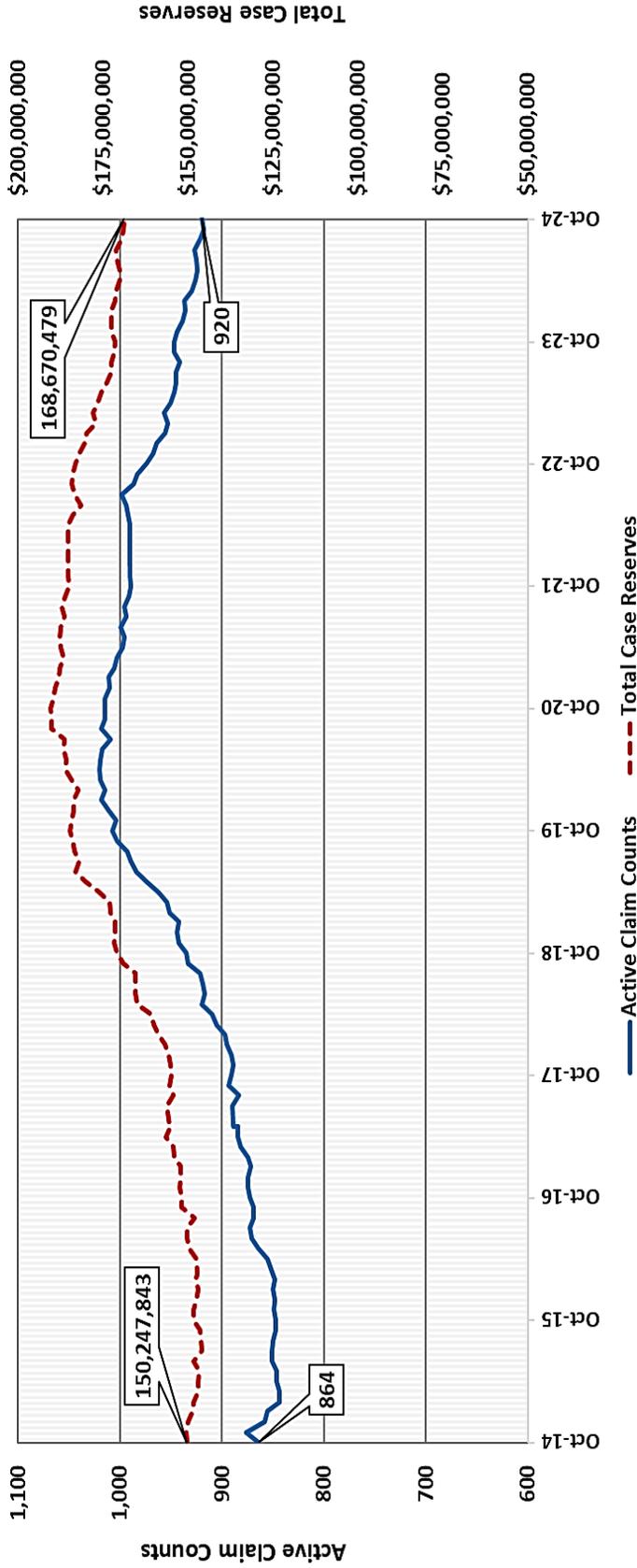
Old Fund
Reserves by Benefit Type
10/31/2024



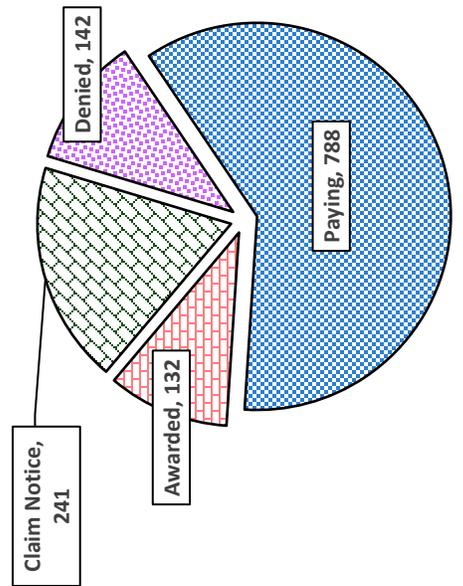
Old Fund
Active Claim Counts
10/31/2024



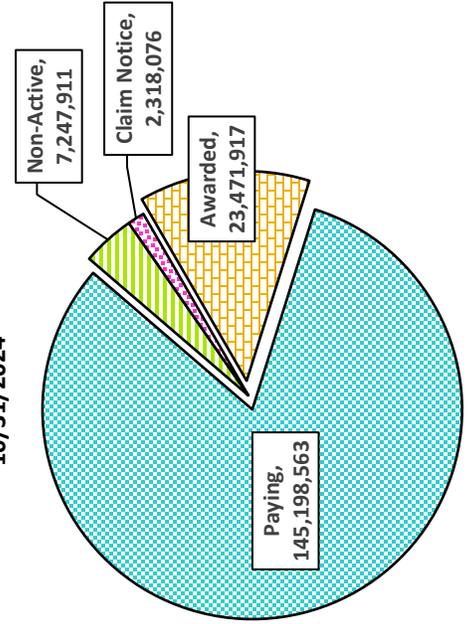
CWP Fund (FBL)
Active Claim Counts and Case Reserves
10/31/2024



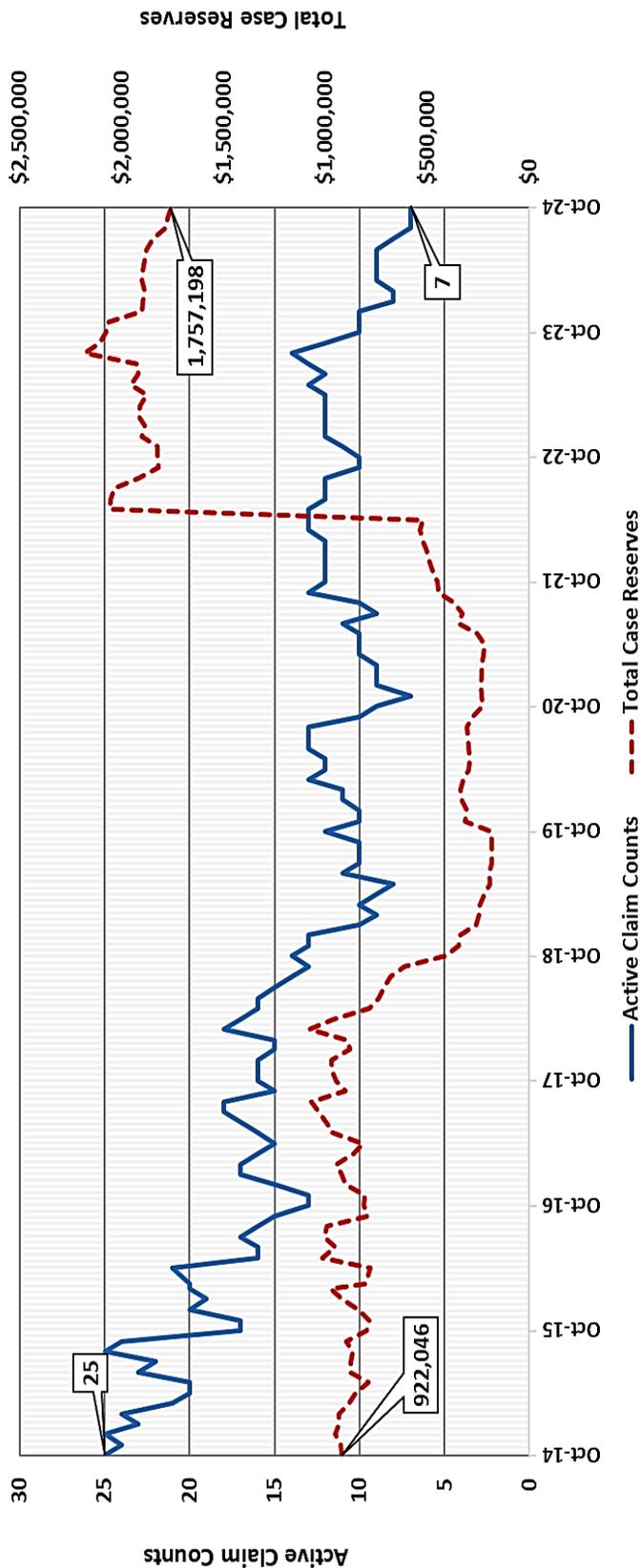
CWP Fund (FBL)
Active & Inactive Claims
10/31/2024



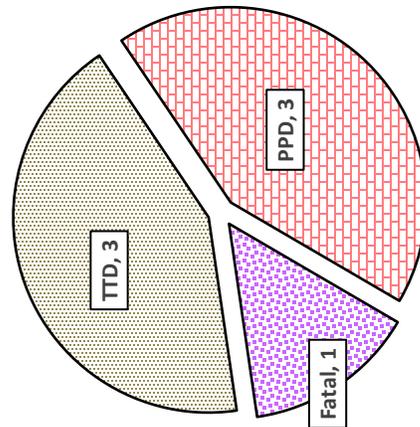
CWP Fund (FBL)
Reserves by Benefit Type
10/31/2024



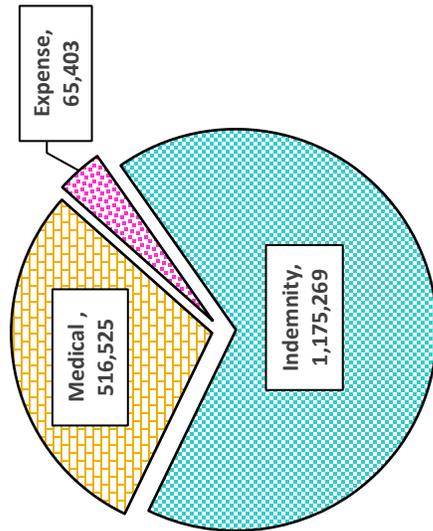
Uninsured Fund Active Claim Counts and Case Reserves 10/31/2024



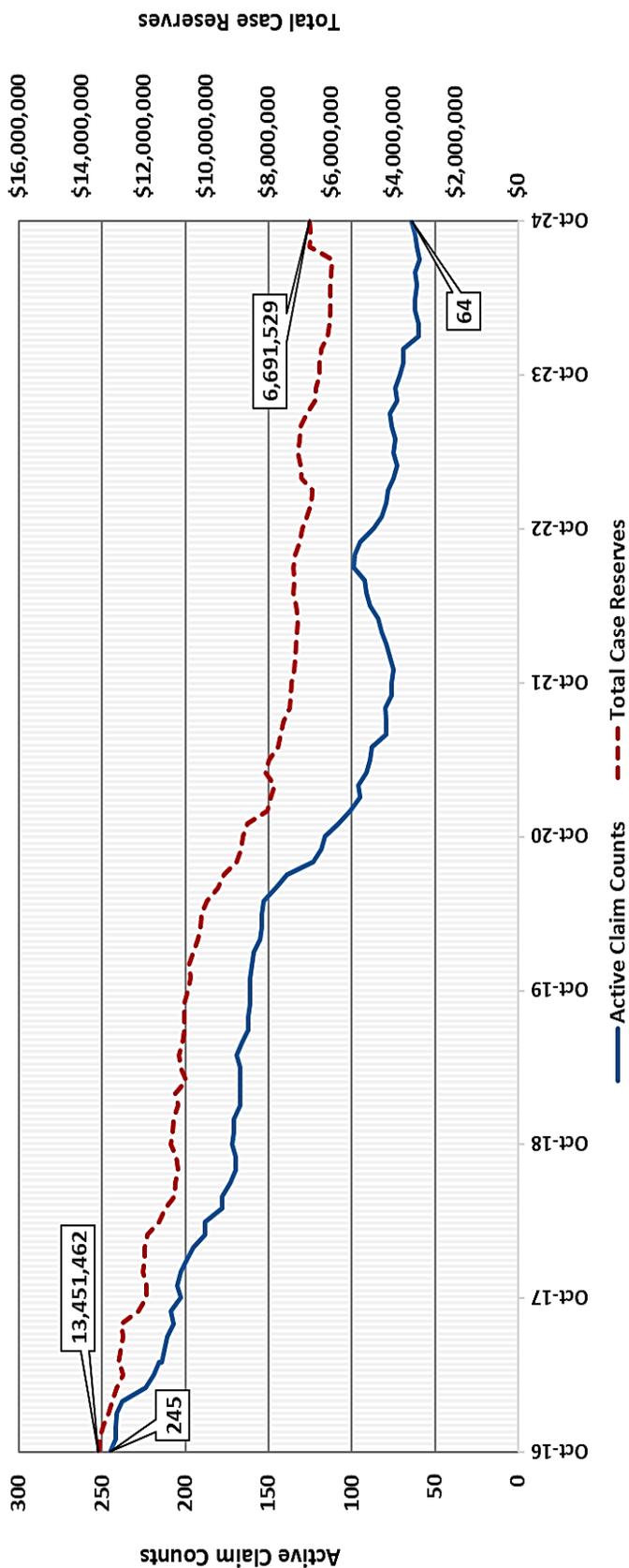
Uninsured Fund Active Claim Counts 10/31/2024



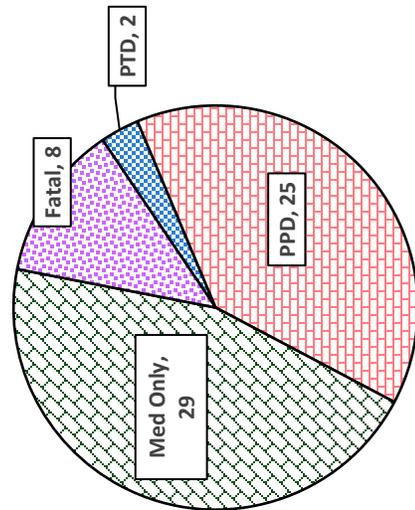
Uninsured Fund Reserves by Benefit Type 10/31/2024



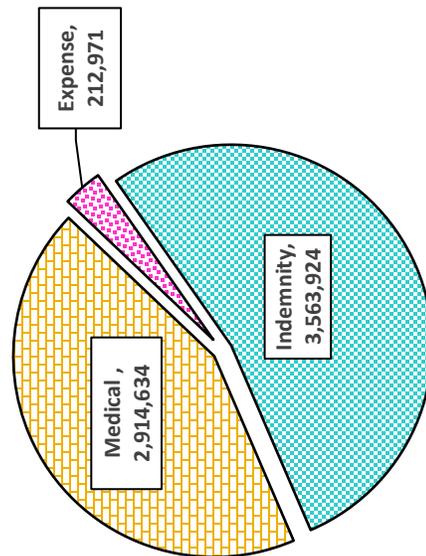
**Guaranty Fund
Active Claim Counts and Case Reserves
10/31/2024**



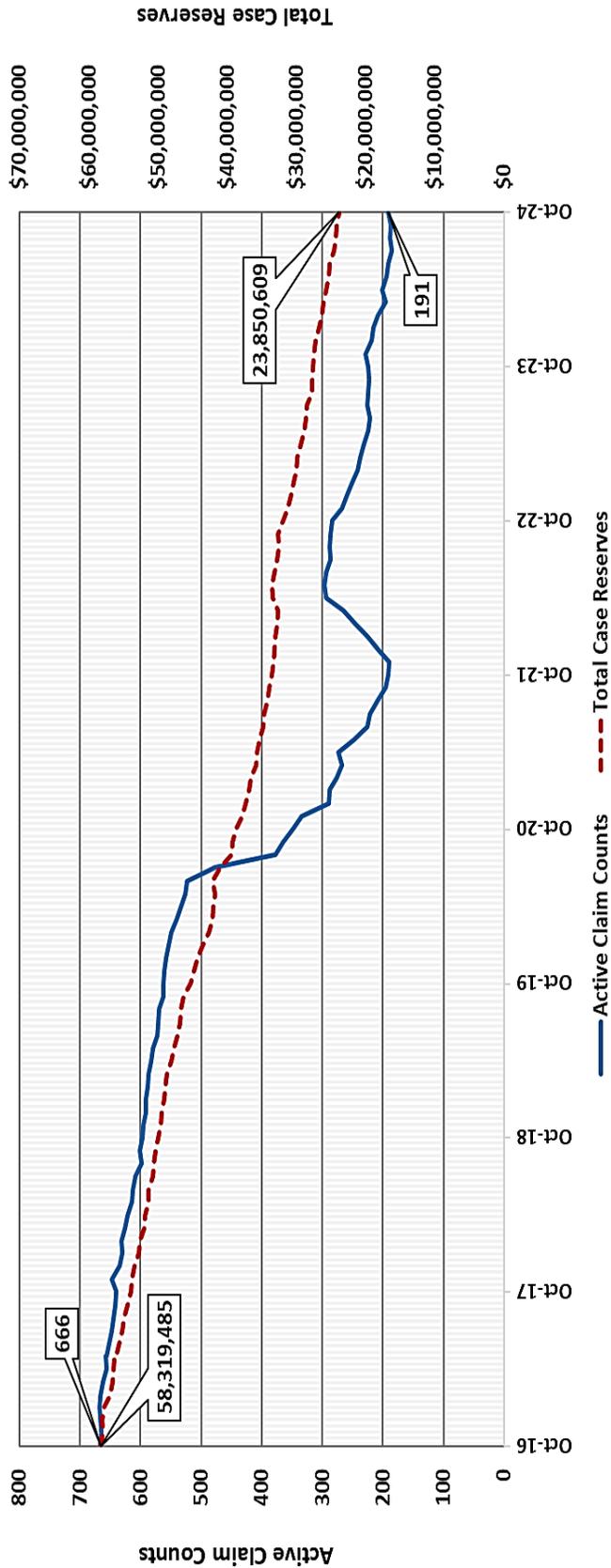
**Guaranty Fund
Active Claim Counts
10/31/2024**



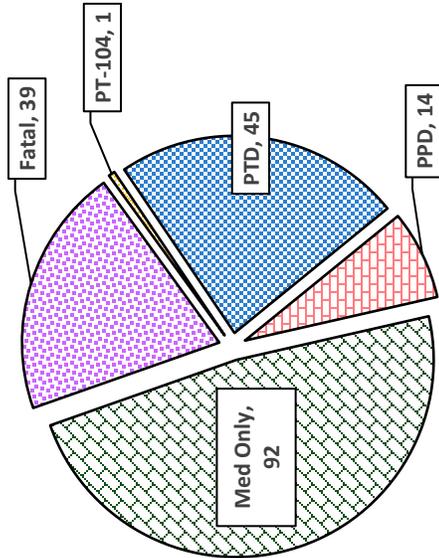
**Guaranty Fund
Reserves by Benefit Type
10/31/2024**



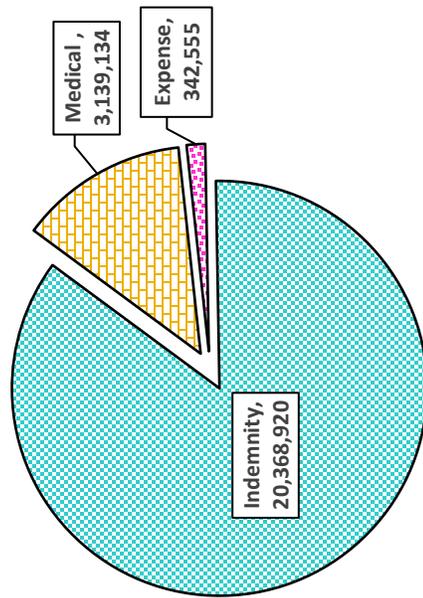
Security Fund
Active Claim Counts and Case Reserves
10/31/2024



Security Fund
Active Claim Counts
10/31/2024



Security Fund
Reserves by Benefit Type
10/31/2024



OLD FUND CASH STATEMENT
OCTOBER 31, 2024

Three Year History for years ended:

	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Revenues						
Employer Premium	10,107	9,925	182	40,195	41,326	238,786
Other Income	-	-	-	-	-	-
Operating Revenues	10,107	9,925	182	40,195	41,326	238,786
Investment / Interest Earnings (Losses)	43,039,695	9,140,314	33,899,381	86,594,939	(11,188,287)	(52,668,067)
Total Revenues	43,049,802	9,150,240	33,899,563	86,635,134	(11,146,961)	(52,429,280)
Expenditures						
Claims Benefits Paid:						
Medical	4,437,413	5,268,601	(831,188)	14,966,677	14,732,152	14,588,442
Permanent Total Disability	16,388,477	18,029,360	(1,640,883)	52,493,813	57,045,856	63,031,618
Permanent Partial Disability	22,724	18,696	4,028	82,200	66,107	163,078
Temporary Disability	1,372	-	1,372	-	-	-
Fatals	5,666,047	5,227,865	438,182	15,351,375	16,153,932	17,124,757
104 weeks death benefit	663,779	1,995,327	(1,331,547)	4,272,093	4,611,340	6,011,709
Settlements	-	478,342	(478,342)	505,342	1,249,524	2,382,067
Loss Adjustment Expenses	222,838	194,832	28,005	610,318	899,017	1,284,295
Total	27,402,649	31,213,023	(3,810,374)	88,281,817	94,757,927	104,585,967
Less: Formulary Rebates	249,500	139,714	109,786	538,673	-	-
Less: Claims credits and overpayments	34,186	140,942	(106,756)	397,531	550,422	454,800
Total Benefits Paid	27,118,963	30,932,368	(3,813,404)	87,345,614	94,207,505	104,131,167
Administrative Expenses	600,972	1,027,191	(426,219)	3,878,830	4,096,075	4,789,237
Total Expenditures	27,719,935	31,959,558	(4,239,623)	91,224,443	98,303,580	108,920,405
Excess (Deficiency) of Revenues over Expenditures	15,329,867	(22,809,319)	38,139,186	(4,589,309)	(109,450,541)	(161,349,685)
Transfer from Operating Fund	-	-	-	-	25,000,000	-
Cash Ending Balances	845,532,432	811,982,556	33,549,877	830,202,565	834,791,874	919,242,416

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

	Three Year History for years ended:					
	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	200,485,305	196,484,406	4,000,899	196,484,406	215,931,727	246,613,162
Revenues						
Investment Earnings (Losses)	10,380,934	2,122,611	8,258,323	20,658,281	(1,550,178)	(11,131,323)
Other Income	-	-	-	-	-	-
Total Revenues	10,380,934	2,122,611	8,258,323	20,658,281	(1,550,178)	(11,131,323)
Expenditures						
Claims Benefits Paid:						
Medical	807,250	563,101	244,149	2,155,296	2,799,907	6,033,252
PTD and Fatal Indemnity	3,585,212	3,746,074	(160,862)	10,859,596	10,613,261	9,518,418
Settlements	-	-	-	-	-	1,837
Loss Adjustment Expenses	1,499,868	1,307,527	192,341	3,720,334	4,660,713	3,513,844
Total	5,892,330	5,616,702	275,628	16,735,226	18,073,881	19,067,350
Less: Formulary Rebates	52,246	27,349	24,898	105,443	-	-
Less: Claims Credits and Overpayments	54,644	559,911	(505,267)	637,167	738,146	387,376
Total Benefits Paid	5,785,440	5,029,443	755,997	15,992,616	17,335,735	18,679,974
Administrative Expenses	177,810	216,430	(38,620)	664,765	561,407	870,138
Total Expenditures	5,963,250	5,245,873	717,377	16,657,381	17,897,142	19,550,112
Excess (Deficiency) of Revenues over Expenditures	4,417,684	(3,123,262)	7,540,946	4,000,899	(19,447,321)	(30,681,436)
Cash Ending Balances	204,902,989	193,361,144	11,541,846	200,485,305	196,484,406	215,931,727

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
OCTOBER 31, 2024

Three Year History for years ended:

	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	40,026,888	36,425,695	3,601,193	36,425,695	37,187,942	39,659,496
Revenues						
Guaranty Risk Pool Assessments	27,169	113,674	(86,506)	213,674	15,000	10,000
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	2,085,702	381,175	1,704,527	3,942,002	(209,276)	(1,884,585)
Total Revenues	2,112,870	494,849	1,618,021	4,155,676	(194,276)	(1,874,585)
Expenditures						
Claims Benefits Paid:						
Medical	54,317	91,356	(37,039)	257,106	167,151	178,127
Permanent Total Disability	-	9,479	(9,479)	12,316	37,257	63,717
Permanent Partial Disability	-	22,836	(22,836)	52,003	33,839	83,562
Temporary Disability	-	-	-	-	-	-
Fatals	81,028	61,983	19,045	185,950	201,734	206,996
104 Weeks Death Benefit	1,837	11,760	(9,924)	35,280	26,460	-
Settlement Agreements	-	-	-	-	43,500	62,000
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	10,110	15,888	(5,778)	38,735	63,319	31,743
Total	147,292	213,303	(66,010)	581,389	573,261	626,144
Less: Formulary Rebates	1,873	1,054	819	4,063	-	-
Less: Claims Credits and Overpayments	-	-	-	22,843	409	53,649
Total Benefits Paid	145,419	212,249	(66,830)	554,483	572,851	572,495
Administrative Expenses	-	-	-	-	(4,880)	24,473
Total Expenditures	145,419	212,249	(66,830)	554,483	567,971	596,968
Excess (Deficiency) of Revenues over Expenditures	1,967,451	282,600	1,684,851	3,601,193	(762,247)	(2,471,554)
Cash Ending Balances	41,994,339	36,708,295	5,286,044	40,026,888	36,425,695	37,187,942

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.

Three Year History for years ended:

	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances						
Revenues						
Security Risk Pool Assessments	-	-	-	150,000	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	2,620,737	512,155	2,108,582	5,070,845	(325,785)	(2,592,281)
Total Revenues	2,620,737	512,155	2,108,582	5,220,845	(325,785)	(2,592,281)
Expenditures						
Claims Benefits Paid:						
Medical	194,456	261,898	(67,441)	615,450	717,600	585,099
Permanent Total Disability	323,168	357,394	(34,227)	1,031,307	1,086,424	1,177,138
Permanent Partial Disability	-	6,841	(6,841)	8,996	8,906	11,540
Temporary Disability	-	-	-	-	-	-
Fatals	233,987	260,574	(26,587)	807,206	849,667	838,483
104 Weeks Death Benefit	3,355	20,542	(17,186)	30,662	35,632	50,458
Settlement Agreements	-	-	-	-	16,000	61,325
Loss Adjustment Expenses	11,770	10,523	1,247	24,558	39,671	36,980
Total	766,737	917,772	(151,035)	2,518,181	2,753,900	2,761,024
Less: Formulary Rebates	7,817	4,354	3,464	16,786	-	-
Less: Claims Credits and Overpayments	32,895	22,031	10,863	45,050	117,966	31,348
Total Benefits Paid	726,025	891,387	(165,362)	2,456,345	2,635,934	2,729,676
Administrative Expenses	45	15	30	627	(22,479)	68,348
Total Expenditures	726,070	891,402	(165,332)	2,456,972	2,613,455	2,798,024
Excess (Deficiency) of Revenues over Expenditures	1,894,667	(379,247)	2,273,914	2,763,872	(2,939,240)	(5,390,305)
Cash Ending Balances	52,324,943	47,287,156	5,037,787	50,430,275	47,666,403	50,605,643

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, wOASIS. The Self Insured Security Cash Statement is unaudited information.

	Three Year History for years ended:					
	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	18,510,591	16,468,190	2,042,401	16,468,190	16,195,294	16,844,759
Revenues						
Fines and Penalties	200,078	122,244	77,835	488,794	477,594	341,220
Investment Earnings (Losses)	967,713	170,232	797,482	1,798,818	(74,574)	(828,855)
Total Revenues	1,167,792	292,476	875,316	2,287,612	403,021	(487,635)
Expenditures						
Claims Benefits Paid:						
Medical	4,219	11,889	(7,670)	192,619	46,236	118,279
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	14,356	-	14,356	41,300	5,809	6,929
Temporary Disability	-	19,016	(19,016)	34,340	26,145	64,151
Fatals	4,267	4,795	(528)	12,067	-	19,201
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	8,900	6,000	2,900	6,000	54,000	22,000
Loss Adjustment Expenses	18,038	14,740	3,298	38,953	34,594	39,974
Total	49,779	56,440	(6,661)	325,279	166,784	270,534
Less: Employer Reimbursement	10,459	60,372	(49,912)	80,972	40,241	-
Less: Formulary Rebates	560	294	267	1,132	-	-
Less: Claims Credits and Overpayments	(79)	-	(79)	79	332	116,115
Total Benefits Paid	38,839	(4,225)	43,064	243,096	126,210	154,419
Administrative Expenses	30	1,050	(1,020)	2,115	3,915	7,410
Total Expenditures	38,869	(3,175)	42,044	245,211	130,125	161,829
Excess (Deficiency) of Revenues over Expenditures	1,128,923	295,651	833,273	2,042,401	272,895	(649,465)
Cash Ending Balances	19,639,514	16,763,841	2,875,674	18,510,591	16,468,190	16,195,294

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.



Coal Workers' Pneumoconiosis Fund Update

CWP Fund History

- The WV Coal Workers' Pneumoconiosis (CWP) Fund was established in 1973 in response to the passage of the Federal Coal Mine Health and Safety Act of 1969. As WV was monopolistic for state workers' compensation coverage at that time, coal employers had difficulty obtaining private insurance coverage for Federal Black Lung (FBL) liabilities.
- Participation by coal employers in the CWP Fund was always on a voluntary basis and WV was never monopolistic for FBL coverage.
- The coverage provided by the CWP Fund is limited to the federal black lung benefits granted under the Act. The United States Department of Labor (USDOL or federal DOL) administers the FBL claims.

CWP Fund History

- The CWP Fund closed to new subscribers on December 31, 2005. All claims payment obligations, including indemnity benefits, medical benefits, administrative, and all other expenses necessary for the administration and defense of awarded claims, where the date of last exposure (DLE) is on or before December 31, 2005, without regard to when the claim is filed, shall be an obligation of the Coal Workers' Pneumoconiosis Fund. While the CWP fund no longer accepts new subscribers, if a claim is filed today with a DLE on or before December 31, 2005, then the CWP may be required to pay benefits in an awarded FBL claim.
- When the fund was closed to new subscribers, the CWP Fund had \$254,278,000 in net assets.
- An award made to a miner who was employed by a CWP covered employer with a Date of Last Exposure prior to January 1, 2006 can still be charged to the CWP Fund by the federal DOL.
- When claims for FBL benefits are filed, the federal DOL will determine who the potentially liable operator / "Responsible Operator" (RO) is.

Potentially Liabile Operators

- Pursuant to §725.494 of the Act, there is a rebuttable presumption that a miner's disability or death arose during employment with the most recent employer who employed the miner for a cumulative period of one year.
- In the event that the most recent employer (or their insurance company) is not able to assume the liability (generally due to bankruptcy or insolvency), then the USDOL may name a successor operator to assume the claim.
- There is no limitation on the look back period to designate a potentially liable operator if the miner's employment included at least one working day after December 31, 1969.
- The Federal Black Lung Trust Fund only pays the claim if no other party exists to assume the liability.

Potentially Liable Operators

USDOL receives claim application from miner and authorizes a medical evaluation to determine pulmonary function or impairment.

If the medical evaluation determines the evidence supports an award of benefits:

- USDOL identifies one or more coal mine operators as the responsible operator (RO) and issues a Notice of Claim to the coal mine operator with 30 days to respond to the notice.
- If the USDOL cannot determine a responsible operator with black lung coverage, the claim is assigned to the Federal Trust Fund for benefit payments.

If the USDOL determines the WV CWP fund is the responsible operator, then the CWP Fund is mandated to pay all benefits.

Byrd Amendments

- H.R.3590 - Patient Protection and Affordable Care Act was passed by Congress on March 23, 2010.
- The Act included amendments to the Black Lung Benefits Act. The amendments were commonly called the “Byrd Amendments”.
- The Act restored two provisions that had been eliminated in 1981:
 - presumption of total disability or death due to pneumoconiosis where the miner had at least 15 years of underground (or comparable surface) coal mine employment and a totally disabling respiratory impairment
 - automatic entitlement to benefits for eligible survivors of miners who were awarded benefits based on lifetime claims.

Byrd Amendments Implementation

Division of Coal Mine Workers' Compensation (DCMWC)

The Division of Coal Mine Workers' Compensation has issued a Final Rule implementing amendments to the Black Lung Benefits Act passed by Congress in 2010. Commonly called the Byrd Amendments after their sponsor, the late Senator Robert Byrd, the amendments restored two provisions that had been eliminated by the 1981 Amendments to the Act: 30 U.S.C. 921(c)(4), which provides a presumption of total disability or death due to pneumoconiosis where the miner had at least 15 years of underground (or comparable surface) coal mine employment and a totally disabling respiratory impairment, and 30 U.S.C. 932(1), which provides automatic entitlement to benefits for eligible survivors of miners who were awarded benefits based on lifetime claims. The amendments are contained in Section 1556 of the Patient Protection and Affordable Care Act.

The Final Rule was published on September 25, 2013. The new regulations address

- automatic entitlement of certain survivors, including those whose claims were previously denied under the law in effect prior to the Byrd Amendments; and
- invocation and rebuttal standards for the reinstated 15-year presumption as it applies to both miners' and survivors' claims.

In addition, the regulations include several changes to obsolete or unnecessary rules, in accordance with Executive Order 13563.

The new regulations were effective October 25, 2013.

CWP Fund Assets

- The assets of the CWP Fund consist exclusively of premiums paid by coal employers and the investment earnings earned on those premiums.
- The assets of the CWP Fund have been invested with the WV Investment Management Board since the WVIMB was created.
- The investment earnings for the CWP Fund have been consistently positive over the years. The CWP Fund had investment earnings of \$20,658,281 in FY2024.
- As of June 30, 2024, the CWP Fund had \$200,485,305 in cash and invested assets.

CWP Fund Cash Statement

Three Year History for years ended:

	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	200,485,305	196,484,406	4,000,899	196,484,406	215,931,727	246,613,162
Revenues						
Investment Earnings (Losses)	10,380,934	2,122,611	8,258,323	20,658,281	(1,550,178)	(11,131,323)
Other Income	-	-	-	-	-	-
Total Revenues	10,380,934	2,122,611	8,258,323	20,658,281	(1,550,178)	(11,131,323)
Expenditures						
Claims Benefits Paid:						
Medical	807,250	563,101	244,149	2,155,296	2,799,907	6,033,252
PTD and Fatal Indemnity	3,585,212	3,746,074	(160,862)	10,859,596	10,613,261	9,518,418
Settlements	-	-	-	-	-	1,837
Loss Adjustment Expenses	1,499,868	1,307,527	192,341	3,720,334	4,660,713	3,513,844
Total	5,892,330	5,616,702	275,628	16,735,226	18,073,881	19,067,350
Less: Formulary Rebates	52,246	27,349	24,898	105,443	-	-
Less: Claims Credits and Overpayments	54,644	559,911	(505,267)	637,167	738,146	387,376
Total Benefits Paid	5,785,440	5,029,443	755,997	15,992,616	17,335,735	18,679,974
Administrative Expenses	177,810	216,430	(38,620)	664,765	561,407	870,138
Total Expenditures	5,963,250	5,245,873	717,377	16,657,381	17,897,142	19,550,112
Excess (Deficiency) of Revenues over Expenditures	4,417,684	(3,123,262)	7,540,946	4,000,899	(19,447,321)	(30,681,436)
Cash Ending Balances	204,902,989	193,361,144	11,541,846	200,485,305	196,484,406	215,931,727

FY2024 Financial Statements

West Virginia Offices of the Insurance Commissioner

Schedule of Revenues, Expenses, and Change in Fund Net Position - Workers' Compensation Information For the Year Ended June 30, 2024 (In Thousands)

	WC Old Fund Debt Reduction	Coal Workers' Pneumoconiosis	Uninsured Fund	Self-Insured Funds	Total
OPERATING REVENUES					
Assessments	\$ -	\$ -	\$ 527	\$ 282	\$ 809
Employer surcharge	96	-	-	-	96
Premium revenue, net	3	-	-	-	3
Other operating revenue	36	-	-	-	36
Total operating revenue	<u>135</u>	<u>-</u>	<u>527</u>	<u>282</u>	<u>944</u>
OPERATING EXPENSES AND CLAIMS PROVISION					
Claims and claim adjustment provision	46,753	18,294	343	2,612	68,002
General and administration	3,877	664	2	-	4,543
Total operating expenses and claims provision	<u>50,630</u>	<u>18,958</u>	<u>345</u>	<u>2,612</u>	<u>72,545</u>
Operating (loss) income	<u>(50,495)</u>	<u>(18,958)</u>	<u>182</u>	<u>(2,330)</u>	<u>(71,601)</u>
NONOPERATING REVENUES					
Investment earnings	76,642	18,343	1,619	8,061	104,665
Severance tax, net	10	-	-	-	10
Total nonoperating revenues	<u>76,652</u>	<u>18,343</u>	<u>1,619</u>	<u>8,061</u>	<u>104,675</u>
Change in net position	26,157	(615)	1,801	5,731	33,074
Total net position - beginning of year	7,445	39,381	14,755	53,581	115,162
Total net position - end of year	<u>\$ 33,602</u>	<u>\$ 38,766</u>	<u>\$ 16,556</u>	<u>\$ 59,312</u>	<u>\$ 148,236</u>

USDOL Black Lung Statistics

Black Lung PDO Claim Decisions at the District Director Level FY 2011-2024

Year	Total Approvals TF	Total Approvals RO	Total Approvals ¹	Merit Denials ^{2,4}	Non-merit Denials TF ^{3,4}	Non-merit Denials RO ^{3,4}	Total Denials	Part C TF Survivor Entitlements	Part C RO Survivor Entitlements	Part B Survivor Entitlements	Total Decisions	Approval Rate ⁵
FY 2011	110	645	755	3,298	167	1,961	5,426				6,181	18.63%
FY 2012	97	632	729	2,565	229	1,780	4,574				5,303	22.13%
FY 2013	87	566	653	2,361	184	1,573	4,118				4,771	21.67%
FY 2014	92	518	610	2,664	224	1,719	4,607				5,217	18.63%
FY 2015	157	728	885	2,222	240	2,037	4,499				5,384	28.48%
FY 2016	249	877	1,126	2,706	364	2,150	5,220				6,346	29.38%
FY 2017	343	915	1,258	3,153	594	2,054	5,801				7,059	28.52%
FY 2018	285	1,113	1,398	2,761	542	1,975	5,278				6,676	33.61%
FY 2019	181	1,014	1,195	2,458	460	2,126	5,044				6,239	32.71%
FY 2020 ⁶	225	793	1,018	2,241	517	1,860	4,618	89	335	54	6,114	31.24%
FY 2021	204	684	888	1,879	515	1,723	4,117	172	352	30	5,559	32.09%
FY 2022	231	654	885	1,877	624	2,205	4,706	190	333	19	6,133	32.04%
FY 2023	169	638	807	1,696	496	1,855	4,047	148	341	27	5,370	32.24%
FY 2024	199	615	814	1,767	617	1,841	4,225	180	300	23	5,542	31.54%

¹ Approvals do not include conversions of miner to survivor benefits under 422(f) of the Act.

² Merit denials: claims that received a Proposed Decision & Order (PDO) after all evidence is considered.

³ Non-merit denials: claims that are abandoned or withdrawn prior to a PDO.

⁴ Merit/non-merit categories were not quantified until FY 2008.

⁵ Approval rate calculated using approved and denied claims and does not include withdrawn and abandoned claims (non-merit decisions) or survivor entitlements.

⁶ Beginning in FY2020 Survivor Entitlements are now reported.



CWP Demographics

Living Miner		
Age Range	Claim Count	Total Reserves
55 - 64	39	\$6,481,930
65 - 74	363	\$71,716,136
75 - 84	283	\$36,565,786
85 - 94	50	\$3,914,428
95 +	0	\$0
Total	735	\$118,678,279

Widow and/or Dependent Benefits	
All ages	540
	\$61,017,845

Total CWP Claims	
Total	1,275
	\$179,696,124

Data from FY2024 Sedgwick Year End Claims Template
 Claim Count includes all claim statuses - Awarded, Paying, Denied, Notice of Claim
 Total Reserves includes indemnity, medical and expense but not IBNR



CWP Claim Assignments

The OIC assigns FBL claims to a third-party administrator for processing if the OIC receives notice from the USDOL that the CWP Fund is being considered as a potentially liable operator. In FY2023, there were 336 assignments; in FY2024, there were 286 assignments.

Not all of the claims assigned to the TPA will be awarded and charged to the CWP Fund, however, it is necessary to engage a TPA and in most all cases, legal defense counsel, for all claim assignments.

The USDOL does not permit the settlement of FBL claims. Accordingly, when a claim is awarded, it must be paid out as an annuity over the life of the claimant or their dependent.

Future Financial Issues

- Included annually in the Budget Request – Future Financial Issues section: “The Coal Workers’ Pneumoconiosis (CWP) Fund is more challenging and is being carefully monitored. As of June 30, 2024, the CWP Fund remains solvent although the increased claims costs and the resulting adverse actuarial development in the CWP Fund’s estimated liabilities have eroded a portion of the Fund’s net surplus.”
- As of June 30, 2023, the CWP Fund had net assets of \$39,381,000.
- No additional funding for the CWP Fund is being sought or is recommended, as the CWP Fund is solvent.
- If the USDOL approval rate continues to increase, along with increased numbers of awards chargeable to the CWP Fund, a 3% - 5% annual cost of living increase to benefits paid, and a 7% medical inflation increase in claim costs, it is possible that the current surplus may be depleted before all outstanding liabilities are paid. If this occurs, the State should consider requesting that the Federal Black Lung Trust Fund assume any future liabilities just as they would for any other insurer or self-insured employer that has become insolvent.

WEST VIRGINIA

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2024

OPERATING REPORT

SEPTEMBER 2024

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

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

Executive Staff

Executive
Director

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

Chief Financial
Officer

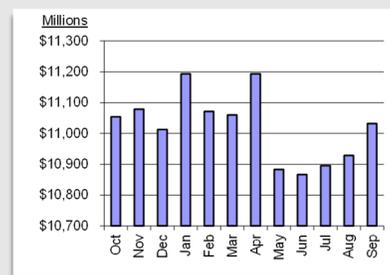
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$11,032,283,000

Last Month
\$10,928,779,000

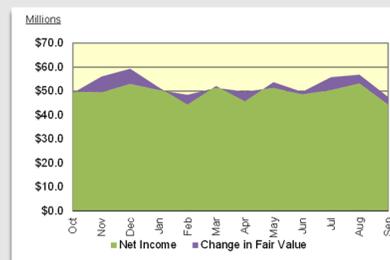
Beginning of Fiscal Year
\$10,866,862,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$160,135,000



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

Money Market Pools

As of September 30, 2024

Pool	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	5.3039%	35 Days	\$9.7 Billion
WV Gov't Money Market	5.1623%	32 Days	\$536.4 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

SEPTEMBER 2024

“déjà vu, all over again”

The Main Event

The main event of September was the long-awaited Federal Reserve interest rate cut coming to pass. The 50 basis points cut was greater than predicted even a month ago but given modestly weaker labor data coupled with constructive inflation data, market implied probabilities for a “jumbo” cut were up to over 65% the day prior. Not surprisingly, varied predictions are already flying about the next round of cuts. How many? How big? As Yogi Berra famously coined, seems like déjà vu, all over again.

Equity Markets

A rotation from the largest capitalization, growth/tech dominated cohort of stocks continued through September quarter end, resulting in small cap stocks outperforming large cap stocks for the quarter (S&P 500, 5.9%, Russell 2000, 9.3%), although they did slightly underperform for the month of September (S&P 500, 2.1%, Russell 2000, 0.7%). Value stocks have also made-up ground versus growth stocks, outperforming in the quarter (Russell 1000 Growth, 3.2%, Russell 1000 Value, 9.4%), but again lagged in the month of September after the Federal Reserve rate cut put wind in the sails of the growth stock story (Russell 1000 Growth, 2.8%, Russell 1000 Value, 1.4%). As you can see in the chart below, the diversification of returns away from the largest stocks in favor of the equal weighted indices as well as smaller companies is now evident.

Outside of the US, the market moving news was the People’s Bank of China (PBOC) announcing a hefty stimulus package including policy easing measures, lending support for real estate, equities, and for consumption (the consumer). Following the news, the Chinese equity market rallied returning **23.9%** in the month of September and propelling emerging markets to the top performing equity index for the month and quarter (6.7% month and 8.7% for the quarter).

Fixed Income

With the Federal Reserve’s interest rate cut, longer duration fixed income was the winner in both the quarter and the month ended September (Bloomberg Long Government/Credit Index, 8.0%, Bloomberg Aggregate Index, 5.3% for the quarter and 2.3%, and 1.4% respectively for the month). All fixed income was positive in the month and the quarter, with shorter duration fixed income and leveraged loans lagging, as would be expected following a rate cut.

Looking Ahead

The U.S. stock market year to date is up 22.1%, and the bond market is up 4.5%. The stock market has performed above reasonable expectations across most sectors and regions and valuations are generally not considered cheap, except selectively overseas and small cap (although the valuations have become richer with the recent rally). Bonds have finally been positive contributors to the total portfolio return, with credit spreads low relative to historical averages.

We enter the Fall with the election just ahead of us, geopolitical risk in the Middle East on the rise and Ukraine still hanging in the balance. Staying disciplined to policy and rebalancing towards long term targets remains a prudent path.

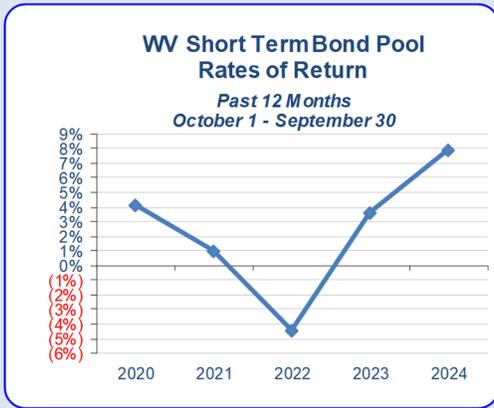
West Virginia Board of Treasury Investments Financial Highlights as of September 30, 2024

WV Short Term Bond Pool

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

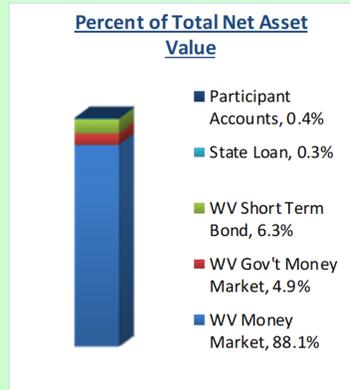
<u>October 1 - September 30</u>	<u>Return</u>	<u>Net Assets At Sept 30 (In Millions)</u>
2024	8.0%	\$ 702.3
2023	3.6%	\$ 683.1
2022	(4.4%)	\$ 686.4
2021	1.0%	\$ 821.2
2020	4.1%	\$ 812.3

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

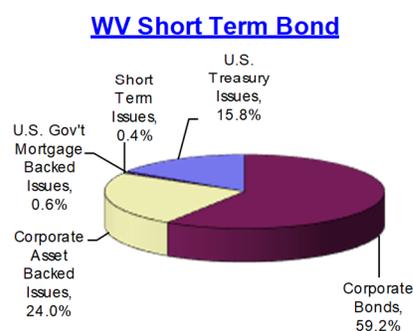
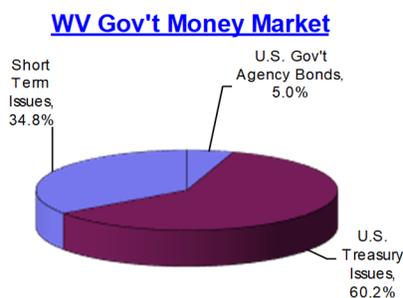


Summary of Value and Earnings (In Thousands)

<u>Pool</u>	<u>Net Asset Value</u>	<u>Sep Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,711,765	\$ 39,336	\$ 131,816
WV Gov't Money Market	536,366	2,093	6,849
WV Short Term Bond	702,301	5,851	20,667
Loans	39,831	99	304
Participant Accounts	42,020	153	499
	<u>\$ 11,032,283</u>	<u>\$ 47,532</u>	<u>\$ 160,135</u>



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



SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED

SEPTEMBER 30, 2024

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets						
Investments:						
At amortized cost	\$ 9,693,523	\$ 549,375	\$ -	\$ 39,535	\$ 40,831	\$ 10,323,264
At fair value	-	-	699,207	-	1,027	700,234
Other assets	19,354	858	6,102	297	163	26,774
Total assets	<u>9,712,877</u>	<u>550,233</u>	<u>705,309</u>	<u>39,832</u>	<u>42,021</u>	<u>11,050,272</u>
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased	1,112	13,867	3,008	1	1	17,989
Total liabilities	<u>1,112</u>	<u>13,867</u>	<u>3,008</u>	<u>1</u>	<u>1</u>	<u>17,989</u>
Net Position						
Held in trust for investment pool participants	9,711,765	536,366	702,301	-	-	10,950,432
Held in trust for individual investment account holders	-	-	-	39,831	42,020	81,851
Total net position	<u>\$ 9,711,765</u>	<u>\$ 536,366</u>	<u>\$ 702,301</u>	<u>\$ 39,831</u>	<u>\$ 42,020</u>	<u>\$ 11,032,283</u>
Additions						
Investment income:						
Interest and dividends	\$ 17,514	\$ 1,071	\$ 2,434	\$ 99	\$ 154	\$ 21,272
Net (amortization) accretion	22,158	1,042	240	-	-	23,440
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>39,672</u>	<u>2,113</u>	<u>2,674</u>	<u>99</u>	<u>154</u>	<u>44,712</u>
Investment expenses:						
Investment advisor, custodian bank & administrative fees	336	20	42	-	1	399
Total investment expenses	<u>336</u>	<u>20</u>	<u>42</u>	<u>-</u>	<u>1</u>	<u>399</u>
Net investment income	39,336	2,093	2,632	99	153	44,313
Net realized gain (loss) from investments	-	-	247	-	-	247
Net increase (decrease) in fair value of investments	-	-	2,972	-	-	2,972
Net increase (decrease) in net position from operations	<u>39,336</u>	<u>2,093</u>	<u>5,851</u>	<u>99</u>	<u>153</u>	<u>47,532</u>
Participant transaction additions:						
Purchase of pool units by participants	1,153,585	56,939	-	-	-	1,210,524
Reinvestment of pool distributions	39,336	2,093	3,246	-	-	44,675
Contributions to individual investment accounts	-	-	-	4,002	177	4,179
Total participant transaction additions	<u>1,192,921</u>	<u>59,032</u>	<u>3,246</u>	<u>4,002</u>	<u>177</u>	<u>1,259,378</u>
Total additions	<u>1,232,257</u>	<u>61,125</u>	<u>9,097</u>	<u>4,101</u>	<u>330</u>	<u>1,306,910</u>
Deductions						
Distributions to pool participants:						
Net investment income	39,336	2,093	2,631	-	-	44,060
Net realized gain (loss) from investments	-	-	248	-	-	248
Total distributions to pool participants	<u>39,336</u>	<u>2,093</u>	<u>2,879</u>	<u>-</u>	<u>-</u>	<u>44,308</u>
Participant transaction deductions:						
Redemption of pool units by participants	1,129,742	29,080	-	-	-	1,158,822
Withdrawals from individual investment accounts	-	-	-	99	177	276
Total participant transaction deductions	<u>1,129,742</u>	<u>29,080</u>	<u>-</u>	<u>99</u>	<u>177</u>	<u>1,159,098</u>
Total deductions	<u>1,169,078</u>	<u>31,173</u>	<u>2,879</u>	<u>99</u>	<u>177</u>	<u>1,203,406</u>
Net increase (decrease) in net position from operations	<u>63,179</u>	<u>29,952</u>	<u>6,218</u>	<u>4,002</u>	<u>153</u>	<u>103,504</u>
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>
Change in net position	63,179	29,952	6,218	4,002	153	103,504
Net position at beginning of period	9,648,586	506,414	696,083	35,829	41,867	10,928,779
Net position at end of period	<u>\$ 9,711,765</u>	<u>\$ 536,366</u>	<u>\$ 702,301</u>	<u>\$ 39,831</u>	<u>\$ 42,020</u>	<u>\$ 11,032,283</u>