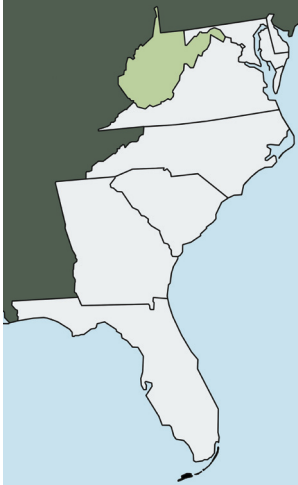


WEST VIRGINIA Budget Report Card



WEST VIRGINIA AVERAGED a B in budget maneuvers for fiscal 2016 through 2018. Such actions include using one-time revenue measures to pay for recurring expenditures. The state collected annual B marks in 2016 and 2018 but a C in 2017.

The 2017 grade resulted from the state’s refinancing of \$28 million in bonds. West Virginia received a premium over the face value of the bonds in the transaction, a fairly common feature of such sales nationwide. But rather than spread the upfront premium over the life of the bond, which matures in 2026, the state used the cash for near-term operating expenses.

West Virginia also scored a B average in budget forecasting. Its major weakness was a failure to use consensus revenue forecasts, a best practice ensuring that all parties involved in developing the budget agree to the same revenue figure. Instead, the governor’s office develops the revenue forecast with minimal legislative input.

The state’s poorest showing was in legacy costs, where it averaged a C. This was largely attributable to its failure to make the annual actuarially determined contribution for public workers’ other postemployment benefits (OPEB), principally health care. As of June 30, 2017, West Virginia had an unfunded OPEB liability of \$2.5 billion, slightly more than its general fund collections in 2018.

Because West Virginia has established policies for disbursement and replenishment of its reserve funds, it earned a B average in that category. It missed making an A by failing to tie reserves to revenue volatility.


SOUTH ATLANTIC STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	B	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	B	B	B
Maryland	A	C	D	C	B
North Carolina	A	B	B	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	C	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


WEST VIRGINIA Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consensus Revenue Forecasts	X	X	X
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	B	C	B
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	X	X	X
	Funding Recurring Expenditures with Debt	✓	X	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	72%	79%	79%
3-YEAR AVERAGE C		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.