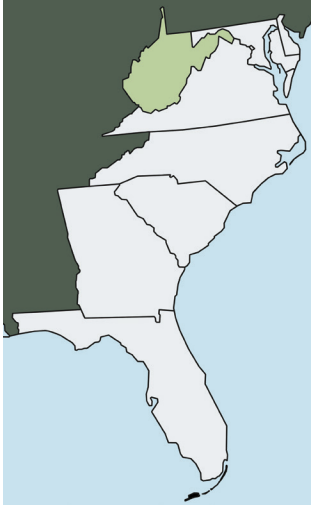# WEST VIRGINIA Budget Report Card

WEST VIRGINIA'S BUDGETARY GRADES demonstrate how states can remediate poor practices. By reducing its use of one-time measures to achieve balance during the recovery from the Great Recession, West Virginia registered a B average in budget maneuvers for fiscal 2015 through 2019. The improvement reflected its curtailment of using debt to fund recurring expenditures in 2017.

The state also enhanced its performance in legacy costs—it averaged a B in the category—by coming close to funding other postemployment benefits (OPEB) for public employees, primarily health care, on an actuarially recommended basis. The state has a history of pension underfunding, particularly in the Teachers' Retirement System. But it made actuarially determined contributions to its pension plans every year in the study period. This, in turn, led to an increase in its overall pension funding ratio, which rose from 72 percent in 2016 to 84 percent in 2019, 13 points above the total for all states.

West Virginia garnered B averages in the remaining three categories. In transparency, its grade suffered only from a failure to disclose deferred infrastructure maintenance costs in budget documents, an element also absent in forty-four other states. It missed an A in reserve funds because it lacks policies that connect funding of the Revenue Shortfall Reserve Fund with revenue volatility, a shortcoming it shares with twenty-nine other states. In budget forecasting, West Virginia fails to use consensus revenue forecasts, unlike twenty-nine states that have adopted the method.

SOUTH ATLANTIC STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	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	C	C	B
North Carolina	A	B	C	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	B	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: Preparing for the Storm* at VolckerAlliance.org.

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WEST VIRGINIA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Consensus Revenue Forecasts	✗	✗	✗	✗	✗					
Multiyear Expenditure Forecasts	✓	✓	✓	✓	✓	●	●	●	●	●
Multiyear Revenue Forecasts	✓	✓	✓	✓	✓					
Revenue Growth Projections	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	C	B	C	B	A					
Deferring Recurring Expenditures	✓	✓	✓	✓	✓					●
Revenue and Cost Shifting	✗	✗	✗	✗	✓		●		●	
Funding Recurring Expenditures with Debt	✗	✓	✗	✓	✓	●		●		
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	C	C	C	A	A					
Public Employee OPEB Funding	✗	✗	✗	✓	✓				●	●
Public Employee Pension Funding	✓	✓	✓	✓	✓	●	●	●		
Public Employee Pension Funded Ratio*	77%	72%	79%	83%	84%					
5-YEAR AVERAGE B										

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓					
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	●	●	●	●	●
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓					
Reserves Tied to Revenue Volatility	✗	✗	✗	✗	✗					
5-YEAR AVERAGE B										

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Consolidated Budget Website	✓	✓	✓	✓	✓					
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●
Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗					
Discloses Tax Expenditures	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

KEY

✓ Followed best practice

✗ 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.   © 2021 VOLCKER ALLIANCE INC.