



West Virginia DEPARTMENT OF
EDUCATION

WV Budget and Financial Outlook

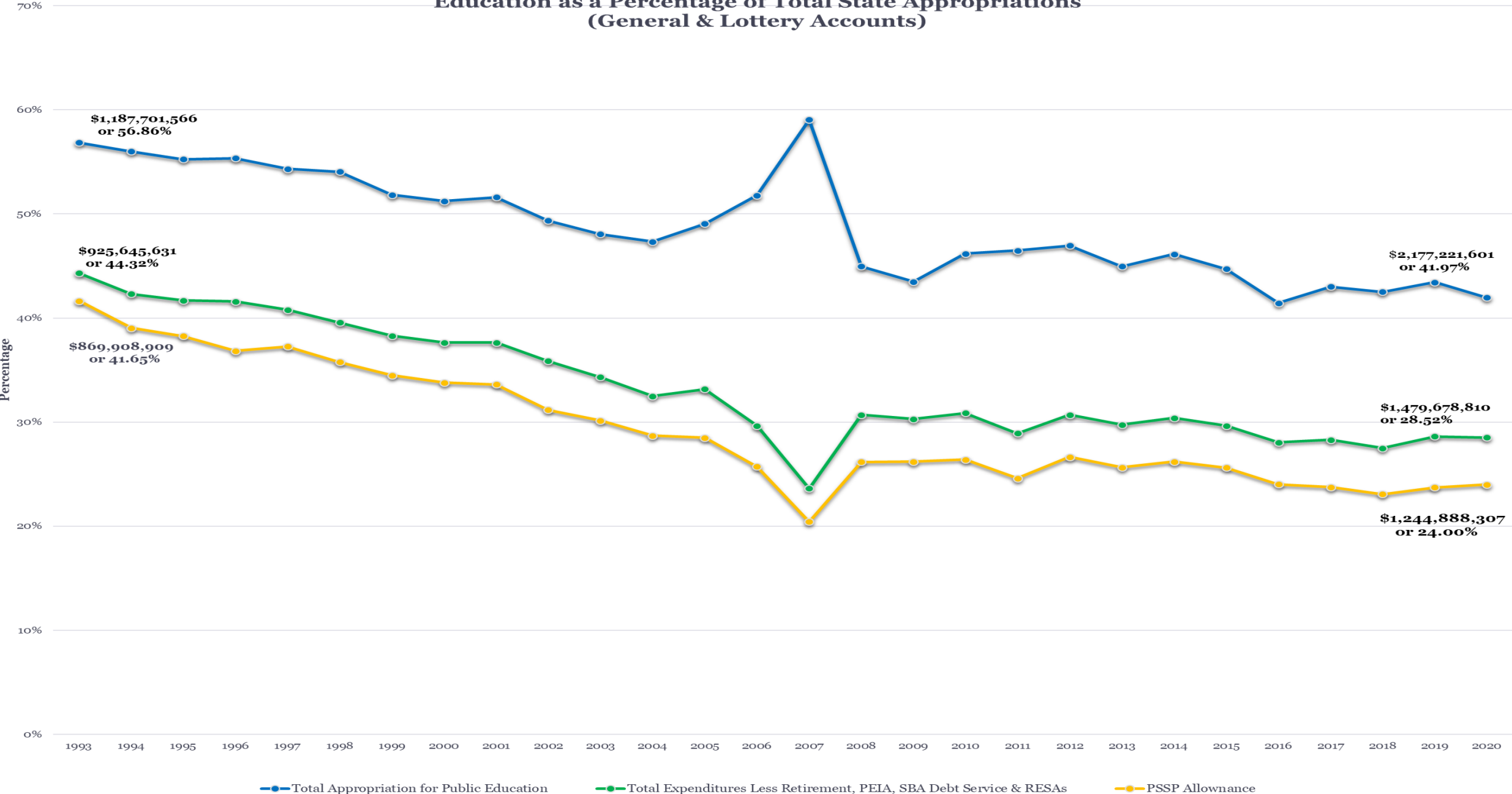
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July 15, 2020

We've Been Through a Lot

- WV has seen employment decline for much of the last five years.
- Most job losses are due to the downturn in the coal industry and weakness in natural gas.
- Dependency on export markets.
- Natural gas transmission issues.
- Population down >40,000 people since 2012. Enrollment over the past 25 years down >49,000; 16%.
- 14 budget cuts from fy10 through fy20.
- FY16 and FY17 included mid-year state aid cuts >\$11m each.

Education as a Percentage of Total State Appropriations (General & Lottery Accounts)



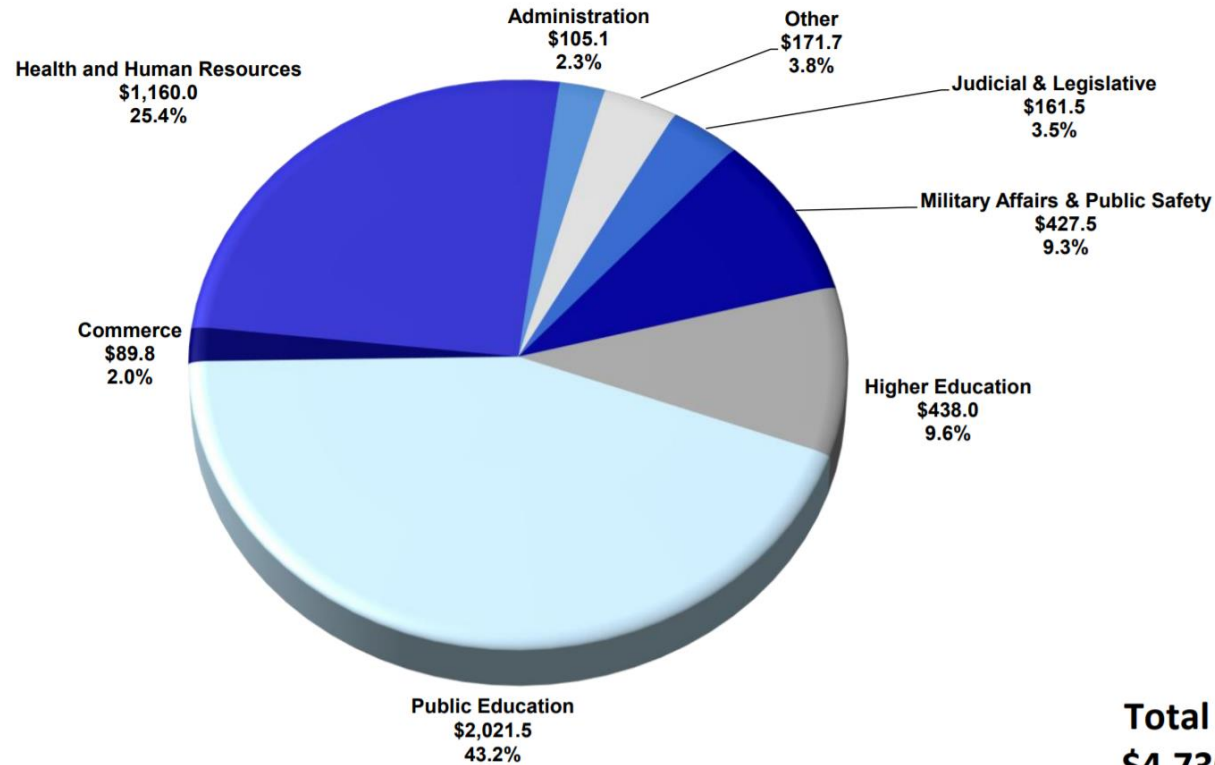
Pension and PEIA Funding FY2021

- TRS \$404 million
- PEIA \$222 million
- Total \$626 million

- (basic state aid \$1.2 billion)

Total Appropriations General, Lottery, & Excess Lottery

Fiscal Year 2021
(In Millions of Dollars)



Total FY 2020
\$4.730 Billion

Education 2008	45.6%
Education 2021	<u>43.2%</u>
Reduction	-2.4%
Higher Ed 2008	11.1%
Higher Ed 2020	<u>9.6%</u>
Reduction	-1.5%
DHHR 2008	20.6%
DHHR 2020	<u>25.4%</u>
Increase	4.8%

STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2020
JUNE 2020
(IN THOUSANDS)

GENERAL REVENUE FUND

SOURCE	Revised Estimated Collections FY 2020	Estimated Collections June 2020	Actual Collections June 2020	Estimated Collections 12 Months July 19-June 20	Actual Collections 12 Months July 19-June 20	To Date - Increase (Decrease) Over Estimate	To Date - Percent Collected
Business and Occupation Tax	\$ 123,000	\$ 11,200	\$ 14,691	\$ 123,000	\$ 137,346	\$ 14,346	112%
Consumer Sales Tax/Use Tax	1,390,260	150,760	161,087	1,390,260	1,386,571	(3,689)	100%
Personal Income Tax	2,154,880	209,900	180,386	2,154,880	1,947,946	(206,934)	90%
Liquor Profit Transfers	21,000	2,800	4,635	21,000	25,727	4,727	123%
Racing Fees	0	0	0	0	0	0	0%
Beer Tax and Licenses	7,600	1,200	861	7,600	7,336	(264)	97%
Tobacco Products Tax	177,000	15,400	15,204	177,000	168,750	(8,250)	95%
Estate Tax	0	0	0	0	0	0	0%
Business Franchise Fees	680	50	81	680	697	17	103%
Charter Tax	0	0	1	0	10	10	0%
Property Transfer Tax	12,300	1,200	819	12,300	12,187	(113)	99%
Property Tax	7,200	230	205	7,200	7,392	192	103%
Insurance Tax	131,800	300	2,410	131,800	129,358	(2,442)	98%
Departmental Collections	24,000	1,400	1,547	24,000	23,484	(516)	98%
Corporation Net Income Tax	136,980	23,780	10,113	136,980	151,988	15,008	111%
Miscellaneous Receipts	11,000	1,200	5,186	11,000	23,405	12,405	213%
Miscellaneous Transfers	1,700	650	57,000	1,700	59,106	57,406	3477%
Interest Income	30,000	2,000	4,071	30,000	39,208	9,208	131%
Severance Tax	360,240	36,800	18,897	360,240	267,049	(93,191)	74%
Telecommunications Tax	0	0	0	0	0	0	0%
Special Revenue Transfer	0	0	0	0	0	0	0%
HB 102 - Lottery Transfers	65,000	4,786	5,346	65,000	52,323	(12,677)	80%
Video Lottery Transfers	0	0	60	0	377	377	0%
Liquor License Renewal	29,000	5,000	22,956	29,000	44,688	15,688	154%
Senior Citizen Tax Credit Reimbursement	10,000	0	672	10,000	9,909	(91)	99%
Tax Amnesty	0	0	0	0	0	0	0%
TOTAL	\$ 4,693,640	\$ 468,656	\$ 506,228	\$ 4,693,640	\$ 4,494,857	\$ (198,783)	96%
Increase or Decrease Over Estimate			\$ 37,572		\$ (198,783)		
Percent Collected			108%		96%		

Cumulative Deficit FY 2020



Earlier Discussion of Possible Mid-Year Cuts...

FY20 discussions in mid-November of a possible mid-year cut at 4.6% or \$100 million (the cumulative deficit 1/3 of the way into the year was -\$33 million).

No reduction occurred as December – February revenues improved.

Mid-Year Cuts...

FY10 mid-year cut

FY13 mid-year cut

FY14 mid-year cut

FY15 mid-year cut

FY16 mid-year cut \$4.96m dept. plus \$11.49m state aid totaling \$16.45m

FY17 mid-year cut \$1.68m dept. plus \$11.13m state aid totaling \$12.81m

Rockefeller Decision...

STATE EX REL. BD of ED., ETC. v. HON. JOHN D. ROCKEFELLER, IV,
GOVERNOR; 1981

The Supreme Court of Appeals held that: state constitutional provisions give a constitutional preferred status to public education....

COVID-19 Effect

- April 13 possible \$500 million deficit was projected.
- Potential remedies included use of the Rainy Day Fund (currently \$855 million balance).
- Year-End agency reductions.

COVID-19 Effect

- Executive Order 48-20 issued on June 30, 2020 ordered the reductions of \$186m DHHR; \$9m MAPS; \$1m Commerce and \$2m Education.
- Education's reductions were \$1.7m in expiring Increased Enrollment, \$150,000 Early Retirement Notification and \$158,000 PEIA Reserve. No reductions were incurred by counties.
- Looking back at FY2020, there were no major delays in regular state aid distributions, PEIA, TRS, nor any other funds due to county boards of education.

COVID-19 Assistance

- \$1.25 billion in federal funds made available to the Governor.
- \$287 million current year and \$400 million in FY2021 to the unemployment insurance fund.
- \$200 million to local governments.
- \$150 million small businesses.
- ~~\$100 million~~ \$50 million COVID 19-Related highway projects
- Charging COVID 19-related state expenses to federal funds.

COVID-19 Assistance

- Additional Federal Funds +\$86 million CARES Act.
- \$77.9 million CARES Act funds are encumbered for counties.
- Another \$8.6 million CARES plus more from WVDE going to, or on behalf of, counties.
- Otherwise, WVDE's federal funds from the USDE and USDA make up about 10% of federal funds comparatively statewide.
- (65% are for DHHR); Others are Transportation, Defense, EPA, etc.

New Budgeted Appropriations SB150 FY2021

- Safe Schools (cameras). A late FY19 supplement \$3.5 million plus \$400,000 in FY21.
- Attendance Bonus Incentive \$2 million in FY2020 and requesting an FY21 supplemental.
- Communities in Schools \$400,000 was new in FY19 followed by a \$3 million supplemental. \$400,000 in FY20. \$4.9 million in FY21.
- Low Income AP \$120,000 introduced in FY20. Continues.
- Career Exploration \$80,000 for FY21.

New Budgeted Appropriations

- Non-Traditional Child Hunger Solutions \$2 million for FY21.
- LEA Projects \$750,000 for FY21.
- Mountain State Digital Literacy \$415,500 for FY21.
- Jobs and Hope \$6 million in FY20. \$3.1 million for FY21.

Increased/New Budgeted Appropriations

- Step 7a Instructional Programs adds 10% growth in local share \$51m.
- Step 7b Technology adds 20% growth in local share \$26 million.
- Step 7d Teacher & Leader Induction adds 20% growth in local share \$5 million (previously teacher and principal mentors totaling \$619,000).
- SBA Debt Service is now for School Construction Fund \$24 million.

Increased/New Budgeted Appropriations

- From Ed & Arts in FY19
 - Benedum PD \$429,775
 - Governor's Honors Academy \$1,059,270
 - Special Olympic Games \$25,000
 - Imagination Library \$350,000

Looking Back – Looking Forward

- The year-end reductions did not affect funds to county boards of education.
- All state aid payments, PEIA, TRS and other payments were sent timely in FY2020.
- April 15, 2020 tax returns were deferred to July 15, 2020 which should boost FY2021 revenues.

Looking Back – Looking Forward

- HB 206 gave additional funds to counties, example <1,400
- Local share from 90% to 85%.
- Step 5 increases.
- 6a changed from 70.25% to 71.25%.
- Increased flexibility.
- Local share outpacing state revenues. Doddridge & Tyler.
- WVDE will submit its FY2022 budget proposal on September 1. Let us know of potential improvements to request.



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Questions?