

The Pew Charitable Trusts' 2023 report "Tools for Sustainable State Budgeting" examines whether and how states are using long-term budget assessments and budget stress tests to measure and strengthen their fiscal outlooks.¹ This is one of 20 fact sheets describing the approaches of and opportunities to improve for each state that produces at least one of these analyses.²



West Virginia: Tools for Sustainable State Budgeting

Long-term budget assessment:

Budget stress test:

Report: "Six Year Financial Plan" and "Long-Range Issues," in "Executive Budget: Volume I, Budget Report, Fiscal Year 2021"³

Office: State Budget Office

Analyses

Through fiscal year 2021, each edition of the governor's annual budget proposal included a "Six Year Financial Plan," with revenue and spending projections for the remainder of the current year and five additional years.⁴ By comparing expected revenue to ongoing spending, the six-year plan projected whether the state would have a surplus or shortfall each year. The fiscal 2021 edition, published in January 2020, showed annual deficits greater than \$150 million from fiscal 2022 to fiscal 2025, the final year of the forecast.⁵

In the executive budget proposal, the “Long-Range Issues” section followed the six-year plan and described West Virginia’s fiscal risks, while also mixing in discussion of various economic, demographic, and service-delivery challenges.⁶ For example, a subsection on health care listed fiscal risks to the state Medicaid program such as “unfunded mandates” from the federal government and judiciary, “inflationary health care costs,” and “pandemic flu.”⁷ It also discussed West Virginia’s wellness statistics, including rates of poor physical and mental health well above the national average.⁸

The three editions of the governor’s budget report released since fiscal 2021 have not included the six-year plan but have featured the “Long-Range Issues” section.⁹

Policy impact

Legislators, journalists, and researchers have mourned the loss of the six-year plan, which they considered a valuable tool for assessing long-term fiscal health.¹⁰ When lawmakers considered major tax cuts in 2023, legislators noted that the lack of long-term projections made it harder to judge whether the cuts would be affordable in the future.¹¹

Next steps

West Virginia could restart the six-year plan using ranges for revenue and spending to show the spectrum of plausible outcomes, reducing the need for specific estimates. This approach would also be a first step for the state to begin conducting budget stress tests: The pessimistic portions of the ranges could show how the state would fare in a recession.

West Virginia could also consider identifying a new agency, such as a legislative office, to produce the long-term assessments if the State Budget Office does not want this role.

Endnotes

- 1 The Pew Charitable Trusts, “Tools for Sustainable State Budgeting” (2023), <https://www.pewtrusts.org/en/research-and-analysis/reports/2023/11/tools-for-sustainable-state-budgeting>.
- 2 The Pew Charitable Trusts, “States’ Use of Sustainable Budgeting Tools” (2023), <https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2023/11/states-use-of-sustainable-budgeting-tools>.
- 3 West Virginia State Budget Office, “Executive Budget: Volume I, Budget Report, Fiscal Year 2021” (2020), 33-44, <https://budget.wv.gov/executivebudget/Documents/FY%202021%20Volume%20I%20Budget%20Report.pdf>.
- 4 *Ibid.*, 34-35.
- 5 *Ibid.*, 35.
- 6 *Ibid.*, 37-44.
- 7 *Ibid.*, 41.
- 8 *Ibid.*, 40.
- 9 P. Kabler, “Governor’s Budget Report Missing Key Element: No Six-Year Budget Forecast,” *Charleston Gazette-Mail*, Feb. 16, 2021, https://www.wvgazette.com/news/governors-budget-report-missing-key-element-no-six-year-budget-forecast/article_275a331a-de0f-52d4-a758-c69fc6e323ce.html; West Virginia Executive Budget Office, “Executive Budget: Budget Report Fiscal Year 2024” (2023), <https://budget.wv.gov/executivebudget/Documents/FY%202024%20Volume%20I%20Budget%20Report.pdf>.
- 10 S.A. Adams, “Ask Again Later’: Future Uncertain in West Virginia Senate for Personal Income Tax Bill,” *Parkersburg News and Sentinel*, Jan. 21, 2023, <https://www.newsandsentinel.com/news/business/2023/01/ask-again-later-future-uncertain-in-west-virginia-senate-for-personal-income-tax-bill>; Kabler, “Governor’s Budget Report Missing Key Element”; S. O’Leary, “How Tax Cuts for the Rich Trumped Public Investments: The West Virginia Fiscal Year 2024 Budget” (West Virginia Center on Budget and Policy, 2023), 1, 8-9, <https://wvpolicy.org/wp-content/uploads/2023/04/FY-2024-Budget-Report.pdf>.
- 11 Adams, “Ask Again Later.’”

For more information, please visit: pewtrusts.org/fiscaltools

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