



Our Priorities, Our State Budget

WVCBP Annual Meeting, February 7, 2012

Ted Boettner, *Executive Director*



Overview

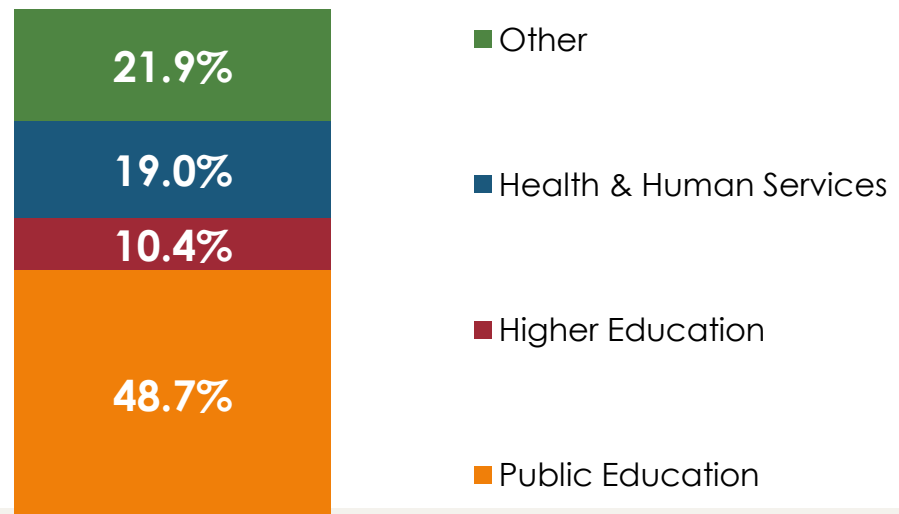
- ▣ Our Budget Priorities for FY 2013
- ▣ Tax & Spending Trends
- ▣ Long-term Budget Challenges
- ▣ Making the “Revenue Connection”

Our Budget Priorities



Almost 80% of OUR Budget goes to public schools, health care and human services, and universities

FY 2013 Base Budget: **\$4.5 Billion**

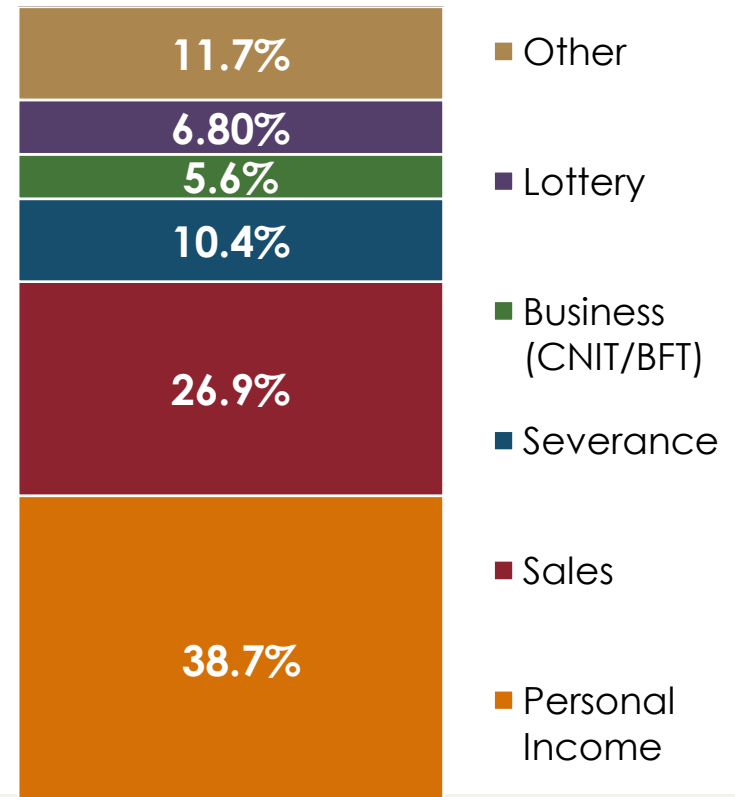


Paying for Priorities

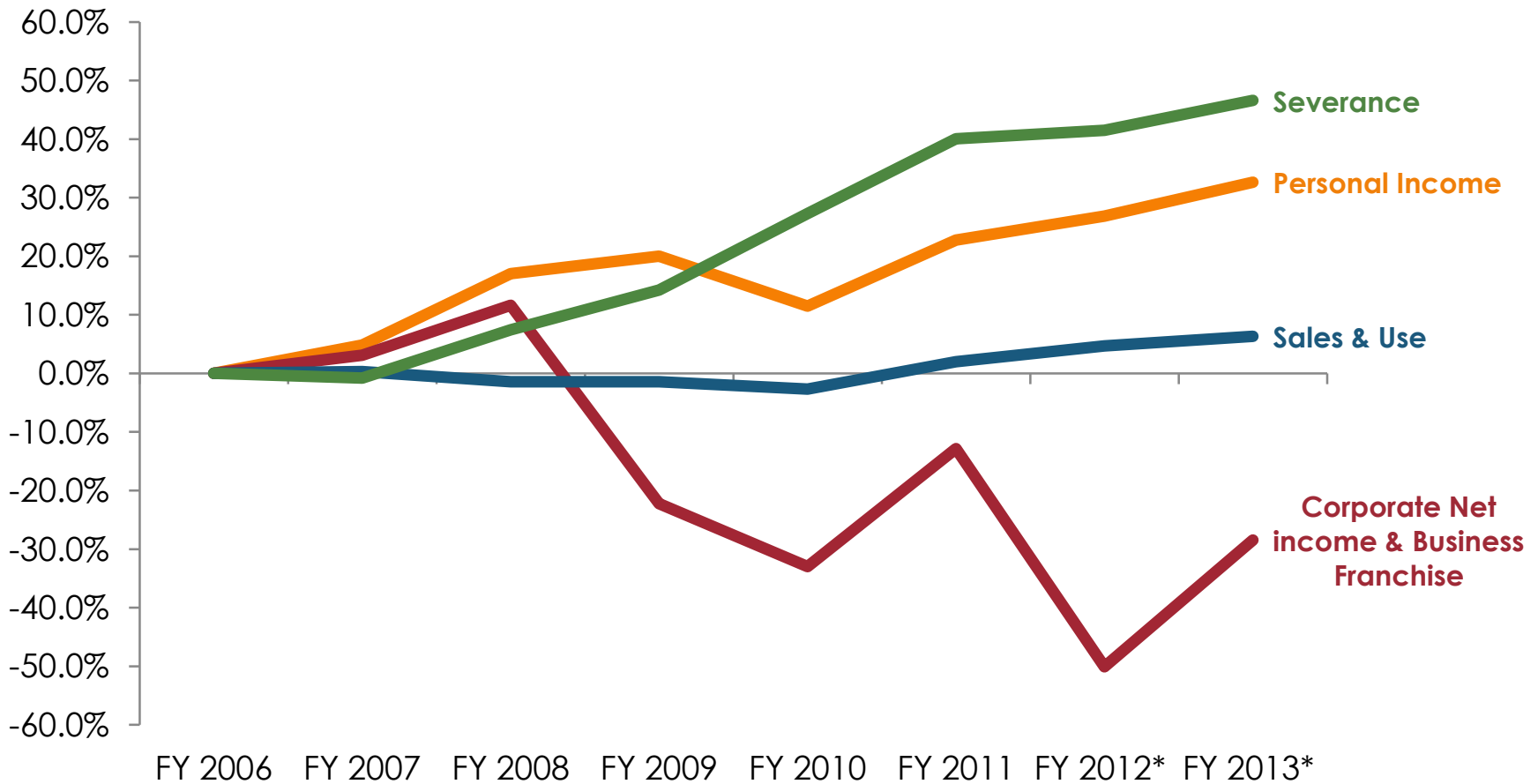
About 2/3rds of our revenue is from personal income and sales taxes



FY2013 Base Budget Revenue



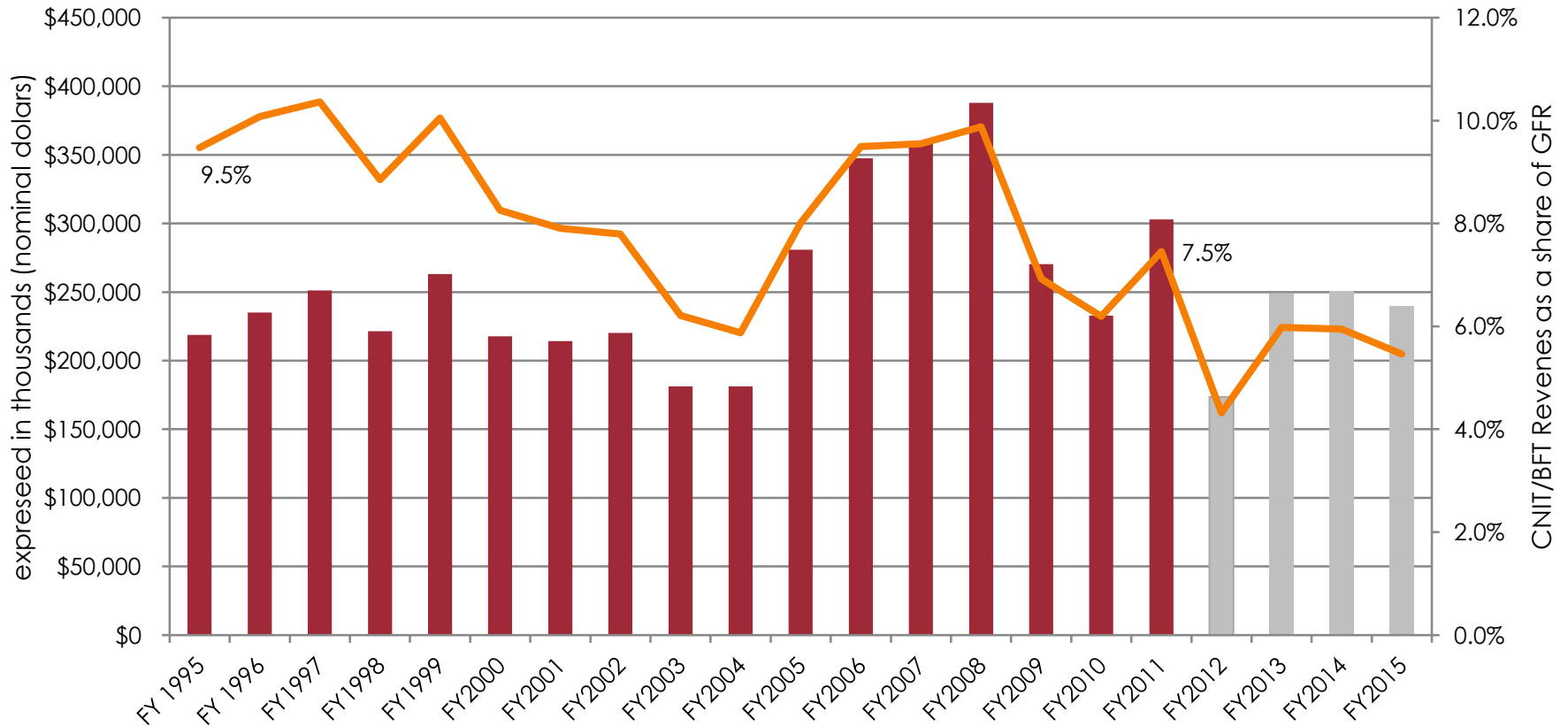
Severance Saving State from Tax Cuts



Source: WVCBP analysis of WV Budget Office Data

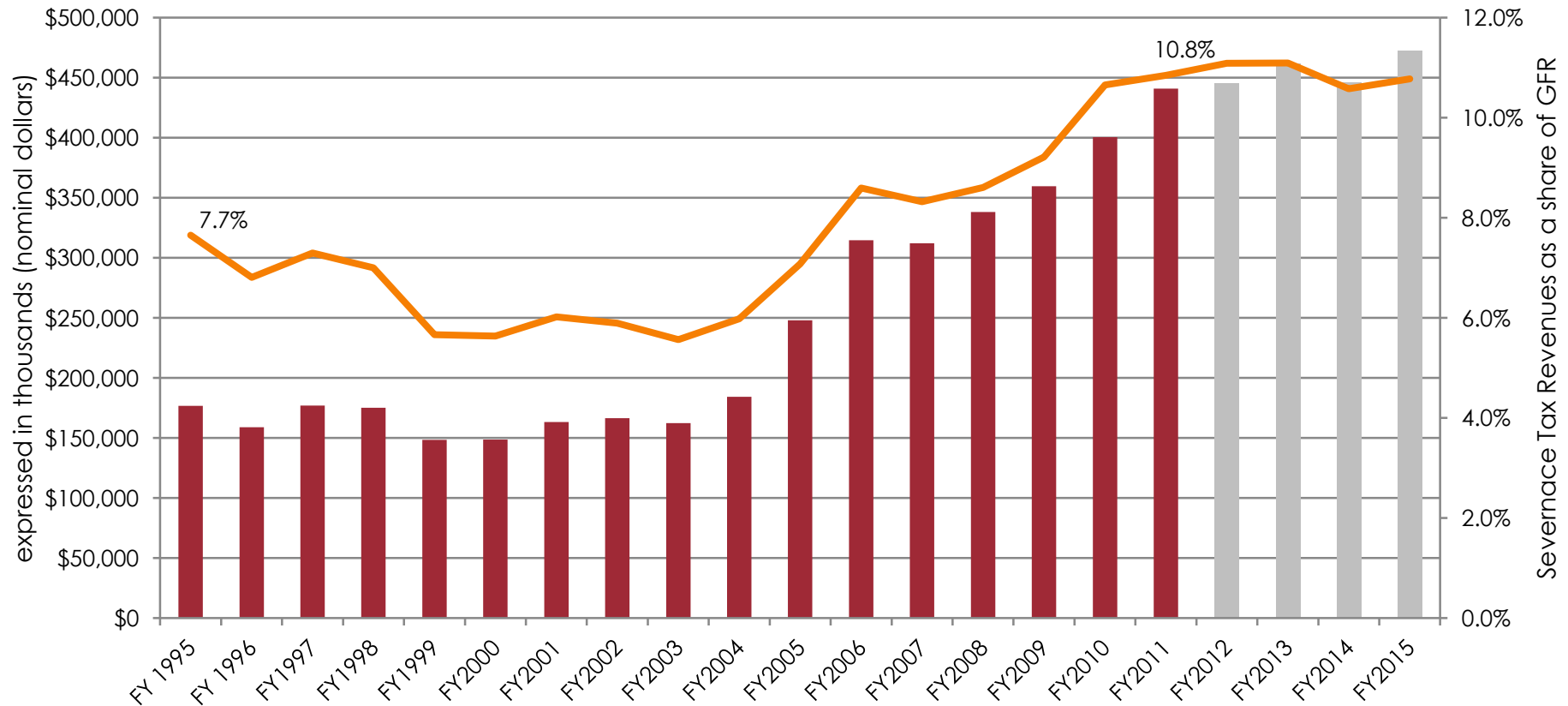
*Estimates

Eroding Business Tax Base



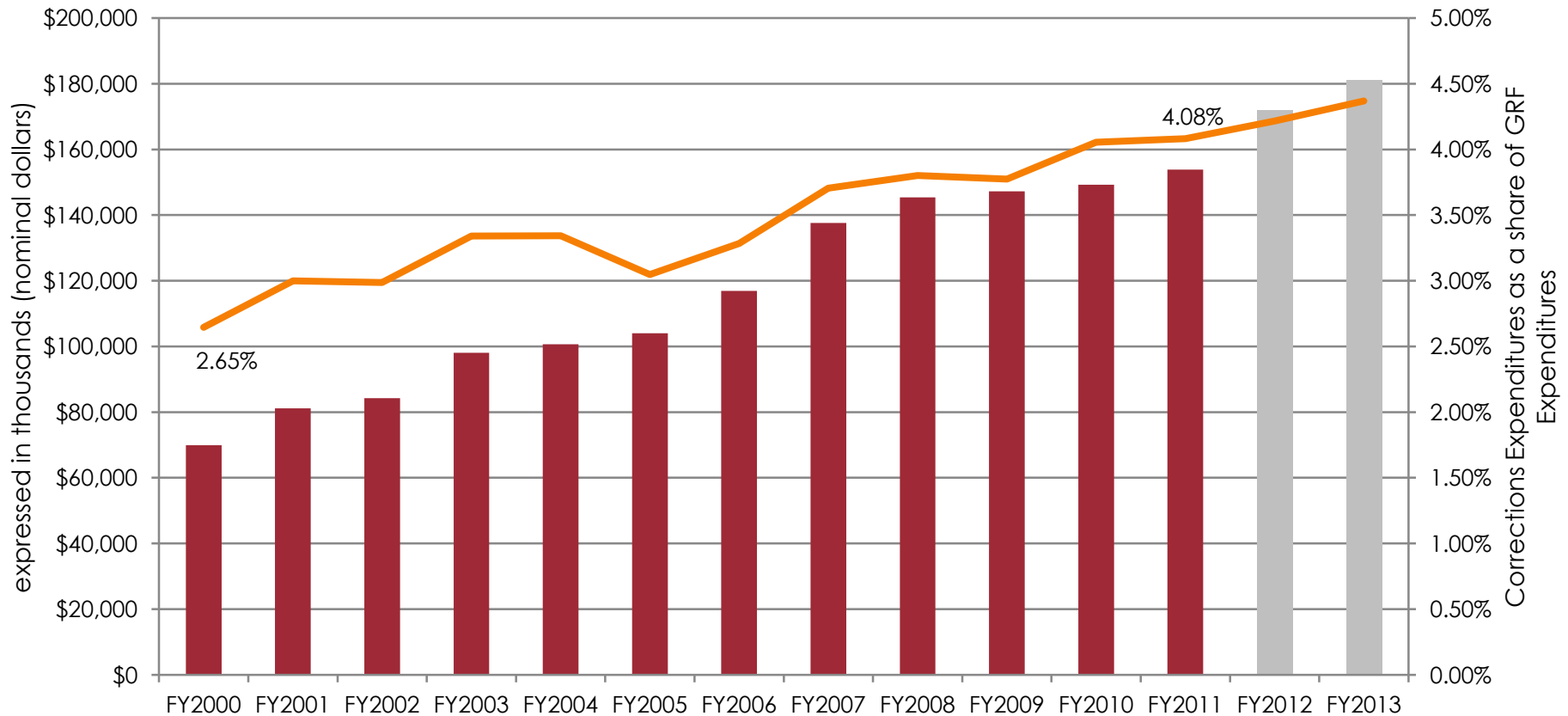
Source: WV Executive Budget, Volume I, FY1995-2013

Growing Severance Tax Base



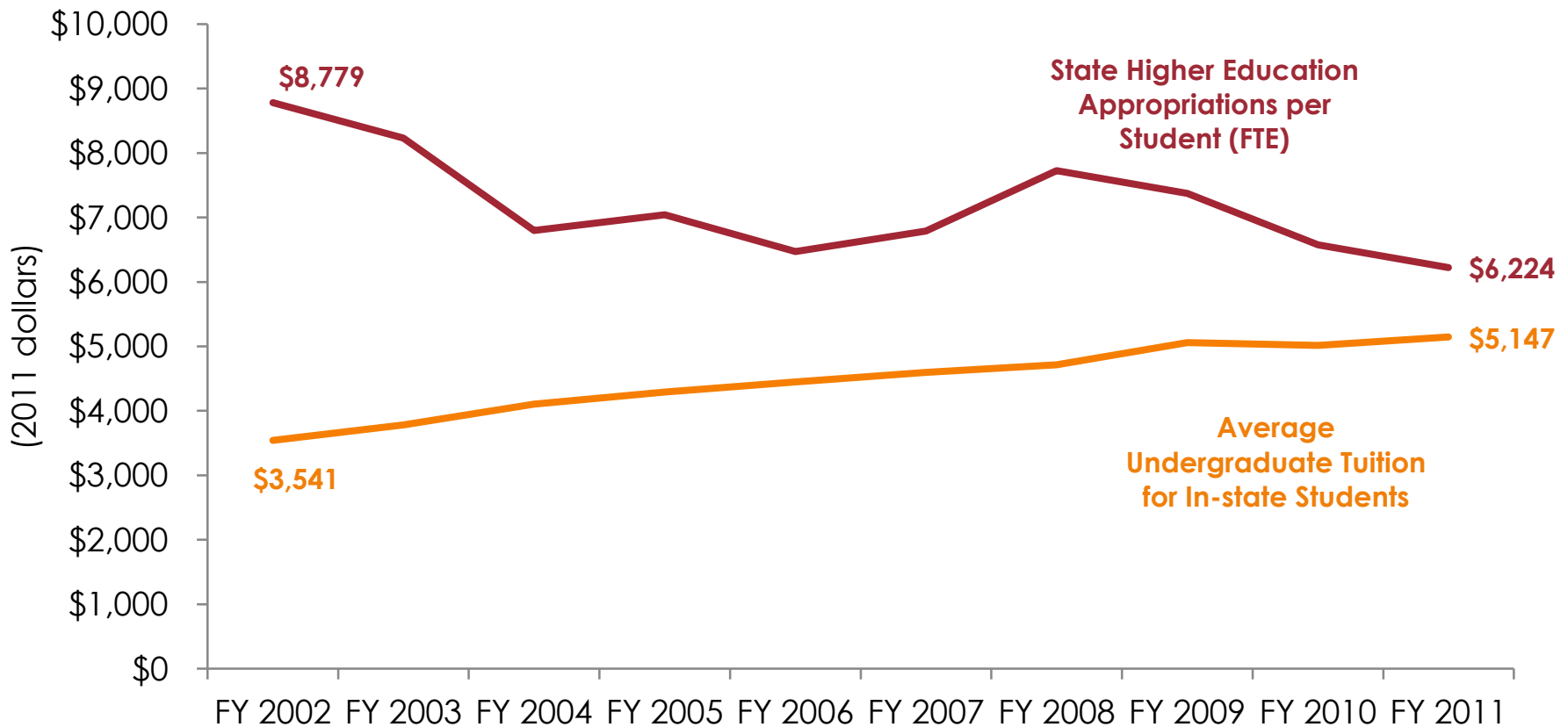
Source: WV Executive Budget, Volume I, FY1995-2013

Corrections Spending Growing Fast



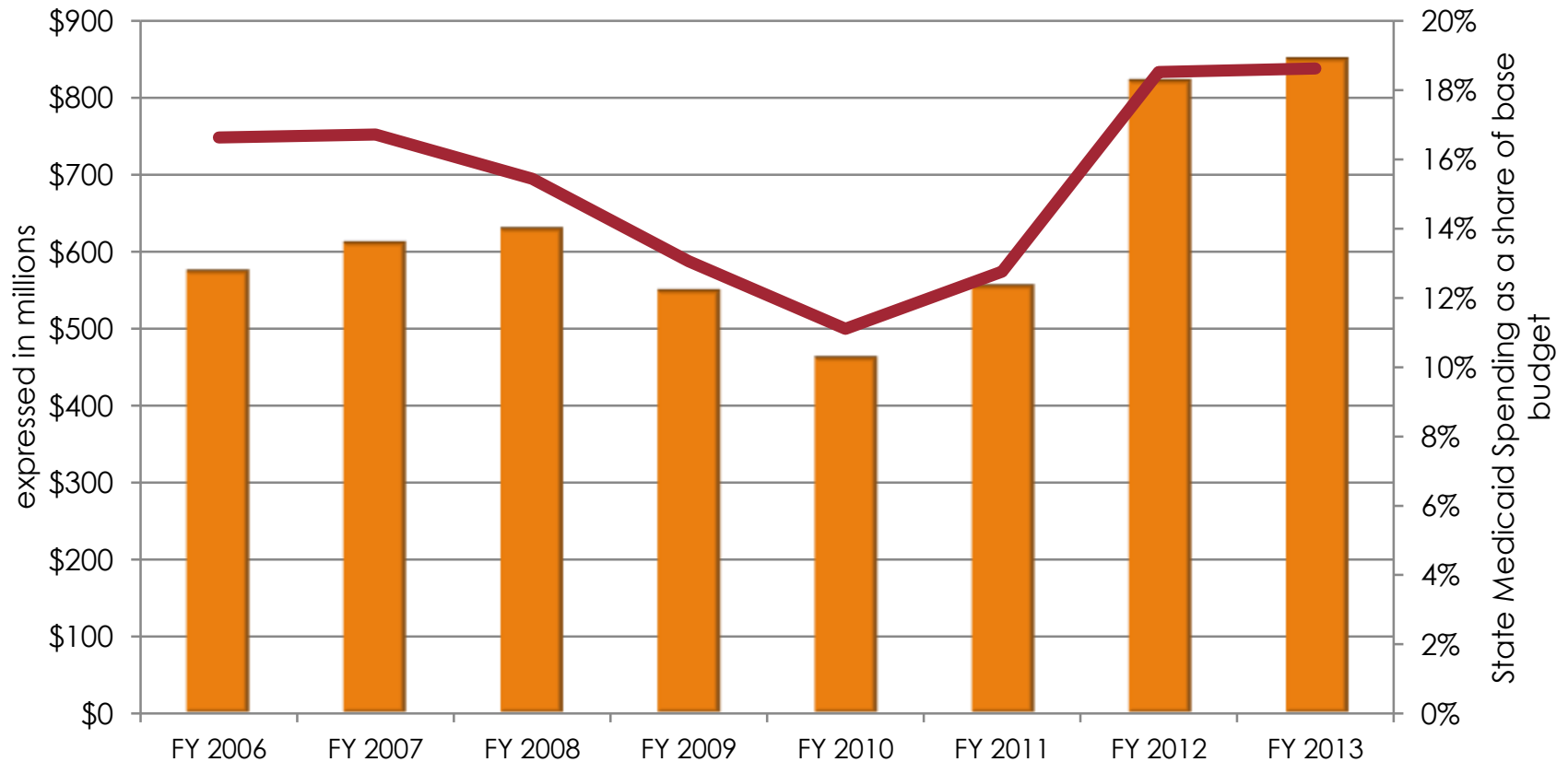
Source: WV Executive Budget, Volume II, FY 2003-2013

Eroding State Support is Pushing Tuition Higher



Source: WVHPC and WV Executive Budget, Volume II, FY 2003-2013

Medicaid Spending



Source: NASBO and WV Budget Office data

Long-term Budget Challenges

- Severance tax revenues will remain steady, but business tax revenues will continue to decline.
- Working-age population is projected to decline, while number of seniors expected to grow.
- West Virginia continues to rank low in economic welfare indicators.
- West Virginia has a long-term structural budget problem, with long-term expenditure growth outpacing revenue growth.
- Health care costs will become an important factor in controlling rising state expenditures.

Making the “Revenue Connection”

■ We need adequate revenue if we want to:

- Reduce child poverty
- Make college more affordable
- Grow West Virginia’s economy
- Create safe, strong communities
- Improve our quality of life