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Stim Money Helps WV Lawmakers Mop-Up Red Ink

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CHARLESTON, WV - As West Virginia legislators prepare to tackle a budget deficit when their annual session begins next week in Charleston, one resource they'll look to is federal stimulus money. The state's budget shortfall is expected to reach about \$120 million by the end of the fiscal year, June 30, with the gap rising the following year. Last week, Gov. Joe Manchin ordered all executive branch agencies to trim general revenue spending by 3.4 percent.

Ted Boettner, executive director of the *West Virginia Center on Budget and Policy*, says, while the situation is disturbing, it is not nearly as bad as what most other states are facing. West Virginia ended last fiscal year with a "rainy day fund" and has not yet spent the full amount of Obama stimulus money, which Boettner believes could be enough to offset the entire shortfall.

"Those stimulus moneys include two hundred and sixty-six million in education, an estimated four hundred and eighty million in increased Medicaid funding - plenty to completely restore any budget cuts that are being proposed this year."

The state's budget problems are rooted in tax revenue declines because of the weak economy, not wasteful spending, says Boettner.

"What we have today is a revenue problem, not a spending problem. The recovery act allows us to patch those holes for this year, to ensure we're not laying more people off, and that people aren't being denied services when they most need them."

Some budget watchers are warning that, in the coming years, when the stimulus money is no longer available, the state could face some tough budget choices if the economy doesn't improve.

Dan Heyman, Public News Service - WV

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