

Immediate Release

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On the Brink: Closing West Virginia's Budget Gap

(Charleston, WV) This West Virginia Center on Budget and Policy Issue Brief, *On the Brink: Closing West Virginia's Budget Gap*, released today, details the various budget proposals offered by Governor Jim Justice and the West Virginia Legislature to close the state's nearly \$500 million budget deficit.

The legislature passed a budget with major cuts to education and health care, no new revenue, and, again, dipped into the state's Rainy Day Fund to balance the budget.

"The budget passed by the legislature not only makes harmful cuts to health-care services and higher education that will hurt vulnerable populations and our state's economy, but it will ensure that the budget crisis continues for the foreseeable future," Ted Boettner, co-author and Executive Director of the West Virginia Center on Budget and Policy said. "Instead of pulling back from important public investments that foster thriving communities, the legislature and governor should take a balanced approach that includes revenue to meet the needs our people and communities, and improves the long-term fiscal health of the state."

With Governor Justice expected to veto the budget passed by the legislature, the state's fiscal status remains unclear. Significant tax cuts implemented over the last decade, continued declines in coal production, falling natural gas prices, and a weak economy have all contributed to the state's consecutive budget gaps in recent years.

Key Findings

- The governor's plan for closing the estimated \$497 million budget gap for FY 2018 includes \$450 million in new revenue, largely from increased sales and business taxes.
- The governor's revised budget proposal includes smaller increases in sales and business taxes, but also includes increased taxes on tobacco and sugary-sweetened beverages.
- The budget passed by the legislature is levied with large cuts to higher education and Medicaid, while taking \$90 million from the Rainy Day Fund.
- The proposed FY 2018 base budget totals \$4.89 billion. Increases over the FY 2017 budget include the proposed \$105 million Save Our State fund, and increased base budget appropriations for Medicaid.
- Most areas of the budget are spending less in FY 2018 than in FY 2012.
- To prevent future budget problems and begin reinvesting in the state, lawmakers should look at policies that rebalance the tax system while providing sufficient revenue.

