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. 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.
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. 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.” It also discussed West Virginia’s wellness statistics, including rates of poor physical and mental health well above the national average.

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.

**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. 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.

**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


4 Ibid., 34-35.

5 Ibid., 35.

6 Ibid., 37-44.

7 Ibid., 41.

8 Ibid., 40.


11 Adams, “Ask Again Later:“
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