

Interim Highlights

Agriculture & Agri-business

Committee members met to hear from representatives of the Division of Natural Resources (DNR) on Chronic Wasting Disease (CWD), which is defined by the CWD Alliance as "a contagious neurological disease affecting deer and elk." The Director of DNR opened the discussion and told lawmakers that the disease was discovered in the Western United States approximately 30 years ago and was first found in West Virginia in a Hampshire County deer last year.

He said deer continue to be sampled in this area and sent to the University of Minnesota, which has one of 26 labs in the nation certified to run diagnostic tests for the disease. Since West Virginia has been identified as a priority state in this matter, according to the Director, the turnaround time for the lab results is much faster. Of the 121 completed tests as of October 3, four deer in Hampshire County have been confirmed as having the CWD agent.

In addition, he said the DNR has contacted the appropriate sources in Wisconsin, which experienced an outbreak that resulted in significant negative impacts on the state's economy. When asked what that state would have done differently, the sources recommended isolating the problem, working out from the center and keeping the public informed to deter a panic situation - all of which, according to the Director, are being done in West Virginia. Presently, it has been isolated to a 2.5-mile area in Hampshire County.

A representative of Wildlife Resources then presented the committee with a detailed presentation on CWD. He said the origin of the disease, which attacks the brain and nervous system, is unknown. Infected animals can experience various behavioral changes, including staggering, trembling and emaciation; however, these factors alone do not indicate if an animal has CWD.

Currently, he said, there is no evidence that the disease is transmittable to humans, but eating the meat of an infected animal is not recommended. In addition, the speaker said highly artificial wildlife activities, including feeding and baiting, could contribute to the disease's transmission from animal to animal. Noting another area of concern, he said there is no evidence that CWD will go away on its own and evidence suggests that if it is not properly managed, the disease can spread quickly.

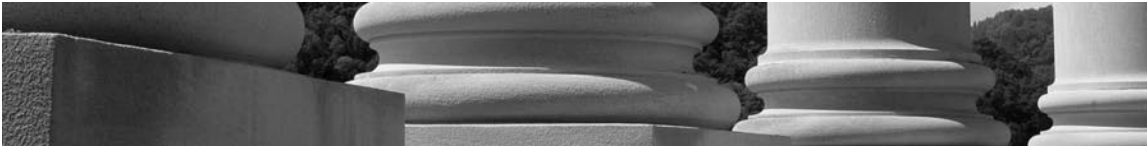
The Assistant Chief of Wildlife Resources then reviewed the CWD Incident Response Plan, which includes three stages: determining distribution and prevalence through continued surveillance and sampling of road-kill, crop-damage deer and hunter-harvested deer through a voluntary cooperation with hunters in the county this year; providing for coordination among agencies and delivering accurate information to the public through various outlets, including news releases and brochures; and, reducing the risk of spread, preventing further introduction and ultimately eliminating CWD.

Alternative Education Subcommittee

Delivering a positive message regarding improvements made at Stratton Elementary School in Raleigh County, the school's counselor appeared before the committee to detail the successful Respect and Protect Program, which was implemented to change school climate and disruptive behavior. The school was seeing an extremely high number of out-of-school suspensions and was on the road to serious disrepair. As a result of this program and the school's willingness to change, Stratton has experienced, as the Assistant Director of the Office of Student Services and Health Promotion described, a "miraculous turnaround."

The counselor said Stratton wanted to take a school-wide approach to its behavior issues through repeated messages and consistent language with the students. At Stratton, all students hear the same message each day - that everyone in the school is to act, respect and protect each other. This is communicated in various ways, including posters on the walls and daily interaction with school staff.

The school's behavioral team, which is comprised of teachers, counselors and administration, created the Behavior Intervention Form (BIF) and aligned it with the State Code of Conduct. This form is given to students who have violations in one of four stages that begin at low-level problems, such as negative body language, and extend to extreme behavior, such as fighting or racial slurs. A BIF includes the student's violations and the teacher's actions from that day. The forms are sent home to parents and each Wednesday after school, the behavioral team analyzes the BIFs from that week, identifies problem areas and determines what type of support system services students need.



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In addition, the school set up an Academically-Behaviorally Challenged (ABC) room, in which a teacher works with no more than seven students to reduce the amount of out-of-school suspensions. The counselor said this allows the students to stay in school to complete their daily schoolwork and work through their identified problems with the ABC room teacher. The ABC room teacher tracks the students' reentry and progress upon their return to regular class.

Community involvement has played a key role in the Stratton model, with assistance from social services, mental health services, the Department of Health and Human Resources and juvenile enforcement.

Council of Finance & Administration

In a monthly update, a representative of the State Department of Revenue noted the amounts of collections relative to the three-month official estimates of incoming dollars to the state as of September 30th.

Ahead by approximately \$47 million predicted, the greatest increase in sources came from personal income tax, up by \$10.5 million; the severance tax, up by \$10.42 million; and, the corporate net income/business franchise tax, up by \$20.50 million.

The Excess Lottery ended FY 2005 with a surplus balance of \$34.9 Million, all of which was recommended by the Governor to be used for unfunded liabilities in the state's retirement programs. Eleven million went to the Trooper Retirement unfunded liability and the Teachers' Retirement Unfunded Liability received \$23.9 million during the 2005 4th Special Session.

The FY 2006 revenue estimate was reduced by \$9.9 million from the previous year in anticipation of various forms of lottery competition from surrounding states. Presently, only Pennsylvania has passed legislation related to lottery and it was noted by the revenue spokesman that West Virginia wouldn't see an impact until July 2006, or later.

The Rainy Day Fund is at its largest at \$124.1 million.

Also reporting to the Council was the Cabinet Secretary of the Department of Administration, who spoke regarding major capital improvements and bond issues. Capitol improvements include renovations made to the roof and parapet wall of the Capitol itself, the Capitol dome and the energy savings project, which includes low-flow toilets and underground piping for the chilled plant, among other energy reducing controls.

Other major Capitol projects include repairing the stairwells, installing of conduit for fiber optics, and elevator repairs. Since the old parking garage on California Steet has been demolished, the Department of Administration is in a planning phase to determine the best uses for the site. While moving the lottery building onto this empty lot has been discussed, no approval has been made and further details are pending consideration.

Reports on capital projects outside the Charleston area included plans for consolidating existing state agencies in Logan County into a single entity; the completion of a Weirton building renovation; the progress made to an existing Huntington facility; and, progress on a Clarksburg project.

The Department of Administration also noted that the Governor's Office renovation is 90 percent complete while the Governor's Mansion's living space is under repair through money provided for his inaugural.

Education Subcommittee B - Public Education

A representative from the West Virginia Elementary School Principals Association addressed members of Education Subcommittee B regarding the duties and authority of public school principals and assistant principals, as well as common complaints and concerns of principals represented by the Association.

According to the representative, principals across the state would like to see an increase in their role when districts hire teachers and service personnel for their specific school. Currently, according to the representative, many principals have voiced concerns over their inability to even meet or interview a potential candidate for school employment.

In addition, the representative stated that many principals are concerned with district personnel who attempt to usurp the authority of principals. It was mentioned by the representative that some disciplinary rulings made by a principal are overruled or overturned by superiors within the district offices. The representative stated that principals should have major input when a superintendent or district officer plans to reinstate a suspended or disciplined student.

The representative concluded his remarks by saying that principals and assistant principals are required to manage and alleviate problems within their school buildings but often do not have the direct authority to do so, or without the authority superseded by district officials.

Also addressing the committee was a representative from the Jackson County Superintendent's office. The representative agreed with the previous presenter that it is essential for principals to be included in the hiring of teachers and service personnel. Also, the representative noted that oftentimes a district's central office might look to intimidate principals in reducing or eliminating disciplinary actions against students. It was recommended by the representative that the committee look into ways to end intimidation by district officials and employees against principals.

Education Subcommittee C - School Aid Formula

Citing projections that have West Virginia's population steadily declining over the next 30 years, consultants from West Virginia and Marshall Universities told members of Education Subcommittee C that changes in the state's School Aid Formula are inevitable to meet this decrease.

The representative stated that population projections show dramatic changes for many West Virginia counties which, in turn, will have significant long-term financial effects on the School Aid Formula. In addition, the representative said West Virginia ranks atop the list in average age of its population and this will require changes in the way funding is allocated and which services are provided to the public.

Also affecting the state's School Aid Formula are increases in transportation costs and the possible disproportionate allocation of reimbursement funding. The representatives explained transportation costs are allocated through the formula based on student to square mile ratios. For those districts above the average state ratio level, 85 percent of the costs of contracted and public transportation services are reimbursed. Those school districts falling below the state average are reimbursed at 90 percent. Some members of the committee expressed concern that there are several counties that are slightly above the state ratio but are finding it difficult to fund transportation with the current reimbursement percentage. It was recommended that the state look into possibly establishing three levels of funding reimbursements to help those districts that are slightly above the state average.

In addition, the representatives added that the allowance calculations for transportation for 2006-2007 are based on actual expenditures during the 2004-2005 school year. The

representatives said the problem is that fuel costs have increased by an average of 46 percent during 2004-2005, and it is projected that increases in fuel costs will continue.

The consultants also discussed with committee members the assessment of property for the determination of local share under the West Virginia State Aid to Education Program. According to the representatives, the local share calculation is computed by using each district's regular levy tax collections for the year. Excess or bond levies are not included, nor other non-property tax income, such as federal or state grants, payments in lieu of taxes, fees, charges and tuition. The taxable assessed valuation of all property in a district for the current fiscal year as certified by the county assessor is the initial step, according to the representatives. This assessed valuation is then multiplied by 98 percent of the regular levy rates, with five percent allowance for discounts, exonerations and delinquencies. Then, the share is reduced by the amount to be paid into the Assessor's Valuation Fund.

The representatives also stated that the computation is adjusted for growth counties that elect to participate by subtracting the estimated revenues from the levy on new property and improvements from the local share. After the adjustments are made to the local share, it is subtracted from the basic foundation allowance to determine the state's share. This is the amount when summed for all counties that is to be appropriated by the Legislature for the Public School Support Program, according to the representatives.

In addition, the representatives reviewed the West Virginia Assessment Ratio Study, which assesses the real and personal property for each county in the state. The representatives stated that all real and personal property that is not exempt are to be evaluated at 100 percent of the market value. Sixty percent of the market value of these properties is taken as the assessed value. The state, in practice, allows for a 10 percent variation, so the assessed value standard rests at around 54 percent.

According to the study, many jurisdictions are under assessing property and are in violation of state law. The aggregate ratio is calculated for each class of property: residential improved; residential vacant; apartment improved; commercial improved; commercial vacant; and, industrial. By raising its aggregate ratio to the level provided in State Code, the jurisdiction's local contribution to schools would increase and the state contribution to the foundation would decrease. There is an incentive in the system to under-assess property to increase the State's contribution to education aid, according to the representative.

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Members of the committee also were presented with figures listing West Virginia 47th in the nation with regard to average salaries for contracted teachers. However, the representatives from West Virginia and Marshall universities noted that when comparing average teacher salaries as a percentage of the state's average wage per job for all salaried employment in the state, West Virginia ranks 26th in the country.

Finance Subcommittee A

In line with its charge to study court-appointed attorney services in the state, the committee heard from the Executive Director of West Virginia Public Defender Services, who requested a \$5 million supplemental in addition to the annual budget for the payment of private counsel and to help pay down the current deficit.

Committee members discussed cost-saving options with the Director, who said there was a bill introduced in the 2005 Regular Session that would have saved approximately \$2 million. In addition, he said statute requires that there must be public defender services in each judicial circuit, but 32 counties do not have public defender offices. It was noted that if each county had an office, then money could be saved and legal representation could be improved.

Finance Subcommittee B

Addressing the gasoline tax, which is anticipated to be frozen on January 1, 2006 by an executive order, a representative of the Division of Highways spoke to attending committee members about the effects the stay would have on state roads. He said West Virginia is one of only four states that maintain both state and county roads. It is the sixth largest state-run highway system in the country with 36,287 miles, 21,000 miles of which are paved.

In addition, the state's vehicle travel miles grew by 76 percent between 1980 and 2004 and they are expected to increase by an additional 35 percent by 2025. He also said a November 2004 report conducted by The Road Information Program rated 10 percent of the state's roads in poor condition and 26 percent in mediocre condition. This report also rated 37 percent of state bridges in substandard condition.

Regarding the tax itself, the spokesman said the average driver uses 853 gallons of fuel, generating \$230 in state fuel taxes each year. This money funds all new highway construction; bridge construction and repair; paving and resurfacing;

routine maintenance and pothole repair; snow removal and ice control; and, striping, guardrail installation and other safety enhancements.

The representative and the Director of the Department of Transportation's Budget Division said the impact of freezing the tax would be small for the individual citizen, but considerable for West Virginia's highways and bridges. While the freeze won't affect the state's ability to match current federal highway dollars, it wouldn't allow for additional programs.

With the new federal highway re-authorization bill, West Virginia can receive an additional \$70 million annually - but the state must generate a required match of approximately \$18 million in additional funds each year to receive this money. The speaker said that although gas prices are negatively affecting West Virginians, reducing the revenues that build and maintain our highway infrastructure might result in additional upkeep and repair in the future.

The committee also heard from the Director of the Asphalt Pavement Association, which is a division of the Contractor's Association of West Virginia. Representing approximately 20,000 employees, he said that while he respects what the state is trying to do to offset the rising gas prices, he doesn't want to see a decrease in jobs. He encouraged the Legislature to identify funding alternatives, rather than reduce the tax.

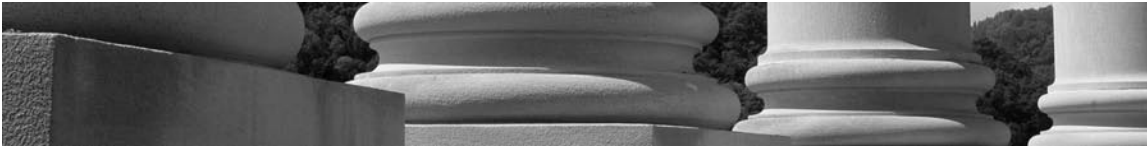
Finance Subcommittee C

Upon request of the committee, the Director of the Division of Mining and Reclamation provided an overview of West Virginia's coal mining permit process. Currently, there is a concern by operators regarding the delay in either initial permitting or permit renewal, although the Department of Environmental Protection (DEP) Director noted common sense changes in policy have provided some relief.

Providing a time-line of steps required, the Director noted the deadlines were often extended because of a lack of manpower needed to process the permits.

The DEP has a pre-meeting with a company 180-365 days prior to a submittal of a mining application. This period may take six months to a year so that aquatic, hydrologic and other environmental data can be studied as well as engineering aspects. During this time, the DEP Director told lawmakers that the state agency's consultants were "on the ground" with the applicant from this starting point.

The DEP gives itself five days to complete an administrative



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review of the surface mining applications. This may or may not take five days since sometimes all environmental baseline information is not complete.

On day five, a surface mining application is issued, state and federal agencies are notified, a site visit is established, the surface mining application is advertised and the public comment period begins. Too, a technical review begins.

While a technical review is to take place from the 35th day to the 65th day, the permit process becomes bogged down because of the numbers of agencies involved in the review. Some authorities include the US Army Corps of Engineers and the US Department of Fish and Wildlife.

If the review is proven to be technically complete and a time line is followed, then from day 95 through 105 a National Pollutant Discharge Elimination System (NPDES) permit is drafted and the mining application is sent to the Environmental Protection Agency (EPA). A cumulative hydrologic impact statement also must be completed during these days, along with a bond approval. If all studies are approved, then a coal operator must apply to the Corps of Engineers for a 404 permit.

The permit decision may occur on days 105 to 120 if all goes well.

Along the line, Workers Compensation also gets involved to determine if the operator or company has outstanding debts.

According to the Director of West Virginia's Division of Mining and Reclamation, the DEP follows the direction of the Legislature but is oftentimes stymied by the numbers of federal regulations. But, the Director also was quick to point out that limited manpower in federal field offices contributes to the increasing numbers of surface mining permits.

In all, the surface mining permit process takes a good amount of time under the best of circumstances. If an endangered species or water pollutant becomes involved, then a permit may take years to come to fruition.

Forest Management Review Commission

This month, members of this Commission received a summary of the draft environmental impact statement for forest plan revisions regarding Monongahela National Forest.

This Forest Plan was originally approved and released in 1986 and includes six significant amendments that have

occurred since. The revised Forest Plan establishes direction for managing resources on National Forest System lands within the proclaimed boundaries of the Monongahela National Forest.

The Monongahela National Forest comprises more than 919,000 acres of National Forest System lands in West Virginia. It is, by far, the largest expanse of public land in the state. The Forest lies within 400 miles of an estimated 96 million people.

The geology of the area features steep north-south mountain ridges and deep river valleys, with elevations ranging from 900 feet near Petersburg to 4,863 feet atop Spruce Knob. The headwaters of six major rivers—the Cheat, Elk, Gauley, Greenbrier, Potomac, and Tygarts Valley—are found on the Forest, as well as four impounded lakes—Lake Sherwood, Lake Buffalo, Summit Lake, and Spruce Knob Lake. The Forest has more than 500 miles of perennial trout streams, providing more than 90 percent of the high-quality trout waters in the state.

Due to its geographic location, elevation range, and complex geology, the Forest has great vegetative diversity. There are more than 60 species of trees, mostly hardwoods, but conifer species add to the visual variety. Many of the tree species have high value for timber sawlogs and other products. The Forest offers and sells timber for harvest as a way to help achieve vegetation and habitat objectives and support local and regional economies.

The Commission will continue to study this draft plan to determine the best long-term use of this National Forest as it relates to the state and the best management for recreation and industry.

Government Organization Subcommittee A

In October, members of this subcommittee heard a report outlining any constitutional implications and limitations affecting local government reform and initiating metro government legislation in West Virginia.

The representative from the WVU College of Law concluded that at present the Legislature cannot, without local request or consent, constitutionally dictate that particular cities and counties restructure their governments, but it can enact general laws that will facilitate and encourage local government reform. The state also may preempt or regionalize the delivery of certain services and the regulation of certain subjects.

The representative also stated that creating regional units, larger counties, more elastic cities, and intergovernmental cooperation generally promotes efficiency, equity, resource sharing and access to expertise. On the other hand, smaller local government units also have advantages, such as promoting diversity and choice, local self-determination, access to government, citizen participation, responsiveness to constituent concerns and sense of community. The challenge, he stated, is to create governmental structures that achieve the benefits of expanded units while sustaining the values of localism.

The committee plans to continue this study and discuss any possible legislation for the regular session.

Government Organization Subcommittee B

Committee members discussed two bills proposed in the state of Washington targeting firms that out-source jobs when nonresident firms get state contracts. The stated intent of these bills was to safeguard “the best interests” of firms and the economy when state agencies in Washington let contracts for goods and services to businesses that operate off-shore and out-source jobs.

Still pending, the Washington measures say the state’s office of financial management will report any findings and advice for legislation to the full Legislature by December 1. The staff will continue to follow the legislation and pass on any useful information to the committee.

The committee and its staff will continue to look at ways for the state to monitor the awarding of state contracts, loans, grants and industrial revenue bonds to companies outsourcing certain jobs.

Government Organization Subcommittee C

Following up on previous meetings the committee members heard the Regulatory Board Evaluation of the West Virginia Board of Dentistry from the Legislative Auditors Performance Evaluation and Research Division (PERD).

The report stated that the Auditor’s office found that the Board has adequate legal authority and administrative procedures in place to license qualified practitioners. However, the Board’s responses in two incidences that occurred during the three-year scope of the audit placed the public at risk because of untimely actions by the Board. The Board’s responses to

these two incidents appear to be due to poor judgment on the part of the Board.

The audit goes on to state that although the Board has an adequate licensing process, the Board needs to follow proper procedures to safeguard the public. Also, there is an apparent need for the staff and board members to receive appropriate training with respect to the proper response to incidents that present a threat to the public.

The report lays out five recommendations the Board of Dentistry and the Legislature should consider implementing. First, the Board should respond appropriately to all serious reports of malpractice and serious incidents as its authority allows. Next, the Board should adopt a definition of serious incidents and a policy and procedure on how to receive information and how to disseminate such information to Board members. Also, the Board should require a criminal background check at the time of the application for a dental license, and periodically thereafter. The Board also should require that licensees report all malpractice lawsuits at the time of filing. Finally, the Legislature should consider requiring all professional practitioners licensed by Chapter 30 boards to report all malpractice lawsuits at the time of filing to their respective licensing boards.

Insurance Availability & Medical Malpractice Insurance Committee

To discuss the early effects of insurance reforms passed by the West Virginia Legislature in recent years, a representative from the West Virginia Insurance Commissioner’s Office spoke with members of the Insurance Availability and Medical Malpractice Insurance Committee during the October Interims.

According to the representative, insurance carriers have already filed rate decreases. As the Legislature and the Governor’s Office began to look into passing tort reform measures, insurance companies stated they would reduce premiums by \$50 million statewide. According to the representative, carriers have filed for more than \$66 million in rate reductions, with \$63 million for auto insurance premiums and \$2.8 million for homeowners’ insurance. When adjusting for inflation and the effective dates of these reductions, the representative stated the rate relief would exceed even these preliminary numbers.

The representative also discussed with members of the committee some of the effects the reforms have had on professional liability insurance markets and carriers. Prior to the legislation, insurance rates were rising rapidly, affordability

and availability were a problem and carriers were leaving the state. However, according to the representative, since the passage of major reforms, auto liability markets are improving, as are homeowners and physician liability markets. The legislative changes also have influenced recruitment and retention of physicians, as evidence can be seen from major hospitals favorably hiring and keeping physicians in West Virginia. Also, the state is seeing, overall, a more stable insurance market and civil actions filed with the courts since 2002 have steadily decreased.

In addition, the representative noted that the West Virginia Physicians Mutual, which was created in 2004, is beginning to “hit its stride.” It was stated by the representative that the Mutual has captured a large percentage of the market, including 1,640 doctors who are now insured through the program and a 55 percent market share of all insurance carriers. Also, the Mutual wrote \$48 million in premiums in 2004. To show even greater stability with regard to medical malpractice insurance, the Mutual program and other carriers have requested rate decreases for premiums in an average amount of 3.4 percent, according to the representative.

Joint Commission on Economic Development

Providing an update on the Workers’ Compensation Commission’s transition to privatization, the Executive Director said Senate Bill 1004, which was passed during the 2005 First Special Session, brings West Virginia in line with the rest of the nation by moving the state out of the insurance business. In addition, he said the legislation makes the state more competitive in economic development, with an anticipated rate reduction on January 1, 2006, and allows the state to refinance the \$3 billion unfunded liability and pay it off responsibly.

The BrickStreet Mutual Insurance Company will begin operating on January 1, 2006 and will remain the sole provider of workers’ compensation coverage through July 1, 2008, at which time the competitive market will fully open. It will be the 15th largest insurance company writing workers’ compensation coverage in the nation; the second largest West Virginia-based insurance company; the fourth largest insurance company with offices in the state; and, the 115th largest employer in West Virginia. Of the current 800 employees, approximately 300 will go to the new mutual company.

Employers are legally required to purchase workers’ compensation insurance from BrickStreet through June 30, 2008 and the company cannot provide an employer with insurance if they are in default to the old fund at the end of 2005. These

employers will be placed into the Uninsured Fund. In addition, if an employer doesn’t pay the first or second installments for premiums due for the period from the beginning of January 2006 through June 2006, then they will receive a cancellation notice. If payment is not received, then they will be assigned to the Uninsured Fund.

Uninsured employers face possible fines from the Insurance Commissioner of up to \$10,000, removal of business licenses and closure of the businesses. An uninsured company’s owners and officers are personally liable for all workers’ compensation payments made in any claim on behalf of employees. Since employers are required to be up-to-date, the Director said this message has been disseminated through various outlets, including notices, speeches and the radio. In addition, town hall meetings will be held across the state to better communicate the requirements.

The Commission has made substantial progress, including developing a new claims system, policy system, accounting system, human resources system and benefit program. In addition, a number of new policies have been developed and work continues with the Insurance Commission on transferring employees and responsibilities as outlined under Senate Bill 1004. Recent management accomplishments include: better training of employees; better financial data and controls; reorganized claims management; improved and expanded use of technology; and, the implementation of rules and policies as required by the new law.

Counsel from the Hatfield-McCoy Regional Recreation Authority then spoke to lawmakers regarding proposed legislation regarding All-Terrain Vehicle (ATV) safety on trails and the liability of outfitters. The ATV Responsibility Act would be similar to the state laws for equestrian, skiing and whitewater rafting activities by limiting the liability of authorized outfitters and licensees, provided that they follow certain guidelines.

These guidelines would include: maintaining the safety of equipment per manufacturers’ guidelines; providing appropriate-sized helmets; prohibiting ATV riding of minors unless a parent or guardian signs a written statement; and, ensuring that every guide offered to riders has a current standard first aid training certificate, a CPR certificate and has completed the necessary ATV safety training. The legislation also would require outfitters to carry public liability insurance.

If an outfitter fails to comply with any of the requirements, then liability would be placed on the outfitter. Liability for injury, loss or damage would not be placed on the outfitter if a rider violates any participants’ duties, which are specified in the recommended legislation and include knowing personal range and ability and maintaining control of the vehicle.

Joint Standing Committee on Finance

Declaring there is a “light at the end of the tunnel,” the Cabinet Secretary of the Department of Administration spoke to attending lawmakers regarding Information Services and Communications (IS&C) telephone billing and outstanding balances of state agencies. He said Senate Bill 700, which was passed during the 2004 Regular Session to address this issue, has been effective. Specifically, IS&C was restructured and negotiated a contract with Verizon, resulting in a \$2 million savings.

A representative from Verizon told committee members that they are maintaining a close relationship with the state and are on the right track with the new contract, which was assigned in July 2005 and has resulted in a smoother process with a sole contact person at Verizon. According to him, Verizon should be receiving payments in a normal time frame during the next fiscal year.

He also noted a couple concerns, including a need to update the computer systems for billing to expedite payments and to identify dormant lines in state agencies. Although Verizon doesn’t have a process for identifying lines that aren’t being used, the Cabinet Secretary said since there is a strong relationship between the state and Verizon, he anticipates that by this time next year, they will have identified dormant lines.

Judiciary Subcommittee A

Counsel for Judiciary Subcommittee A discussed with members proposed legislation relating to landlord/tenant agreements. The proposed measure, according to committee counsel, is an adaptation of the 1972 Uniform Residential Landlord and Tenant Act and would only pertain to residential properties. The measure would exclude other living arrangements, such as institutional living, educational residence halls or dormitories, occupancy by a condominium owner, occupancy by an employee where the living arrangement is necessary for employment purposes or temporary emergency housing.

The bill, as explained by counsel, would provide guidelines for rental agreements and provide protections for both parties when rental agreements are violated. In addition, the measure would regulate the procedures regarding security deposits, prepaid rents, evictions and abandoned personal property. Counsel also told committee members that this proposed legislation was debated and drafted by the West Virginia Law Institute.

A representative from the Law Institute addressed members of the committee regarding this bill, stating that the Institute brought together stakeholders representing both landlords and tenants. An advisory committee, which was appointed to debate the issue and was comprised of these stakeholders, met 15 times over the course of developing this measure. According to the representative, the measure is a true compromise between the two parties.

This exhaustive consensus, according to the representative, is supported by both landlord and tenant advocates, two of whom spoke with members of the committee. Both representatives stated they believe the proposed bill to be a true collaborative effort with both parties gaining and sacrificing certain elements of the agreement. Also, they stated that if the Legislature wished to take action on the proposed legislation, it should be reviewed as a “package bill” and warned against removing or amending individual portions. Doing so, according to the representatives, would destroy the countless hours of compromise settled and accomplished by the advisory committee.

Judiciary Subcommittee B

With West Virginia having a high number of senior residents and the impact of the Terry Schiavo case in Florida fresh in citizens’ minds, members of Subcommittee B invited a variety of health care professionals to address end-of-life care.

A draft version of a bill amending the present West Virginia Do Not Resuscitate Act and the West Virginia Health Care Decisions Act covers medically ineffective cardiopulmonary resuscitation, commonly referred to as CPR. This medical procedure attempts to restore heartbeat and breathing in a patient whose processes have stopped. Chest compression and the insertion of a breathing tube into the lungs are followed by mechanical breathing for the patient, electrical shock to the heart and the administration of medications.

Provided materials from the National Library of Medicine’s MEDLAR’s database, said the overall rate of immediate survival for the frail and/or a patient having a specific status of a disease was exceedingly low given the condition of the patient. A fact sheet distributed to the committee also noted, “CPR is unsuccessful in the majority of patients on whom it is performed, and on those in whom it is initially successful, the majority suffer another cardiac arrest and die prior to hospital discharge. The average survival rate after CPR is 15 percent with the survival rate being much lower in patients with metastatic cancer, patients residing in nursing homes, and patients who have a bloodstream infection.”

Key aspects of the proposed draft cover only CPR. It applies to COR which has been determined to be medically ineffective by two physicians; applies only to incapacitated patients; and, creates no presumption in regard to the efficacy or inefficacy of other medical treatments for patients.

While the draft is supported by the AARP, lawmakers will continue to review the measure. Also, soon to be before the committee will be the issue of compulsive gambling. Some lawmakers are concerned over the effect of gambling within the state and are requesting that a representative of the Lottery Commission appear before the committee in November.

Judiciary Subcommittee C

This committee heard a report from a representative from the Criminal Justice Statistical Analysis Center, West Virginia Division of Criminal Services. The report represented the 2003-2004 Drug and Violent Crime Control Task Force Report.

The representative stated that his figures were based on the work of 16 special task forces, which concentrate on drugs and violent crimes in 37 counties. He explained the 16 task forces were given federal funding under the Byrne Program to function in West Virginia, each covering jurisdictions ranging from one to five counties. Altogether, the task forces operated in 37 of the state's 55 counties, covering 83.3 percent of the state's population.

The counties with the highest drug arrest rates per 1,000 citizens in 2004 were: McDowell with 2.43; Nicholas at 1.79; Ohio at 1.59; Mercer at 1.34; and, Greenbrier at 1.32. It is important to note that a county with a larger population may have more arrests with a lower rate of arrests as it relates to density of population.

Kanawha County led the state with the highest number of drug arrests, 205, followed by Mercer, 83; Raleigh, 73; Ohio, 72; Harrison and McDowell, 60 apiece; and Putnam, 53. According to his figures, Barbour, Braxton, Calhoun, Clay, Jackson, Mason, Mineral, Monroe, Ritchie, Morgan, Pleasants, Taylor, Tyler, Preston, Wetzel and Wirt counties had zero drug arrests in 2004.

The statistics provided appeared to show methamphetamines (meth) as the drug of choice among whites, while crack cocaine surfaced more among non-whites. About 70 percent of the arrests of non-whites entailed crack cocaine, while charges that involved meth or other stimulants were "almost exclusively" lodged against white males and females.

In the two-year span of 2003 and 2004, there were 2,115 arrests that actually involved 3,243 offenses, two-thirds of them for crack cocaine, marijuana and other opiates. Overall, drug use has gone down since 1979, except for meth and crack, the representative stated.

While arrests for it have fluctuated, crack consistently has figured in the biggest proportion of crimes task forces have reported since 2000.

A clear racial disparity emerged in the report, showing that while non-white males make up a mere 2.5 percent of West Virginia's population, they comprised 26 percent of all arrests in the two-year period. White males comprise 46.1 percent of the population but figured in 49.4 percent of the arrests. The report also showed white females were under-represented in arrests, and nonwhite females were over-represented. Half of the state is made up of white females, but only 19.9 percent of those arrested were of that race and gender. At the same time, non-white females account for 2.5 percent of the population but surfaced in 4.8 percent of the task force arrests.

In all offenses reported, 55.6 percent led to prison; 22.6 percent were handled via probation; 8 percent involved jail terms; 6.1 percent resulted in fines; 3 percent in community corrections; and, 4.8 percent fell into the category of improvement periods, suspended sentences, and juvenile detention.

LOCEA

In 2004-2005, 19 West Virginia colleges and universities enrolled 6,623 high-school students in college courses, according to a report presented by representatives from the West Virginia Council for Community and Technical College Education to the Legislative Oversight Commission on Education Accountability (LOCEA).

While enrollment growth has been modest for the last few years, the number of enrollments is larger than in 2001-2002, the last year a comprehensive report was issued. One of the major changes in recent years, according to the representatives, is that the majority of course offerings now come from the community college system. The representatives added that 11 of the 19 participating institutions are community and technical colleges, tallying more than 70 percent of the total course selections offered.

The representatives also noted that students in the 2003 Fall cohort group attending a West Virginia public college or university in the Fall 2004 that participated in the program

received an average grade point average (GPA) of 2.78. In the Spring 2005 semester, the average GPA increased to 2.95. A total of 11.3 percent of the cohort group was enrolled in a developmental course, a figure substantially lower than the 33.3 percent of all 2003-2004 high school graduates who needed developmental courses, according to the representatives.

Issues for continued study discussed by the representatives include possible expansion of educational services to high school students and the schools through the delivery of developmental education courses. In addition, the representative stated the Council will look to work with the K-12 system to align high school and college courses offered concurrently, with particular attention to the high school content standards on English. Also, the representatives noted they would like to consider better uniformity among the institutions in the offering of college courses for high school students, including student eligibility provisions and requirements, standards for selection of faculty to teach the courses and greater attention to policy compliance through periodic audits.

Representatives from the Council also discussed a report stating the results of the community college survey of student engagement (CCSSE) for West Virginia. According to the representatives, students' involvement and engagement plays a major role in the learning process and research shows that those students who are more involved show greater learning gains.

The challenge for community colleges is the difficulty of engaging their students, according to the representative. Almost half of community college students are enrolled part-time and more than 60 percent work more than 20 hours per week. The CCSSE survey helps schools assess the quality of community college education; identify and learn from good educational practices that promote high levels of student learning and involvement; and, identify areas in which schools can improve programs and services for students, according to the representatives.

One key finding of this survey discussed by the representatives is that West Virginia community college students are in line with national averages with regard to active and collaborative learning. Eighty-seven percent of the students surveyed collaborated with other students on projects during class-time (89 percent nationally). That number fell dramatically, however, when asked if students collaborated on class-work outside of class, to 57 percent (58 percent nationally).

Another finding discussed by the representatives revolved around the academic challenge of community colleges in West Virginia. According to the representative, 46 percent

of the state's full-time students surveyed read four or fewer assigned books, manuals or textbooks during the current school year (31 percent nationally). Also, more than 45 percent surveyed stated they wrote four or fewer papers or reports of any length during the current school year (29 percent nationally).

The survey also found that in general, the more interaction students have with their teachers, the more likely they are to learn effectively and persist toward achievement of their educational goals. West Virginia met national averages with regard to student-faculty interaction, including use of e-mail to communicate with instructors and discussion of grades or assignments with teachers.

The representatives told members of the commission that they would be using the results of the CCSSE survey to improve West Virginia's community colleges. Several issues they hope to address include improving support services for part-time, working and adult students, as well as address retention and graduation rates. The representatives noted that more students aspire for a degree than actually graduate. In addition, the representatives stated that community and technical colleges lose 50 percent of students after the first year. They will be looking to review and perhaps redesign students' college experiences from first contact and engage each student "early and often."

Members of LOCEA also received a presentation from the West Virginia Center for Professional Development during the October Interims. The representative stated the Center is in the process of evaluating how technology can be used to deliver, enhance and evaluate its professional development offerings to teachers. Also, the Center is looking to enhance its Web site so that it may be a source of information for those interested in professional development resources. In addition, the Center is looking to collaborate with the West Virginia Department of Education (WVDE) to conduct a study group that will investigate the effectiveness of the Beginning Teacher/Mentor program.

The representative also said the Center is looking to collaborate with the WVDE, the Regional Educational Service Agency (RESA) and West Virginia and Marshall Universities to study mathematics achievement in West Virginia. The group will look to explore pre-service teacher preparations; requirements for teachers to be certified in math at the middle and high school levels; standardized test data; professional development offerings and availability; and, the use of technology in math instruction.

Doctoral students from West Virginia and Marshall Universities will collect the data received. The study's recommenda-

tions will look to improve upon the state's five year mathematics improvement plan, as well as professional development offerings for math teachers in terms of content and process, school counseling efforts in terms of course selection and local school improvement efforts.

LOCHHRA

Lawmakers on the Legislative Oversight Commission on Health & Human Resources Accountability (LOCHHRA) focused on questions regarding the implementation of the 2004 Pharmaceutical Availability and Affordability Act, which was designed to allow a Pharmaceutical Advocate to negotiate drug prices with drug companies.

The Advocate indicated that negotiations would be difficult until he completes his findings on preferred drug lists and other complex matters relative to drug purchasing by the Public Employee Insurance Agency (PEIA) leveraged with Medicaid purchases and coverage. Much of the work done to date has been focused on developing a single drug formulary for both Medicaid and PEIA. According to the Advocate, two lists have two-thirds of prescription drugs in common and it is not solely a matter of merging the two formularies since one drug may be cheaper for PEIA than Medicaid pays and visa versa. And, too, some people use both PEIA and Medicaid. He indicated to the committee that a strategic plan would be developed by the end of the year.

Inquiries were made as to allowing the drug companies to submit prices. Responses indicated companies were wary of giving up their prices on the market in general but the Advocate was attempting to start from the Federal Supply Schedule, originally suggested by the Legislature.

Discussions also turned to pill-splitting, which allows patients to divide their medications. While it was noted PEIA might endorse such an idea, some lawmakers were wary of the practice. Other questions related to mail-order purchases. Some companies ship orders to people via the postal service but, again, concerns related to parcels being lost in transit or not being kept at a proper temperature. And, the impact on local pharmacies also was a factor in the committee's discussions.

Another matter addressed by LOCHHRA was the Advocate's approach to working with Medicare recipients in explaining the 19 different drug plans available to a fragile population. It was indicated by the representative that a \$25,000 grant has been received for the help line call center, which is expected to be up and running within two weeks. A federal toll-free line

is also in the works. Some lawmakers noted that the help line may not be enough for people already confused by the numbers of prescription drugs they are taking. Lawmakers were told that private donations, supporting equipment and groups of volunteers are part of the package that will be used to help ease people into the program. Flyers also will be sent to pharmacies and distributed for educational purposes. As such, the committee is seeking copies of the materials so that they may also be able to assist their constituencies.

With phone service suspected of not being enough support, the acting director and general counsel for PEIA noted that some people do not need to move to the Medicaid plan and that notices have been sent to inform users, while newsletters are attempting to keep PEIA recipients informed.

Private insurance agents, including CareLink and Blue Shield, also are being trained if they are selling plans and to help steer people through the maze of coverage.

Also, legislators were informed that State Code may restrict multi-state buying purchases and purchasing reform may be needed, although the Governor is in the process of revamping the state's purchasing procedures overall.

An area of particular interest to lawmakers was a listing of the amount pharmaceutical companies spent on marketing and advertising. The Advocate said that during the Pharmaceutical Cost Management Council's September meeting, a number of questions were raised about the advertising and marketing disclosure plan and that he was waiting to hear from PhRMA, the industry's main lobbying organization. With that notion, some lawmakers questioned the reasoning for the delay.

In its second meeting of the month, LOCHHRA addressed overbedding in state behavioral health hospitals. Two state hospitals offer forensic beds, which are beds used by court defendants who are ruled not competent or who are charged not guilty for reasons of insanity.

More individuals now are being sent to these behavioral health centers than in the past. Since 1999, there has been a 47 percent increase in the number of mental hygiene petitions filed to commit someone to a mental hospital, according to the Supreme Court. Agencies have lost up to 40 percent of their Medicaid funding for treating the mentally ill between 2001 and 2003.

Sharpe Hospital has 150 beds, with 50 dedicated as forensic beds. The Mildred Bateman hospital has 90 beds overall. The average length of time a patient stays in a forensic bed is 615 days with the average stay of all others at Sharpe be-

ing 39 days and Bateman, 26 days, according to the Acting Commissioner of the Bureau for Behavioral Health and Health Facilities. Being directed to the health centers by judges, the bed retention rate is up and turnover down with a long waiting list right behind.

Another impact on the health system is some forensic patients are committed for addiction and are not a threat to themselves or others. There are so many patients coming through the doors that some are being sent to private hospitals at a cost of more than \$3 million a year.

Having listened to statistics covering numbers of beds and rising costs, lawmakers are looking at other solutions. Behavioral health specialists want to open five new group homes in local communities for long-term patients and hire around 80 care coordinators. As well as adding 20 new beds at Bateman, the long-term plan would cost approximately \$2.7 million initially and \$11 million annually.

To try and contain costs, some lawmakers want to see the money directed toward community services. The 80 care coordinators would be employed to help keep mentally ill people out of the hospital. Three of the group homes would house seven people and two would house 10 people and be overseen by local mental health centers.

Also during the meeting, LOCHHRA received a presentation by the CEO of the Community Health Network of West Virginia. Noting that the best care in the long term is the development of healthy lifestyles, the CEO discussed a proposed demonstration project initiated by the Community Health Network of WV.

The Network is implementing a disease management program integrated with its electronic health record project. Setting up projects in Hamlin, Clay and Rock Cave, the Network is already providing a wide range of disease management services to Medicaid. Two on-site pharmacies are in operation, with one site linked to another for mail delivery pharmacy.

These centers have identified a number of health improvement opportunities for Medicaid patients including diabetes, cardiovascular risk reduction, depression, weight management, physical activity and asthma. The target population is Medicaid adults, but will be expanded later to other populations served. The CEO noted the projects improve health via technology in a community setting while addressing risk management.

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LOCWIED

The Legislative Oversight Commission on Workforce Investment for Economic Development (LOCWIED) met to receive an overview of critical issues facing many of the state's community and technical colleges. The Chancellor of the West Virginia Council for Community and Technical College Education said many schools have indicated they need science labs upgraded for vital areas, such as allied health. He also said shared labs are a problem for some of the colleges and that equipment also needs upgraded. Currently, they are working to determine funding sources for new equipment.

In addition to lacking the necessary equipment, the Chancellor also said there is difficulty in finding faculty to meet the demands of various programs. According to him, this is primarily because the salaries are not competitive. He also noted a concern regarding adults who would like to be full-time students. While the Higher Education Adult Part-Time Student (HEAPS) grant program has been extremely successful for part-time adult students, he said the Council would like to see the state work on a similar program for full-time adults.

The Chancellor then reviewed handouts distributed to lawmakers regarding the retention and earnings of 2002-2003 graduates. According to this information, 89 percent of certificate degree graduates, 86 percent of associate degree graduates and 73 percent of bachelor degree graduates stayed in West Virginia. Associate degree graduates earned more in the first year than bachelor degree graduates; however, the Chancellor believes this is a statistic that changes over time.

In the past, community and technical colleges were not offering sufficient one-year certificate degree programs. The Chancellor said this number has increased considerably and that the total number of degrees has grown by 30 percent, with the number of graduates increasing as well.

In a coming meeting, the Chancellor will follow up on graduates' placements, such as continuing education or employment, and will discuss the institutions that have seen decreases in graduates.

The Director of WORKFORCE West Virginia then provided lawmakers with a quick update. He said the aluminum welding program at WVU-Parkersburg is turning out welders, who are being employed. Speaking on Camp Dawson, he said all Hurricane Katrina evacuees have left the base and that approximately 380 were assisted in filing the necessary papers for unemployment compensation. WORKFORCE West

Virginia also held a job fair at Camp Dawson with 14 state companies attending. The Director said 15 evacuees are in the Charleston area, while he estimated that the majority either returned home or went elsewhere.

The Director also briefly addressed the coal-mining workforce concerns. He said a letter will be sent to all coal companies in the state and that meetings will be held to gauge what the industry needs by determining companies' screening and training requirements. Additionally, WORKFORCE West Virginia will be working with the coal industry on marketing, advertising and job fairs to attract miners throughout the state. He said a job fair would be held soon in Region VI, which covers a 13-county area in North Central West Virginia.

The Director of the Region VII Workforce Investment Board (WIB) was the final speaker during the October meeting. He said three of the state's WIBs (III, V and VII) are operating on less than \$1 million in annual funding, leaving very little for training funds. He requested legislative assistance in funding workforce development.

Legislative Oversight Committee on Regional Jail and Correctional Facility Authority

According to the Commissioner of the Division of Corrections (DOC), 15 years ago state inmates numbered 1,575. Today, the prison population has reached what the Commissioner prefaced as a "staggering" 5,315 inmates.

Frustrated by an influx of new inmates, the Commissioner said there was neither an easy answer nor a swift solution. He told the committee that, in part, the regional jail population is growing because of more stringent drug laws. And, the state cannot house prisoners more than 30 days. Sex offenders account for 20 percent of the populations and 66 percent of all offenders had a brush with drug abuse.

Another problem for the Department of Corrections is a pending court case, *Sams vs. Kirby*. The Court has been asked for status reports from all parties and oral arguments are scheduled for October 11, 2005. The petitioners in this case, according to the Commissioner, desire prompt transfer to a DOC facility so they might take full advantage of the superior selection of recreational and rehabilitative programs offered by the DOC. They assert their continued incarceration in a regional jail is unlawful and has resulted in a denial of the rehabilitative programs to which they are entitled.

In another area, the Commissioner thanked legislators for the recent pay increases of \$1,350 and \$900, depending on job classification, but noted that salaries remain a big

issue. Federal institutions pay far more at an entry level and the Commissioner noted that the Mount Olive Correctional Complex in Fayette County has seen an exodus of 100 officers in seeking other better paying jobs. He said the maximum-security prison is about 12 officers short of its allotted staff of 243.

On the other side of the coin, a spokesperson for the Communication Workers of America said that job classifications are such that there is very little difference in duties between levels. Therefore, those who received \$900 believe they were entitled to \$1,350. She noted pay remains an issue.

Select Committee A - Child Protective Services

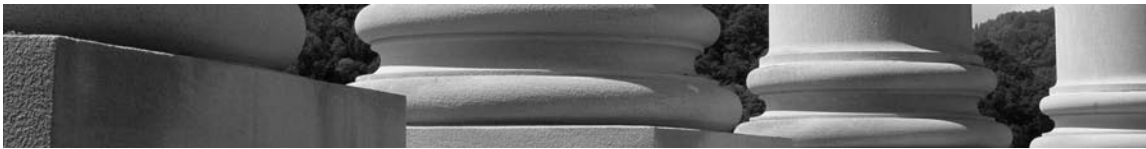
As part of its charge, Select Committee A also has been assigned the responsibility of reviewing the recruitment and retention of volunteer firefighters in accordance with House Concurrent Resolution 17. The resolution also calls for the committee to study the ability of communities to support volunteer firefighting companies. In the first meeting on the subject, lawmakers were provided background information relevant to the associated problems.

Appearing before lawmakers were the Legislative Chairman of the West Virginia State Fire Association, a spokesman for the West Virginia Firefighters Association and the State Fire Marshall. All agreed that recruiting and retaining these volunteers is becoming increasingly difficult and fear that the reduction in their numbers serves as a significant safety threat for many small communities. And, all agreed that the situation is growing exceedingly critical.

With 12,000 volunteer firefighters presently serving small communities, the spokesman for the firefighters association noted there was little incentive for younger people to join the ranks with so many other activities available more suited to their age groups. According to the presenter, most volunteer firefighters enter the force around the age of 16. To date, existing members are getting up in years and are finding it difficult to protect their communities without the support of more youthful members.

Too, following the terrorist attacks of September 11, 2001, federal training requirements are far more stringent and federal dollars call for greater accountability accompanied by burdensome paperwork.

Suggestions posed to the committee included one that would provide a college tuition scholarship program based on years of service and funded by lottery scratch-off tickets. The



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money made from the sale of the tickets could be applied to both tuition breaks and a retirement plan.

Allowing for a pension plan also may assist with retention while funds could be found through a similar plan as is done with municipal fees. Benefits could be in line with those provided to National Guardsmen.

An interesting idea presently being explored in Shepherdstown allows students who are attending college to have free living quarters provided by the fire station if they agree to work so many hours a semester.

Overall, money, or lack thereof, is another problem facing community firefighting services. Expensive trucks, rising costs of gasoline, workers compensation costs and state-wide communication systems equate to dollars the stations do not have. As such, much time is spent in fundraising for the volunteers.

A public hearing regarding the state's Child Protective Services (CPS) division of the Department of Health and Human Resources will be scheduled next month, members of this committee announced during the October Interim meetings. The hearing will be for two hours in the House Chamber and will follow the Select Committee meeting during the November interims. The days and times have not been finalized.

During the October meeting, the Department of Health and Human Resources representative cautioned the committee regarding state and federal confidentiality laws. General information and statistics are allowed to be disclosed; however, providing specifics relating to particular cases is prohibited by both state and federal law. Those speaking before the committee at the public hearing in November would have to be warned about confidentiality issues.

Committee members reiterated that the purpose of the public hearing would not be to break any confidentiality laws, but rather to hear what some of the people on the front line of child abuse and those involved with CPS have to say about the system.

This special legislative committee was formed following the death of a five-day-old boy, whose mentally-disabled mother was under the state's care. The child died last December in Raleigh County after CPS allowed the infant to be sent home from the hospital to a house where the heat had been disconnected, according to a lawsuit filed by the child's family.

An assistant prosecuting attorney, who works in conjunction with CPS, said the agency's workers are overworked

and underpaid. Child Protective Service workers' salaries in some neighboring states are \$10,000 to \$15,000 higher than in West Virginia. She stated that the state needs to hire more CPS workers, but if the salaries are not comparable to bordering states, then many of West Virginia's workers may leave for the higher pay.

She further stated that CPS workers also are given large caseloads, which affects their ability to properly perform their jobs. She suggested the state look at difference in pay between neighboring states, hire more workers to lighten the caseloads and attempt to get more service providers contracted with the state.

Select Committee B - Juvenile Studies

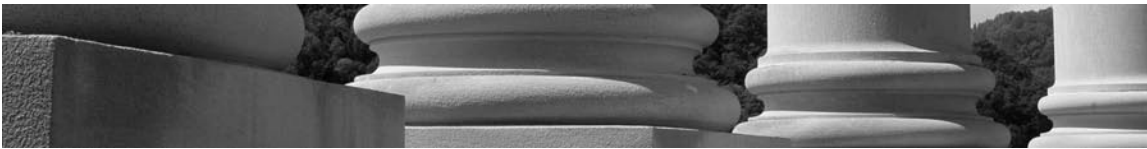
In October, members watched a demonstration of the West Virginia Child Placement Network's new Web site located at <http://www.wvdhhr.org/wvcpn/>. This Web site shows providers and Department of Health and Human Resources staff the availability of beds within the state for juvenile placement. The Web site statistics are updated regularly as long as providers keep refreshing the number of available beds within their facilities. The Web site currently has 68 providers listed and 404 registered users.

Select Committee C - Infrastructure

Continuing their review of broadband technology in West Virginia, committee members heard from the Chairman of the West Virginia Broadband Connectivity Working Team, which is a joint project of the West Virginia Chamber of Commerce and Vision Shared. The Team's mission is to determine and develop a statewide plan for expanding accessible and affordable high-speed Internet access throughout rural West Virginia to businesses, communities and residences.

The Chairman reviewed the broadband types, including wired and wireless, and West Virginia's providers, which include cable, satellite and telecommunications companies. He said while the state has seen tremendous progress in the past three to five years, usage still lags behind the national average. He also stated that within a year or so, almost all West Virginia communities should have access to broadband services.

The Director of the Public Service Commission's Consumer Advocate Division told attending lawmakers that 75 percent of the national population is online, while



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50 percent of West Virginians are online. The average broadband use is 60 percent nationwide, but 45 percent in the state. He believes the state is approximately one year behind and said West Virginia ranks fairly low in home computer ownership, possibly because of the state's median income and the costs of these services; however, the Director noted that broadband prices are becoming more competitive and affordable.

The Chief Technology Officer from the Governor's Office of Technology will address the committee next month regarding various technology issues, including technology in education.

According to a 2004 report distributed by the West Virginia University Bureau of Business and Economics, there are three major factors that could significantly impact the revenues obtained by the State Road Fund. The report, which was presented to members of Select Committee C during its second meeting of the October Interims, points out that changes in the number or miles driven, changes in fuel consumption and the emergence of alternative fuels represent a threat to the revenues flowing into the State Road Fund.

Representatives from the Bureau stated that as structural changes in the way vehicles are being made take place, in essence to obtain higher gas mileage and utilize less consumption, less revenue will be collected by the State Road Fund. The major concern is that as revenues decrease and the amount of miles driven on West Virginia roads continue to increase, the repairs and updates needed to keep roads functioning may not occur because officials may not have the appropriate funding to do so. As vehicles improve the number of miles they receive per gallon of gas, it equates to an increase in the number of highway miles driven with less tax generated, will place a strain on the State Road Fund. The representatives added that if the price of gasoline remains around the \$3.00 per gallon mark, the gasoline consumption would fall by 20 percent in five years and 27 percent in 10 years.

Along with reduced revenues coming into the State Road Fund, the representatives added that inflation had eroded the value of the Fund, compounding the problem facing the state. Also, the representatives stated the federal highway re-authorization measure would require the state to come up with additional matching funds in order to pull down federal dollars.

Some policy options offered by the representatives to recover revenues for the State Road Fund include increasing the gasoline and motor carrier tax by one, two or three cents per gallon. Other options include: increasing the overall

motor vehicle registration rates by 20 percent; increasing motor vehicle registration rates by the annual increase in the consumer price index; increasing the motor vehicle registration rates by the annual increase in the federal-aid highway construction price index; increasing the privilege tax to six percent; eliminating the Courtesy Patrol Program; and, curtailing or eliminating expansion in the Department of Motor Vehicles' budget.

Additionally, the representatives offered other suggestions to help limit this problem. The representatives noted the state could shift the privilege tax to a dedicated sales tax, which could be deducted on federal income tax and potentially increase compliance. Also, the representatives suggested an increase in tolls on the West Virginia Turnpike, which hasn't been increased in several years. The representatives added that 83 percent of those paying the tolls on the Turnpike are from out-of-state.

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The West Virginia Legislature's Reference and Information Center
State Capitol Complex
Building 1, Room MB 27
Charleston, WV 25305
(304) 347-4836

Charlene Glagola Director	Dave Martin Web Administrator
Drew Ross	Randy Cain Assistant Web Administrator
Jessica Stanton	Dee Spelock Resource Manager
Bill Thomas	Martin Valent Photographer
Lee Ann Vecellio Information Representatives	John Tice Graphic Designer