

Interim Highlights

Agriculture & Agri-business

Ginseng regulation was discussed with the Agriculture Committee in an effort to determine the amount of regulation needed for this area of farming. Ginseng is the oldest crop harvested for commercial sale from West Virginia and is considered among the finest in the world market. This crop is worth an estimated two million dollars annually to the state. This medicinal herb is believed to have the potential to serve as the cornerstone for a sustainable forest. The herb grows and is harvested in all 55 counties, with a sizeable number of organized growers in the state.

Current West Virginia laws require that ginseng have a specified harvest season which allows for the maturing of seeds, the replanting of wild seeds at or near the site of growth, the harvesting of roots a minimum of five years of age and a monitoring and reporting system to allow tracking of location and amount of harvest.

The U.S. Fish and Wildlife Service (USFWS) recommends changing the harvest season to allow harvesting of wild ginseng to begin September 1st. Also, a new category of "internationally planted ginseng" to encompass woods-grown and wild-simulated production was also encouraged. Current laws for classifications are outdated and only acknowledge two classes of ginseng - wild and cultivated. Developing a certification and registration system would be helpful for woods-grown and wild-simulated growers. Growers then would be allowed in return to harvest those internationally planted roots at any time in order to be responsive to market conditions. One approach used in Michigan Legislation was to have growers register during planting years and not again until the ginseng is actually harvested.

The state could also initiate a reasonable licensing fee for growers and wild harvesters. Fees in other states differed from charging the dealers in some states and charging growers and diggers in others. Some of the fees were as high as \$250 and others only \$7 annually.

The Committee was offered a tour of a ginseng farm of a local grower near the Charleston area at the next Legislative Interim meeting.

Education Subcommittee A - Higher Education

Addressing the committee were representatives from Fairmont State College's administrative office and a spokesman from the state's budget office regarding the implementation of the 2004 higher education bill, SB 448.

The President of Fairmont State College and Fairmont State Technical and Community College, as well as its Vice President of Fiscal Affairs, noted that SB 448 separated the two institutions administratively. Because of provisions in the measure, Fairmont State, a four-year school, and its community college, a two-year program, now maintain separate payrolls, tax filings, financial reports, accounting systems, purchase card usage and other administrative responsibilities.

To ensure a fair distribution of monies, a Central Organizational Task Force was devised by Fairmont State authorities and the state budget office to assist in the expanding tasks of administrative details. The task force heads up a budgetary third entity which the administrators entitled Fairmont State Central which serves as the administrative link for the four and two-year colleges. This third entity manages loans to students, handles student fees, oversees debt bond obligations and funds capital improvements. The administrators noted that the creation of Fairmont State Central on its bookkeeping accounts provides for greater clarity and develops a structure which will allow the two higher education institutions to grow without overpowering one another.

Lawmakers requested that monies generated from athletic, student union and class enrollment fees be prepared in separated accounting lines according to attendance numbers of students in Fairmont State College and Fairmont State Technical and Community College. These monies are presently combined and listed in the third accounting category of Fairmont State Central.

2004 - 2005 Interim Committee Meeting Dates

July 25-27
August 22-24 (Beckley)
September 19-21
October 10-12 (Shepherdstown)
November 7-9
December 5-7
January 9-11-05
February 6-8-05

Equal Pay Commission

Members of the Equal Pay Commission reviewed a report distributed by the Division of Personnel regarding updated pay analysis. In the report, it was noted that certain job classifications have been added to the list of those recognized for pay equity and that other positions have been replaced or reclassified. The committee reviewed these new job classifications to enable members to understand certain changes that have happened within state government employment.

Finance Subcommittee A

Lawmakers heard from the General Counsel of the Department of Environmental Protection (DEP) and the Assistant Director of the Division of Waste Water Management regarding the cost of clean-up of sites insured by the Underground Storage Tank Insurance Fund.

In 1988, the federal Environmental Protection Agency (EPA) required owners of underground storage tanks to provide clean-up dollars should an accidental release occur. As such, the Legislature in 1988 created an insurance fund program to provide tank owners and operators with low-cost insurance.

Having received input from a variety of professional associations, the state's insurer and the DEP, lawmakers established the Fund. Funding was provided by a \$100 per tank capitalization fee assessed to all tank owners for two years along with \$500 per tank from annual insurance premiums, with a \$50,000 deductible and \$1,000 per tank for people seeking a lower deductible of \$5,000.

However, since the state no longer issues insurance policies for underground storage tanks, the Fund no longer has a source of revenue and has no moneys to cover outstanding claims by July of this year.

In its time, the Fund received 204 claims and completed 128 site cleanups at a cost of \$6.3 million. With 59 claims outstanding, 22 primary contractors are being affected. Presently, the fund has paid \$11.2 million to clean those sites but an additional \$14 million will be necessary to remedy the 59 sites. The DEP believes it will take 10 years to do so, at \$1.4 million a year, to satisfy the obligations of the Fund.

The General Counsel for the DEP submitted options to lawmakers regarding the clean-up of remaining sites. These

include a contractual approach of Pay for Performance and a voluntary cleanup program by allowing less stringent cleanup levels and land-use restrictions.

In addition, the DEP also included options for continuing to finance the Fund. These include implementing a surcharge on existing underground tank insurance policies, assessing fees on owners and operators, streamlining government functions and increasing the waste tire fee.

In all, the DEP suggests determining an end point, in either amount or time, at which the obligations of the Fund are extinguished.

Lawmakers will study the situation further.

Finance Subcommittee B

A presentation to the Finance subcommittee resulted from the adoption of SCR 59 in 2004 which called for a study of property tax law.

Numbers were provided which segregated, by county, federal monies given to counties as payments in-lieu of taxes including the 25 percent fund; estimated property taxes from managed timberland; and, acreage and estimated property taxes regarding land for farm use.

The data provided by the Tax Department gave lawmakers a clearer picture of property tax revenues generated by each county.

Forest Management Review Commission

First on the agenda for the June interims was a presentation on forest health from the Plant Industries Division of the West Virginia Department of Agriculture. Members of the Commission heard an in-depth description about four pests plaguing our state's forests and surrounding areas: the Gypsy Moth, the Hemlock Woolly Adelgid, the Emerald Ash Borer and Sudden Oak Death. They highlighted how to identify these pests and how they could affect the forests of the state. Three of the primary timbers affected by these pests are Oak, Ash and Hemlock which combined make up 2.7 billion trees in the states' forests.

The second presentation was from the West Virginia Environmental Council on soil health. The long-term depositions

of pollutants from sources outside West Virginia forests are resulting in the depletion of calcium and other important soil nutrients from various areas of the state's forests. Sulfates and nitrates that are emitted in the air from power plants and other sources are part of the problem. These pollutants combined with moisture in the atmosphere are producing acid rain. Without actively monitoring these emissions more closely, valuable nutrients, forest areas and wildlife could all suffer from these pollutants. Further monitoring of forest health will continue with regular interim presentations to the Commission.

Government Organization Subcommittee A -1

Subcommittee A-1 of Government Organization met in June to discuss SCR 70, which requests a study of the financial operations of senior centers around the state.

The West Virginia Bureau of Senior Services provided the committee members with handouts highlighting the different regions which make up the senior center network throughout the state. The Bureau also provided a list of the centers in each county and the membership which comprises the Council on Aging Advisory Board.

Staff counsel related a brief overview of the various programs which are administered through the Bureau, including: the Silver Haired Legislature, a model legislature; the Governor's Golden Mountaineer Discount Card Program, which provides discounts on prescription drugs through participating pharmacies; and, the Ombudsman Program, which assist residents in long-term care facilities and their families.

Counsel also showed the members how much money is being received by the Bureau for Senior Services on both the state and federal level. The committee is wanting to find out if the state and federal monies are being used expressly for the purposes intended. The members also want to make sure that centers are being audited regularly to ensure no monetary improprieties are occurring.

Government Organization Subcommittee A - 2

Subcommittee A-2 of Government Organization met in June to discuss SCR 89, which requests a study of the nonprofit entities that receive state and federal funds.

Responding to a questionnaire for committee staff, a representative from the state Auditors Office stated that there

are 25 business classifications for West Virginia nonprofit corporations. They estimate that there are between 7,000 and 8,000 nonprofit corporations currently operating in West Virginia, with Civic and Social Organizations making up the largest percentage.

A representative from the West Virginia Community Development Partnership revealed some statistics regarding nonprofit corporations in West Virginia. They listed around 7,700 nonprofit organizations registered in West Virginia, and of those, 5,514 had operating budgets of \$25,000 or less. Only 44 organizations had budgets of \$20 million or more and all but two of those focused on health care and higher education.

One of every 12 workers employed in the state work for nonprofit organizations and its wage earners make \$1.4 billion, exceeding the earnings of those in mining (\$1 billion). Studies also showed that many state nonprofits struggled due to lack of organizational development, access to philanthropic giving and public and private technical assistance and financing. This group is currently holding public forums to collect community feedback and raise awareness of the role of the nonprofit sector on the state economy and expect to have results of those forums and recommendation by late Summer 2004.

Government Organization Subcommittee B

This subcommittee met in June to discuss SCR 61, which requests a study on local health departments. Representatives from a number of county health boards gave an overview of the duties handled by each board.

The boards all handled the same basic jobs such as site inspection, providing testing for sexually transmitted diseases, West Nile testing, therapy for drug treatments and help for prenatal patients. The boards are also being trained for preparedness of biological attack and terrorism response.

Next, a representative from the Bureau for Public Health presented the FY 2003 funding for local boards of health. Total funding for that year exceeded \$43 million and helped provide for threat preparedness training. The representative also presented the committee with a pamphlet containing profiles of local health departments throughout the state and contact information for each individual department.

Government Organization Subcommittee C

Over two days of meetings this Government Organization Subcommittee C examined grievance boards, the administrative law judge system and the administrative structure of the Division of Personnel.

First, a representative of the Grievance Board gave an overview as to the history, role and procedures of the Board. The State Grievance law was created in 1988 following an overhaul of the Civil Service Commission which had been created in 1973. The Board participates in grievance hearings, provides technical assistance for state employees, develops guidelines and distributes supervisory booklets.

The representative stated that while there is still room for improvement, supervisors and managers are better equipped to handle grievance matters than they were in the 1980's due to training in the daily application and administration of human resource laws, rules and policies. Also, agencies are more likely to allow grievances to proceed through all levels of the process when they are sure the evidence is in their favor.

Next, a representative from the Division of Personnel gave an overview of the current administrative structure.

The major responsibilities of each section within the Division were summarized in a report handed out to the committee. The Committee is examining ways to determine if a more centralized Personnel Division would help cut state costs and if areas within the Division that may be duplicating efforts can be curtailed.

Judiciary Subcommittee A

During the June Interim meeting of Judiciary Subcommittee A, counsel for the committee briefly discussed issues pertaining to electronic voting. According to counsel, with the passage of the federally mandated Help America Vote Act (HAVA), which was passed in response to the problems during the 2000 Presidential election, state's have been focusing on ways to establish electronic voting systems. The federal government will allocate \$3.6 billion to states over the next four years, with West Virginia scheduled to receive \$15.3 million, to help establish these systems by the 2006 deadline.

Counsel also expressed the concerns of many state officials regarding the establishment of these electronic voting systems. Although pilot projects have shown that these devices are user friendly, questions regarding security and compe-

tency have been raised. The ability to ensure that computer hackers and other individuals do not disrupt the voting system has been called into question, according to counsel. Also, with regard to validating a citizen's vote, certain questions have been asked that have not been adequately answered.

A representative from the Secretary of State's Office addressed the committee and echoed the concerns discussed by committee counsel. The representative stated that the Office is prepared to purchase electronic voting machines when they attend their annual National Conference if they find machines that meet all of the demands necessary to ensure a safe, secure and effective voting system. The representative also stated that West Virginia has become a national model with regard to the process of meeting the federal requirements of HAVA. It was noted that the State of Illinois contacted the Justice Department for guidance on accomplishing these goals and Illinois officials were referred to West Virginia.

Judiciary Subcommittee B

The Judiciary Subcommittee B heard a presentation by a representative from the Logan County Day Reporting Center. There are currently four Day Reporting Centers in the state located in Ohio, Harrison, Logan and Mercer Counties.

Services provided at these Day Reporting Centers include education services, counseling, transportation to and from the centers and a placement for work program. Many of these services are provided for free by various organizations located near the centers.

The total amount of grant funding requested by the four centers for the 2005 fiscal year is \$1,046,515. New applicants that are trying to create Day Reporting Centers include: Kanawha, Monogalia, Lewis, Wood, Putnam, Barbour and Wayne County Commissions. Their requested grant funding amount totaled \$680,497. The total amount awarded for fiscal year 2005 for the four existing Day Reporting Centers amounted to \$525,000.

The Committee also heard a presentation from the Department of Transportation on the seniority policy. A seniority panel has been appointed and has already had their first meeting. The panel will be addressing the issue of when the end of the year carry-over date will take place due to loss of annual and sick leave for employees. The carry-over year ending date has been changed from Dec. 31 to June 30 and now may change to Sept. 30. It is still being reviewed as to which date will work best.

Judiciary Subcommittee C

Is West Virginia's sentencing structure in line with sentencing procedures in other states?

In 2003, the state Division of Criminal Justice Services and the Criminal Justice Statistical Center embarked on a study regarding the state's sentencing structure by reviewing offender housing options, such as: community sentencing, home confinement and other cost effective solutions relative to saving "bed-space" in all criminal detention facilities.

The Center also investigated lengths of sentences versus the nature of the crimes committed, the reality of time served relative to parole and "good time" served, among numerous other factors.

Some preliminary findings contained in the report noted that property crime is increasing; the longest sentences are related to murder, robbery, grand larceny and grand arson; and, sentencing can vary from judge to judge.

While the study was restricted by funding and a lack of data, a report was submitted by the Center which "advances understanding of criminal sentencing practices in West Virginia", according to its findings. However, the study calls for further research to achieve a comprehensive understanding of sentencing laws and how these laws are applied to offender populations.

The Legislative Committee will review the report submitted by the Center.

Juvenile Foster Care, Detention & Placement Task Force

The Legislative Juvenile Foster Care, Detention and Placement Task Force met Monday June 14th to begin its ongoing study of adolescent suicide. To provide lawmakers with background information, a representative from the Office of Behavioral Health Services addressed the Task Force and presented the office's statewide initiative to deal with youth suicide. In any given year, according to the representative, around five to nine percent of children have serious emotional disturbances - which, if untreated, could lead to suicide.

According to the National Institute of Health, almost 10 percent of adults suffer from depression, which is the leading cause of suicide. In children, one in every 33 suffer from depression and one in every eight adolescents do as well.

According to statistics the representative provided, from 1999 - 2000, suicide was the third leading cause of death among people ages 15 to 19 and 20 to 24 in the United States. In contrast, suicide was the second leading cause of death among West Virginians in the same age groups. For children ages 10-14, suicide is the third leading cause of death in the state. In West Virginia, between 1995 and 2002, there were 295 completed suicides for ages 10-25. Of these, 112 were inclusive of ages 10-18 and 183 were inclusive of ages 19-25.

Beginning in 2003, Children's Mental Health developed an interagency task force called the HOTT COALITION. The mission, according to the representative, is to reduce the numbers of adolescent suicides through awareness training offered statewide. The COALITION is made up of state agencies primarily, but eventually will include community partners as well. Last year, the COALITION held 15 workshops statewide with a total of over 600 persons participating in the training. They developed and implemented a suicide prevention curriculum for teachers, clinicians, parents, social workers and psychologists.

The representative stated that suicide prevention is a public health issue that requires immediate attention and cross agency participation. The reality West Virginia faces, as stated by the representative, is that treatment for depression and other mental illnesses must be part of our behavioral health comprehensive plan to establish specific treatments and strategies. Early identification and intervention is not always the best method in curbing suicide deaths - it must be driven by an ideology that treatment is available and attainable.

Also addressing the Task Force during the June Interim meeting was a representative from the Bureau of Children and Families to discuss its monthly report on foster care. According to the report, there are 151 individuals currently in Agency Emergency Shelters, which provide short-term placement during crisis situations to provide a supportive environment designed to minimize stress and emotional instability. Currently, there are 167 individuals housed in in-state Department of Health and Human Resources (DHHR) adoptive homes and 34 in out-of-state care. The DHHR foster care system has 750 in-state placements and 23 out-of-state. There are also 636 (in-state) and 301 (out-of-state) individuals placed in group residential care. Throughout all types of care provided by the Bureau and DHHR, there are 2,699 (in-state) and 446 (out-of-state) individuals currently in the state's foster care system.

LOCEA

During its second June meeting, members of the Legislative Oversight Commission on Education Accountability (LOCEA) met to hear from various interested parties involved in West Virginia's educational system.

The Director of the National Collaborative for Post-secondary Education Policy Forums project opened the meeting with a discussion of that project, which is funded by a charitable trust. Those involved work with a selected number of states on higher education policy development. Currently, they are working with five states, including West Virginia.

According to the spokesman, the best policies are made when they obtain and utilize well-grounded information on the targeted state. They start by collecting information on the state's educational status and educational needs.

The representative made it clear to commission members that this is not a program designed to rework the governmental structure of higher education.

A Senior Associate from the National Center for Higher Education Management Systems then provided legislators with a slide show containing selected data for West Virginia's higher education system garnered from a policy audit conducted in May 2004.

According to information provided, West Virginia is one of the slowest growing states in the nation with the largest decline in college-age residents. He also provided detailed data on a projection of future high school graduates and similar information from surrounding states.

The representative stated that West Virginia is doing comparatively well in the number of students graduating from high school; however, he emphasized that the state needs to follow the progress of these graduates after high school.

The State Superintendent then spoke to the commission regarding the passage of House Bill 4669, which addresses disparities in public schools with significant enrollments of disadvantaged, minority and under-achieving students.

The Superintendent stated that he is pleased with this legislation and determined that West Virginia will close the existing achievement gap. Also, he will be meeting with other state superintendents and present them with an educational achievement plan regarding this issue.

The State Math Coordinator also addressed the commission and provided members with an update on a five-year math plan. According to statistics he provided establishing the need for this program, the average math ACT score in West Virginia is 19.3, while the national average is 20.6. Also, he stated that high school students in the state are struggling in Algebra, with a 30 percent failure rate for students who take it for the first time.

The goal of the West Virginia math program is to "create conditions for every student to be successful in mathematics." Among other objectives provided to the commission, this program will provide an awareness of standards-based instructional materials; provide professional development and support for administrators and teachers; and, provide a smooth transition from public to higher education.

The Director of the Greenbrier County Community in the Schools Program closed the meeting with a brief presentation. The mission of this program is to assist young people in staying in school, gaining a quality education and preparing for life. In addition to other activities, the program provides academic tutoring, after-school activities and career assistance.

LOCHHRA

The Legislative Oversight Commission on Health and Human Resources Accountability (LOCHHRA) is studying two resolutions, SCR 48 and SCR 57, both of which relate to Alzheimer's Disease.

A representative from the Blanchette Rockefeller Neuroscience Institute spoke about their mission and purpose. They stated that there are around 45,000 West Virginians afflicted with, and around 4.5 million Americans suffering from, Alzheimer's. These people are predominantly aged 65-80 or older and treatments are symptomatic and only temporarily beneficial, there is no cure. Costs to America associated with the treatment of this disease is estimated between \$10 and \$50 billion.

The Institute is committed to a cure and is the only institute like it in the country. They are focused on finding a cure for this debilitating disease which robs people of their memories and devastates the families of the victims.

The reasons for Alzheimer's are still unclear although it may relate to protein deposits in the brain and they are currently researching many ways to alleviate the causes and symptoms of this terrible disease.

Legislative Oversight Committee on Regional Jail and Correctional Facility Authority

During June Interims the Legislative Oversight Committee on Regional Jail and Correctional Facility Authority heard from a representative from the West Virginia Division of Corrections. The representative reported that if current trends continue, West Virginia's adult offender population could reach approximately 5,000 by 2005.

In addition, the representative reported that the St. Mary's Correctional Center has completed the construction for housing an additional 192 male inmates. Receipt of these inmates began in March, when the total number of inmates housed at the facility reached over 500. The representative stated that St. Mary's has the potential of adding another 220 beds, however there is no additional federal funding available. Completion of this project would substantially reduce the burden to the regional and county jails that are currently holding a backlog of over 900 offenders awaiting correctional incarceration, according to the representative.

The representative also noted that the Huttonsville Correctional Center and the Charleston Work Release Center have assisted in the relief efforts in flood damaged areas in the southern part of West Virginia.

In a report that outlined some of the West Virginia Regional Jail Authority activities over the past month, including plans for incorporation with the state civil service system. According to a representative from the Authority, Regional Jail Authority employees have been exempt from civil service primarily because they have been a growing agency that is required by Code to grandfather employees from county jails that have been closed due to the establishment of new regional jails. The representative stated that since the last regional jail, Tygart Valley Regional Jail, is within a year of being completed, the issue of grandfathering in county jail employees will no longer be needed and the employees could become a part of the civil service system with legislative approval. Also, the Authority will become one of state government's larger agencies with approximately 1,200 employees.

Aside from the issue of civil service coverage for Authority employees, the representative announced that the last series of the current Economic Development Authority lease revenue bonds that will be issued during July 2004 cannot be used to fund construction for Mount Olive Correctional Center. A budgeted \$12 million had been allocated for the project to add some 144 cells to Mount Olive but the additions will have to be put on hold until another funding source can be determined.

LOCWIED

At the June Interims the Legislative Oversight Commission on Workforce Investment for Economic Development (LOCWIED) heard from a representative of Federal Programs of the West Virginia Bureau of Employment. The representative gave an overview of what the Commission has been working on in recent months.

The bureau monitors the status of the Trust Fund. The Fund has a noticeable decline which started in the third quarter of 2002. Because the Unemployment Trust Fund and the Unemployment Rate are cyclical, more analysis was needed to determine if more indicators concerning the decline, could present themselves.

Some of the indicators were a declining Trust Fund Balance, a flat rate of contributions received (131 million per year), paying out more benefits than contributions received and interest earned on the Trust Fund being instrumental in keeping years prior to 2001 in the black.

Possible solutions to these issues will be presented at future Commission meetings.

The Commission also heard from the Governor's Workforce Investment Division (GWID) on strengthening accountability and performance oversight. The Division manages and distributes the Workforce Investment Act (WIA) funds. A critical activity of the Division is the general fiscal and program oversight of the seven local Workforce Investment Boards (WIB) in various regions of the state.

The GWID is working to review and distribute all initial funding requests by June 30, 2004. Not all of the funding is awarded at the beginning of the year. Also, the GWID can award all or part of the funding of a given request. Any proposals which request less than \$30,000 are encouraged and may receive a higher consideration in the event of a large competitive process. The contracts resulting from a request for proposal are anticipated to start on or after July 1, 2004 and end no later than June 30, 2005. There is no exception for an extension of contracts or additional funding beyond June 30, 2005.

The final presentation was by a representative from the West Virginia Council for Community and Technical Colleges. They discussed the Middle College Program, which is a program of the West Virginia University Institute of Technology. The Program was created to prepare adults for post secondary course work for careers in fields such as allied health and information technology.

The program was modeled after a "Middle College" project taking place in New Hampshire. The goal was to attract students who had not received their high school diplomas to this community college where they could earn their GED and receive specialized training. The Program is successful because of strong working relationships with State Agencies and Community-Based Organizations who make referrals to the program.

Joint Standing Committee on Pensions & Retirement

A spokesman from the Investment Management Board opened the meeting with an update on investments in equities.

According to information he provided, there is good news in the current market environment with international and value stocks solidly outperforming estimates, synchronized global economic expansion and favorable profit comparisons. The representative also shared some bad news, including rising consumer loan growth, rising interest rates, impact of higher commodities prices and terrorism concerns.

A forecast based on the market portfolio reveals that there will be a good return on investment pension plans in Fiscal Year 2004; however, a long-term problem could arise with low returns on domestically-traded stocks and bonds for the next 10 years. The expected return for stocks is 7.5 percent.

To deter future problems, the spokesman offered potential solutions, including: diversifying other asset classes, reducing exposure to lower performing asset classes, taking a more active approach and exploring alternatives. These options could include anything that is not a publicly-traded stock or bond, such as real estate, private equity partnerships and/or hedge funds.

A representative from the State Treasurer's Office then addressed the committee regarding the Municipal Police/Fire Pension and Relief Fund. He stated that 11 offices have not submitted the requested data and a full report will possibly be given in October.

He also told committee members about a July 2, 2004 Supreme Court ruling regarding Fairmont fire pension plans. This ruling unseated a Marion Circuit Court decision that ruled Fairmont's Firemen's Pension Fund was not required to provide cost-of-living increases for pension incomes that exceed \$15,000. According to the spokesman, this could result in an even larger unfunded liability.

More information will be provided during the July interims.

Select Committee A - Flooding & Railroad Issues

Select Committee A heard presentations from various railroad organizations at the June Interim meeting. The discussion concerned the remote operation of locomotives. The committee reviewed the guidelines created by the Federal Railroad Administration Safety Act to address if state laws were in agreement.

One measure House Concurrent Resolution 24, which studies the remote control operation of locomotives in switching operations, was reviewed. The safety and effectiveness of these controls was examined with equal amounts of pros and cons. The largest argument in support of remote operation was that it would allow one train to stretch for over a mile, while enhancing the track changing ability of the locomotive. However, one of the greatest downfalls with this system was the remote can sometimes keep transmitting a signal of track changes for longer than was required - potentially causing derauling or trains being moved to incorrect tracks.

Further studies concerning House Concurrent Resolution 24 will continue with regular updates to the Committee.

Select Committee B - Insurance

There were many speakers present at the June interim meeting of Select Committee B, all representing major insurance providers in the state. A representative from the West Virginia Housing Development Fund expressed concern about the inability to fund some of the housing loans due to smaller appropriations.

The Development has 24,000 loans currently and grants an estimated 200,000 loans each year. Last year the Development purchased 3,000 loans from other loan companies. The average age of a recipient is 32 and the average income was 30,000. The Development currently has an outstanding balance of \$700 million. The average cost of hazard insurance increased by 12 percent this year.

A total of 280 families have other lender provided insurance in addition to a loan from the Housing Development Fund. The Fund is becoming unable to cover many of the expenses incurred due to rising insurance costs. The common complaint about the state's insurance was the lack of predictability and lack of a reasonable degree of certainty.

Three of the major insurance providers in the state spoke to the Committee and all had similar results and conclusions to the current climate of the state's insurance. Most of the companies over the past 10 years have experienced a profit loss for homeowners' insurance in West Virginia. Claims on homeowners' policies have increased significantly over these 10 years.

When comparing claims in other surrounding states and West Virginia, claim frequencies are greater in the Mountain State. The average paid cost per claim in West Virginia for 2003 was \$3,860. Though homeowners' rates have increased for some insurance providers in the past five years, a survey of neighboring states' monthly mortgage payments were significantly lower than West Virginia's. An example of this difference showed residents in Bluefield, WV being paid \$966 per month and residents in Bluefield, VA being paid \$387 per month. These figures are based on a \$140,000 home with a \$500 deductible.

Many insurance providers stopped offering homeowners and car insurance to new customers several years ago. Also, claims filed by a small percentage of policyholders caused a disproportionate share of losses for various insurance providers. Factors driving the cost of homeowners insurance included restrictive cancellation/non-renewal law, valued policy law, bad faith and certain West Virginia Supreme Court Decisions.

Further review of these issues will take place at future interim meetings.

Select Committee C - Pharmaceutical Availability & Affordability

There is a pressing need in our state to control the rising costs of prescription drugs. The Pharmaceutical Cost Management Council spoke briefly on their efforts to further investigate this issue. There is a multi-state initiative to work with primary care centers and create a network of providers who use the Federal Supply Schedule (FSS) pricing. Also, a review of the reference pricing the state uses and how it impacts costs for consumers in the state is also being reviewed.

The issue of potentially raising veterans' pharmaceutical costs by using FSS pricing was found to be false. The veterans' costs would lower substantially if the FSS prices were exercised. More work is needed to examine the full benefits the state could experience by using this pricing option.

The Pharmaceutical Manufacturers updated the Committee on the RxforWV program which is designed to address

affordable costs of prescription drugs to the public. The web-based prescription drug clearinghouse program allows qualified individuals to become linked to one of the 250 existing patient assistance prescription drug programs, which covers nearly 1200 prescription drugs.

Some other government sponsored programs are also part of an inventory of programs linked to the system, such as: Medicaid, Medicare, CHIPS and the Golden Mountaineer Card, as well as a myriad of discount cards. The website cannot only be accessed on-line, but also can be reached via a toll-free telephone call.

Through Friday, June 11, 2004, more than 14,329 West Virginians completed phone calls to the toll-free line. Of this number, 7,935 callers were able to identify a program in which they may qualify for a particular medication, while 6,349 individuals learned that they did not qualify for any programs.

The last presentation was given by a representative from the West Virginia Department of Health and Human Resources, Bureau of Medical Services on the Medicare Modernization Act (MMA). This Act is also known as the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

Some individuals in the state are dually eligible for the MMA and the Pharmacy Drug Program. These individuals are the low income elderly, individuals with disabilities who are enrolled in both Medicaid and Medicare and any persons eligible for Medicaid due to meeting Social Security Income requirements.

Dual eligibles include 18 percent of Medicare beneficiaries, which account for 24 percent of Medicare spending. They also include 16 percent of Medicaid beneficiaries, which account for 42 percent of Medicaid spending. Of these dual eligibles, 25 percent are in nursing homes and are twice as likely to have Alzheimer's, diabetes and have suffered a stroke. Many of these beneficiaries are unsure of what they are eligible to receive and do not know the proper steps needed to start the process.

This is where quality and accessibility of drug benefits for dual eligibles is necessary in the state. An inquiry to the Center for Medicare and Medicaid Services (CMS) could be made to consider using an average inflation factor, based on the National Health Expenditure specific to state Medicaid agencies. Also, another need in this arena is attaining guidance from the Center for Medicare and Medicaid Services for eligibility criteria.

Select Committee E - Racial Profiling

The Racial Profiling Committee met to discuss their scope and mission during the interim period. The committee's scope has been expanded to include all issues relevant to minorities with a focus on economic development in minority communities.

The committee will follow the implementation of Senate Bill 573, which provides a procedure for the Economic Development Authority to address the problems of state minorities as well as other economic issues as they come before the committee.

Also, the committee will look at the achievement gap among minority and low income students and the implementation of House Bill 4669, which provides for the establishment of a five-year professional development school project in areas where the achievement gap exists.

The committee will also attempt to examine minority health issues and continue its study of racial profiling in West Virginia and the recruitment of minority officers in the State Police.

Select Committee F - Campaign Finance Reform

In a United States Supreme Court decision rendered in December of 2003, certain provisions contained in the Bipartisan Campaign Reform Act of 2002, also known as the McCain-Feingold campaign finance reform legislation, were ruled unconstitutional, according to a report issued by counsel for the Select Committee F on Campaign Finance Reform. During the select committee's June Interim meeting, counsel briefly discussed the provisions which were deemed unconstitutional and the impact it could have on the State of West Virginia.

One provision found to be in violation of federal constitutional rights is the independent and coordinated expenditures by political parties. According to counsel, this provision would require a political party which is spending money in a general election campaign to choose between making coordinated or independent expenditures on behalf of its candidate, but not both. The decision of the Supreme Court was to allow both to take place if the political party sees fit. The other provision found to be unconstitutional was a portion that would prohibit minors from making contributions to candidates and political parties. The Supreme Court overturned this provision allowing minors to contribute to such campaigns.

Counsel also distributed material relating to campaign contribution limits of all 50 states, a report conducted by the Reform Institute entitled "Review of Potential Funding Sources for 'Clean Elections' in West Virginia, and a report by the Center for Governmental Studies on ideas for funding public campaign systems.

Representatives from the Citizens for Clean Elections, a conglomerate of over 20 non-profit service organizations, such as the American Agency of Retired Persons (AARP), the West Virginia Council of Churches, the Catholic Committee of Appalachia and the West Virginia Citizens Action Group (CAG), addressed the committee concerning the state's need for a clean, publicly financed election system. According to the representative, in those states which have adopted clean elections systems, positive things are happening. The representative stated that in Maine and Arizona, this reform has freed candidates from constantly fundraising and allowed them to run more issue-oriented campaigns. Also, the representative added that clean elections has enabled more candidates to run for office and increased voter choice, as well as helped reduce the influence of special interests in government decision-making.

Following the presentation by Citizens for Clean Elections, committee members viewed a video regarding publicly financed campaigns produced by the Public Campaign, a non-profit, non-partisan organization stated to be dedicated in developing sweeping reforms that aim to dramatically reduce the role of special interest money in American politics. The video stated that over \$1 billion in private contributions were made during the 2000 presidential election. Also, the video discussed the successes of publicly financed campaigns in the states of Maine and Arizona.

Committee members requested that those opposing the development of publicly financed campaigns be represented at future committee meetings and address the committee regarding their concerns for the development of such systems.

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