
WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0610
(304) 347-4890
(304) 347-4939 FAX



John Sylvia
Director

February 6, 2005

The Honorable Edwin J. Bowman
State Senate
129 West Circle Drive
Weirton, West Virginia 26062

The Honorable J.D. Beane
House of Delegates
Building 1, Room E-213
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0470

Dear Chairs:

In July 2003, the Legislative Auditor presented a preliminary performance review to the Joint Committee on Government Operations on the Steel Advisory Commission and Steel Futures Program. The issues covered were "The West Virginia Steel Advisory Commission Offers A Valuable Service to the State's Steel Industry Which Helps Fuel the State's Economy," and "The West Virginia Steel Futures Program Carries Out the Duties of the Steel Advisory Commission and Plays an Integral Role in Sustaining the State's Steel Industry."

While the original review found that the commission offers a beneficial service to the state at no cost, the commission was not complying with the requirements of the code. The commission is required by statute WVC §31-16-2(g) to meet three times per year, but the review found that the commission had not met since December 10, 2001. In the report, the Legislative Auditor took issue with the lack of meetings, and questioned the necessity of continuing the commission if meetings are not held. Recommendation #2 in the report stated the following:

The Legislative Auditor recommends that the Steel Advisory Commission take the necessary actions to ensure that the Commission meets at least three times annually as required by Code. If the Commission does not begin meeting within the next year, the Legislature should sunset the Commission. (Emphasis Added)

Thus, the commission should have met by July 2004 in accordance with that recommendation. The Legislative Auditor recently requested from the West Virginia Development Office, which provides staffing assistance to the commission, a list of commission meeting dates since December 2001. Development Office staff responded by stating:

Joint Committee on Government and Finance

The Commission has not had a formal meeting since December 2001.

In addition, the previous review identified that the president of Steel Futures Incorporated had resigned. Steel Futures Incorporated is a nonprofit 501(c)(3) corporation statutorily created by the Steel Advisory Commission. Steel Futures Incorporated, which operates as the Steel Futures Program, had a FY 2003 state appropriated budget of \$72,713 that paid the salary of the president, the program's sole employee. The previous review found that the Steel Futures Program was the most active and integral component of the Steel Advisory Commission. At that time, the Legislative Auditor raised concern about the president's resignation by stating in Recommendation #7:

The Legislative Auditor recommends that the Steel Advisory Commission and the West Virginia Development Office take steps to expedite the process of naming a new President to Steel Futures Inc.

This recommendation was stated so that the program and commission could continue to effectively pursue current projects, and to ensure that potential benefits to the industry would not be foregone. Without the president of Steel Futures Incorporated, the Steel Futures Program does not operate. Thus, no official activities of the commission or program have been active for one and a half years. Regarding this vacancy, the Development Office responded by stating that:

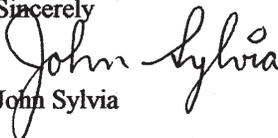
No one has been appointed to replace (the president) of the Steel Futures Corporation since his resignation (in 2003).

With this updated information, the Legislative Auditor recommends that the Steel Advisory Commission/Steel Futures Program should sunset. The Steel Advisory Commission has not met in over three years, and the Steel Futures Program has been defunct approximately one and a half years since the resignation of the president. When conducting a sunset review, West Virginia Code §4-10-11a states that the Joint Committee on Government Operations shall determine whether the service for which the agency was created has been provided. Evidence of the commission's and the program's inactivity suggests that the service for which the commission and program was created has been provided. Thus, continuation of these entities is no longer necessary.

The Legislative Auditor cannot identify any discernible and adverse effects by discontinuing the commission and program. Communications with the member companies continues by the Development Office staff as its responsibility of representing the state's industries. In the opinion of the Legislative Auditor, the Development Office can continue to represent the steel industry in place of a Steel Advisory Commission/Steel Futures Program. In addition, the Development Office staff has continued to monitor the ongoing project at West Virginia University that is supported through a grant that was solicited by the president of Steel Futures Incorporated. Thus, this project will be continued. The Development Office staff could possibly be responsible for soliciting steel industry grants if necessary in the future, as an extension of their normal duties representing the state.

If any additional information is required, please contact me at 347-4890.

Sincerely


John Sylvia