

State of West Virginia

Executive Budget

Fiscal Year 2008

Volume I

Budget Report



Joe Manchin III
Governor



State of West Virginia
Joe Manchin III
Governor

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January 10, 2007

To the Members of the 78th Legislature of the State of West Virginia:

In accordance with the Constitution of the State of West Virginia, presented herewith is the Budget Document for the fiscal year ending June 30, 2008. It details a complete plan for proposed expenditures and estimated revenue for the fiscal year. The document includes statements of the following:

- 1) Bonded Indebtedness of the State of West Virginia;
- 2) Cash and investment balances of all funds of the State of West Virginia;
- 3) Revenues for all funds of the State of West Virginia; and
- 4) Revenues, expenditures, and changes in fund balances for Fiscal Year 2008.

The budget presented is a balanced budget with a maximum spending level for the General Revenue Fund of \$3,867,650,000.

I look forward to working with the 78th Legislature of the State of West Virginia to meet the challenges and opportunities to continue to move West Virginia forward in a rapidly changing international economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Manchin III".

Joe Manchin III
Governor

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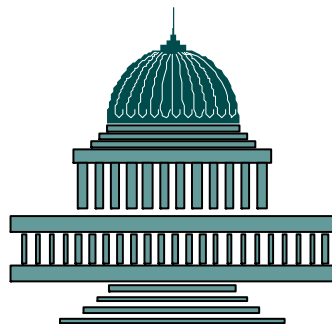
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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of West Virginia

West Virginia

For the Fiscal Year Beginning

July 1, 2006

Handwritten signature of Carla E. Judge in cursive.

President

Handwritten signature of Jeffrey R. Emer in cursive.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the State of West Virginia for its annual budget for the fiscal year beginning July 1, 2006.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

FY 2007 Executive Budget Report
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Reader's Guide to the Executive Budget

Volume I Budget Report

The Executive Budget

The Governor is mandated by the West Virginia Constitution to submit a budget for the upcoming fiscal year to the Legislature and to the citizens of the state. The *Executive Budget* presents a complete plan of estimated revenues and proposed expenditures for the fiscal year, any recommendations the Governor may desire to make as to the important features of the budget, and any suggestions as to methods for reduction or increase of the State's revenues.

In essence, the budget document is the means by which the Governor presents a continuous and timely flow of accurate information relative to the financial condition of the State. In addition, the document features relevant information concerning the needs and operations of the various agencies and departments of the State through narrative and financial detail.

The budget is presented in three separate documents:

- ***Volume I Budget Report*** offers supplemental budgetary information such as the executive message, financial statements, budget planning, economic forecast, capital projects, and state profile. It is described below in greater detail.
- ***Volume II Operating Detail*** contains narrative and financial information on all the departments, bureaus, commissions, agencies, divisions, and programs of state government.
- The **Budget Bill** includes the language required to legally enact the budget or appropriations bill. Upon passage by the Legislature, the Budget Bill becomes the Budget Act and appropriates by spending unit the expenditures necessary for the economical and efficient discharge of the duties and responsibilities of the state and its agencies during the upcoming fiscal year.

Budget Report

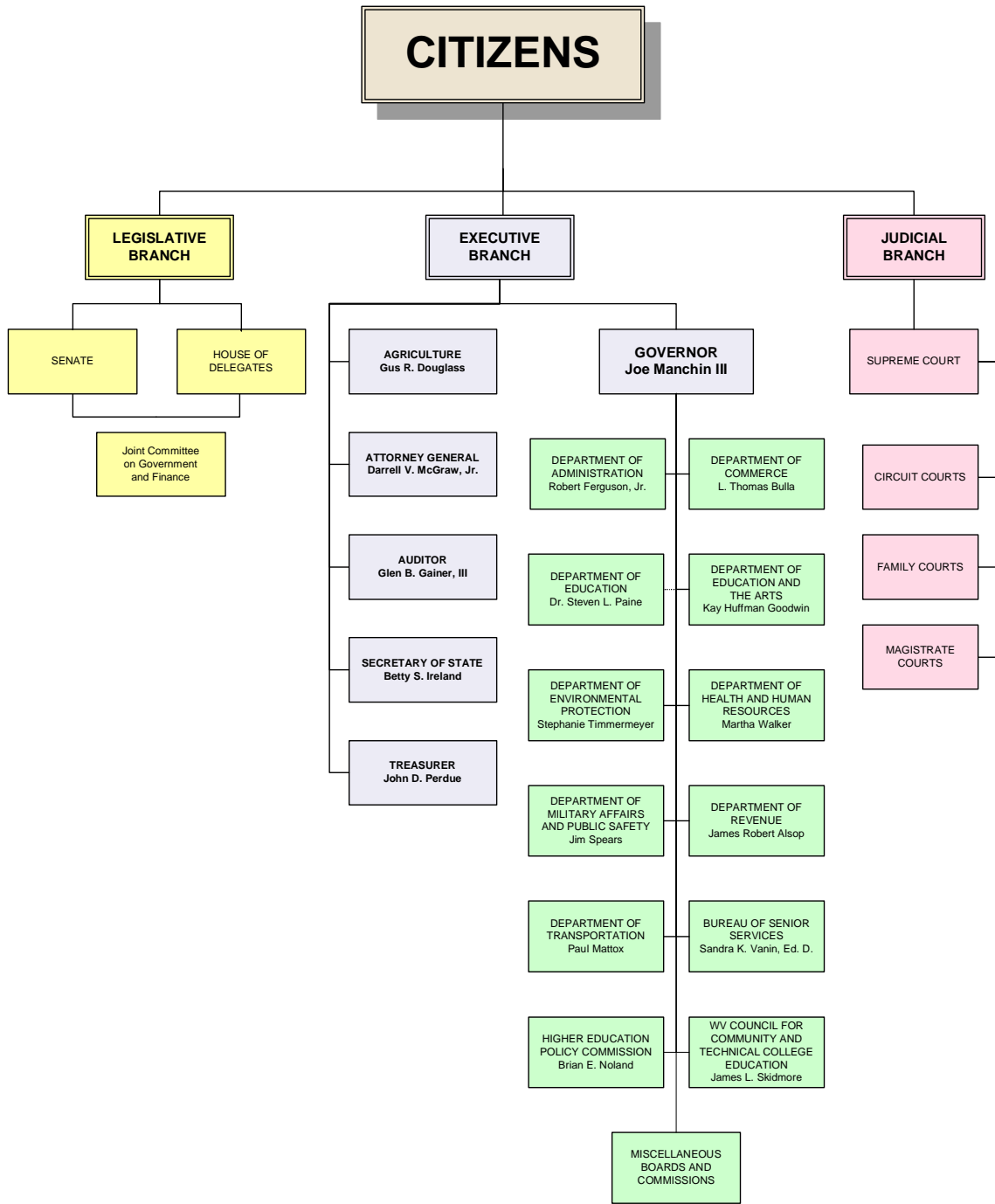
The Budget Report contains:

- "Governor's Executive Message"—major goals and objectives addressed by the budget.
- "Summary Financial Statements"—an overview of available revenues, expenditures, bonded indebtedness, and fund balances.
- "Budget Planning"—items such as:
 - * The Six Year Financial Plan
 - * Budget overview that includes the budget process, including the budget calendar and financial policies.
 - * A detailed explanation of major revenue sources and the distribution of funds.
 - * "Long-Range Issues"—an overview of how the State is addressing major long-range issues and concerns.
 - * "Debt Summary"—information relating to the general, special, and moral obligations of the State, including summary of general long-term debt and debt service requirements.
 - * Schedules of budgeted, full-time equivalent permanent positions.

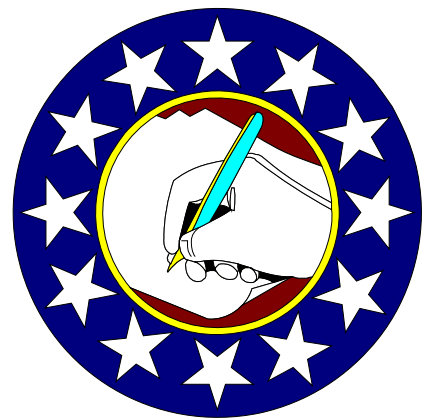
Reader's Guide to the Executive Budget/Volume I Budget Report

- “Economic Forecast”—a comprehensive, up-to-date forecast and analysis of the economy as it relates to West Virginia and to the nation.
- “Capital Projects”—projects/programs currently funded in FY 2007, recommended for FY 2008 (with brief descriptions), and projected for FY 2009 through FY 2012.
- “State Profile”—a profile of West Virginia with relevant information concerning West Virginia profile, government, geography, and demographics and economics.
- “Appendices”—a glossary of budgetary terms and a list of the commonly used acronyms.

State of West Virginia



EXECUTIVE MESSAGE



Governor's Executive Message



Governor Joe Manchin III
State of West Virginia

At this time last year, we were mourning the recent deaths of our courageous and dedicated Sago miners—and hoping for the recovery of survivor Randal McCloy, Jr. Never could we have imagined that our suffering as a mining state was only just beginning. As you know, one short week later we were once again left to pray for men trapped in a deep, cavernous mine not long after they had kissed their families goodbye and headed off to work. And once again, we would sadly discover that their safe return was not meant to be.

I believe we all learned a great deal from those dark days—we learned about our State, we learned about our people and, most importantly, we learned that just maintaining the status quo when it comes to mine safety is no longer acceptable.

As a result, we worked together to pass in one historic day during last year's legislative session, a mine safety bill that would eventually lead the way for the first national mine safety legislation to come out of Congress in over 25 years. And now, every miner in every state can be confident that if the worst should occur, there are practices being put in place to aid in their survival.

But as proud as I am of that legislation, it was only the beginning of our State's commitment to our miners and their families—and to the miners who continue to strap on their boots and go to work in our mines today. We must never forget that they are not only providing for their families, they are providing a valuable service for our country by ensuring that our nation has the energy it needs to succeed.

Much has been accomplished over the last twelve months to better protect these hard working West Virginians. From the creation of a ground breaking system for first responders to the implementation of cutting-edge mine safety technology, our work has served as an example for the rest of the nation to follow.

But with 24 mining-related deaths recorded in our State in 2006, it is clear that there is still much more left to do.

As a result of the hard work of our Office of Miners' Health, Safety and Training, our Mine Safety Technology Task Force and my special advisor on the Sago and Aracoma investigations, Davitt McAteer and his team, I bring to you this legislative session proposals that will better protect the miners and families of today and keep our promise to the families of our lost miners that their loved ones did not die in vain. With your support, their legacy will continue to live on through our continued improvements to mine safety.

Governor's Executive Message

First, the Director of the Office of Miners' Health, Safety and Training has recently doubled the State's mine rescue capabilities by designating approximately half a million dollars towards: establishing and equipping a new mine rescue station in the northern part of the State; establishing and equipping two additional mine rescue teams in West Virginia, bringing the total number of State teams to four, one in each of the Office's regions; and, purchasing a "bunk" trailer and associated resources for the use of State mine rescue teams when called to an emergency.

I am also directing an additional \$4 million to next year's budget for the Office of Miners' Health, Safety and Training which will be used to: hire five additional safety inspectors and nine additional safety instructors; increase mine rescue training time from 50 to 96 hours per year per team member; offer more competitive salaries to mine inspectors and instructors so that we can attract the highly qualified and capable workers needed to perform these responsibilities; increase salaries of existing instructors and inspectors so that we can retain our best and brightest; purchase additional mine rescue equipment; and, continue the abandoned mine mapping project.

Likewise, the regulatory authority given to our inspectors needs to be reviewed and updated. First, we must review and take steps to ensure that the Office of Miners' Health Safety & Training has sufficient authority to encourage compliance and we must do a better job in coordinating our inspection and other enforcement activities with the Federal Government and MSHA. Additionally, we have learned much from the tragedies of the past twelve months. The explosion at Sago, as well as similar tragedies in other mining states, have raised significant concerns about the use of alternative seals in underground mines – concerns that prompted our Office of Miners' Health, Safety and Training, and then the federal government, to place a moratorium on the use of these alternative seals. I too am committed to ensuring that sealed areas are safe and will do all that is necessary to properly monitor and take appropriate action to protect our miners from the hazards of an explosive mine atmosphere. Similarly, we must also ensure that the use of "belt air" to ventilate our coal mines is done in a safe and appropriate manner.

Once fully implemented, these plans and proposals, coupled with other initiatives such as the continuation of the International Mining Health and Safety Symposium that will be hosted by Wheeling Jesuit University in April, will go a long way toward making West Virginia the safest mining state in the nation and set the standard for others across the country and the world to once again follow.

Workplace Safety

However, while our focus has certainly been on improving the safety of coal mining, this year has also taught me that we can't, and shouldn't, take the safety of any of our West Virginia workplaces for granted.

First, I want to acknowledge our Division of Homeland Security and Emergency Management for continuing to be recognized nationally for its efforts in regional evacuation planning through awards such as the Disaster Recovery Award given by the All-Hazards Consortium and for its grants monitoring system, named as a "Best Practice" by the National Criminal Justice Association. Congress also recently required that West Virginia be added to the National Capitol Region evacuation and interoperable planning discussions.

Collaborating closely with Verizon our Division of Homeland Security and Emergency Management is also working on several important emergency response projects. The first of these is expanding our Mine and Industrial Accident Rapid Response System to quickly identify emergency response information for not only every mine but every industrial site in West Virginia. The goal is to store critical information into the Accident Response System for as many work sites in West Virginia as possible, detailing the closest rescue teams and equipment as well as current mine or industrial site maps.

The second project underway with Verizon is the development of a system that will allow for the electronic reporting of hazardous chemicals by businesses and industries in West Virginia. By automating this process, first responders,

Governor's Executive Message

including police, firefighters, EMT's and other critical personnel who put their lives on the line to save others, will have access to the most current information when responding to accidents at Chemical facilities or other locations that store hazardous materials.

And, the third project is one that we have been working on with Verizon engineers for some time – developing the capability to connect all Emergency Operations Centers in the State through a dedicated network system with video and audio conference calling capability.

Each of these projects will greatly enhance our State's ability to respond to a crisis and to protect our workers, our citizens and our first responders. I certainly want to thank Verizon for their \$1.7 million grant to the State of West Virginia that made these efforts possible.

However, in exchange for increased safety efforts, employers should be able to reasonably expect that their employees will show up to work and perform their duties under their best conditions possible as well. Too often these days, we hear of drug abuse affecting our workforce. Therefore, to highlight the importance of operating a drug free workplace, I am proposing that State government lead the way by adding a drug test requirement to the hiring process for all new State government employees. This will signal to companies and workers throughout West Virginia that this administration and Legislature take seriously our responsibility to have drug-free representatives of the State of West Virginia. For the safety of everyone involved, when hiring a child protective services worker, a daycare center screener, a homeland security employee or even a data entry clerk who has access to citizens' personal information, we must know that we are selecting only drug-free individuals to fill these important positions.

Turning attention to the most important people in our lives, our children and grandchildren, an important by-product of our mine and industrial emergency response project is the ability to also develop a similar application that will enhance our response to school emergencies—because as events throughout our nation have unfortunately demonstrated, we must not only be committed to having safe workplaces, we must be committed to having safe schools as well.

Once completed, this system should provide resources during a school emergency that can identify critical information such as school floor plans, locations of hazards and means of access for emergency responders. This system will be web-based and have the ability for each county to log-in and update data as needed, giving first responders the most current information possible during a crisis.

Also, in an effort to limit the likelihood of such emergencies, it is critical that our schools be constructed and maintained in a manner that provides necessary protections for the safety and security of our children. Accordingly, I am asking the Legislature to dedicate \$10 million of one-time funds towards the creation of a School Access Safety initiative to help county boards of education better secure and monitor access to our public schools. This initiative, which will be spearheaded by the School Building Authority, will provide much needed funding to local boards for security upgrades and will increase coordination between educators, local law enforcement, parents and local communities.

But even with these initiatives and proposals, I also know that we can't predict every eventuality and that the State can't meet all of its safety challenges alone. Every West Virginian wants to find a way to help during times of crisis and suffering but isn't always sure of how to do so, which is why we have a website called VolunteerWV.org. You can search VolunteerWV.org for volunteer opportunities in your own community or around the State that match your interests and skills. Regardless of the crisis, volunteers are a major part of the solution.

And with that in mind, I also want to take time tonight to thank our State's veterans and those who are currently serving our country in the armed forces at home and abroad. Last Easter, I had the opportunity to travel to the Middle East to visit with our West Virginia troops stationed in Kuwait, Afghanistan and Iraq. No matter your feelings with regard to the purpose of their deployment there, rest assured you can all feel proud of how they

Governor's Executive Message

represent our State and their dedication to duty. As is also the case with the West Virginia National Guard troops I visited just last month in New Mexico, currently charged with protecting our country's border. We must never forget that we have the ability to gather here freely because of the tens of thousands of West Virginia men and women throughout history who have stepped up and answered the call of duty on behalf of our State and our nation.

Productive Efforts

But while mining, workplace and other safety issues have affected us greatly during these last 12 months and certainly deserve our continued attention, they are not the only issues that have defined us as a State this year.

Working together in 2006 with a very responsible Legislature we were able to:

- record the first overall reduction in the growth of State government employment in more than a decade;
- put close to \$1 billion towards debt reduction;
- increase our State Police's ability to get controlled substances off of our streets and to arrest felony drug offenders;
- enact one of the toughest sex offender and child abuse and neglect laws in the nation;
- put into practice the Preventive Care Clinic Based Health Care Plan and the Affordable Insurance Health Initiative; and
- receive national recognition, with the assistance of groups such as AARP and the West Virginia Primary Care Association, for having the only state-sponsored call center in the country dedicated to helping seniors understand and enroll in the Medicare Prescription Drug Program.

Responsible Government

And because of our recent economic growth as well as our collective commitment to running a Responsible Government, I am pleased to report that the State has a positive financial outlook for FY 2007 and FY 2008. The budget submitted for your consideration is not only balanced for FY 2008, but once again dedicates significant one-time moneys for payment of our unfunded liabilities.

As you will see from reviewing our five year budget forecast, a practice we first began last year in order to give you the same budgetary picture that I receive as Governor, while we are projecting challenging times ahead beginning in FY 2011 due to increases in PEIA, Medicaid, corrections spending and inflation, the responsible decisions made in FY 2006 and FY 2007 have caused conditions to improve over the five year forecast. If we can continue to make good, responsible decisions, we hope to be able to contain spending growth so the future impact of projected deficits can have minimal impact on taxpayers. But we must continue to act responsibly or we will be faced with significant difficulties during the forecast period.

To that end, I am bringing to you recommendations from both Phase I and Phase II of the cost savings report my administration commissioned from the nationally recognized consulting firm Public Works. The Phase II report was just completed and coupled with Phase I these reports identify specific areas within State government where millions of dollars of significant cost savings can be generated over the next five years. In fact, we have already saved more than \$26 million by administratively implementing many of these recommendations over the last few months with more to come. The cost-saving items detailed in the report that require legislative approval include many common sense recommendations such as strengthening our Medicaid fraud false claims rules and penalizing late vehicle registrations.

Governor's Executive Message

These savings and many others that we strive to achieve every day add up. In fact, due to our success during the last two years in identifying, and then following through, on ways to save money and run a Responsible Government, not to mention our recent economic growth, we have been able to return significant money to State taxpayers' pockets, mostly recently in the form of our tax modernization efforts. As you know, during November's special session, with the support of the AARP, Council of Churches, AFL-CIO, and West Virginia Chamber of Commerce, we took action to cut our food tax in half by 2008; created a low-income family tax credit; doubled the Senior Citizen refundable property tax credit; cut our business franchise tax; and reduced our corporate net income tax.

And now that these special session bills have been passed and signed, we will be continuing our comprehensive tax modernization efforts during this regular session as well. For example, the Tax Modernization Workgroup has recommended several initiatives that will promote local autonomy and enhance the ability of local governments to collect taxes owed, and we will be proposing some of those initiatives, including information sharing among local officials. These common sense solutions to our system will serve to provide local governments with the tools necessary to collect taxes owed, which will in turn enhance fairness. It will also take strides toward allowing local governments to have the ability to control their own destiny.

I, obviously, also want to continue to expand our economy. Through diversification, we can help to eliminate the boom and bust economic cycles that have afflicted West Virginia in the past. I want to attract new business to this State through a targeted approach, as opposed to the shotgun approach of old, and will be proposing an incentive that will provide significant and long-term tax credits for certain types of entities engaged in high tech manufacturing—an industry we don't currently have in West Virginia. We must also continue to modernize our tax system by moving forward to eliminate elements of our tax system that serve as nuisances to our businesses.

And, finally, we will propose a tax credit for the automobile privilege tax on individuals moving into West Virginia. Many people who move into this State, especially in our border counties, fail to register their car here either in an attempt to avoid paying the privilege tax or because of the regressive manner in which we currently collect the tax. Not only does the State then lose the tax, but our counties lose precious personal property taxes on those automobiles as well. Our program will be designed to ensure that individuals with automobiles in West Virginia will register those cars here.

Also as part of our Responsible Government efforts, we will once again dedicate a portion of our budget for salary increases and supplements. During my tenure as Governor, we have already put more than \$115 million towards teacher pay raises and supplements, including the first comprehensive teacher pay package in over 15 years, not to mention the \$672 million we have allocated to our Teacher's Retirement Fund, with another \$59 million above and beyond our normal payment schedule being allocated this coming year as well. We have done our best to be fair, to be progressive—and to act responsibly. To continue those efforts, this year for our professional educators—our teachers—I will be proposing a 2.5% across the board raise. This will bring the total amount of new dollars dedicated to our teachers, their benefits and their retirement since I first took office two years ago to \$874 million.

And, because I believe that State government should share a portion of the surplus generated during good years with its hard-working employees who helped to make that year a success, just as we encourage our State's businesses to do, I am proposing a 2.5% one-time employment incentive payment for our State employees, to include school service personnel, with a minimum incentive payment of \$600 and a maximum of \$1200.

I have also included in my budget an additional \$2.7 million to provide more in-home services to our senior citizens as well as an additional \$1 million for in-home senior meals and \$700,000 for Alzheimer's respite care.

Governor's Executive Message

Economic Growth

However, as we all know, the best thing that we can do to improve services and pay and to positively impact our State's current and future budget is to continue to grow our economy. In the last two years, employment in West Virginia has risen by more than 18,000 jobs with approximately \$3.5 billion worth of business investments being made in our economy. This is significant progress, but it is certainly not enough.

First of all, our State and our nation are at an energy crossroads. Global demand for energy is growing at a break-neck pace and sources of energy are becoming increasingly scarce. As a result, the choices we as Americans and West Virginians make today will determine whether we can achieve prosperity and security in the future or whether our fate will be decided by factors outside of our control and by those that do not have our best interests at heart. That is why as Chair of the West Virginia Public Energy Authority I have tasked my fellow members to work with the Department of Commerce, industry, the environmental community, academia, and the public at large to develop an energy plan for West Virginia that promotes technologies that increase our energy supply, creates new employment opportunities, helps to protect the environment, and, most importantly, reduces our nation's dependency upon foreign sources of oil. The primary goal of the plan is to make West Virginia independent of foreign oil by the year 2030, and as Chair of the Southern States Energy Board I will be actively encouraging other states to follow suit based upon their own access to resources.

In addition, we must step up as a State and acknowledge the growing problem of illegal and undocumented workers that is affecting our workforce. Encouraging competition for jobs among hard working West Virginians is good for our development as an economic force, but encouraging competition for jobs between legal and illegal workers is not only unfair, it is unacceptable. To combat this emerging issue, I have directed our new Commissioner of Labor to hire additional inspectors. These new inspectors will focus their energies on stamping out the use of undocumented and illegal workers in West Virginia. So, if you're a company that currently utilizes these types of workers, or if you are paying your employees cash under the table, be on notice that you need to quickly come into compliance, because we are determined to make sure every business and every employee in West Virginia is competing on a level playing field.

We also need to be at the forefront of technology. You will often hear me mention initiatives that are technology-based, but none of these progressive concepts will be accomplished if we do not continue our efforts to expand broadband access in West Virginia. Since the beginning of our administration, the two largest providers of broadband in the State, Verizon and Frontier, have made DSL broadband services available to approximately 110,000 additional households and small businesses and expect to expand broadband out to an additional 75,000 households and small businesses in 2007.

However, even with this progress we still rank among one of the lowest states in the nation in broadband availability and use. With continuing cuts to the federal transportation budget, it is impossible for our State to build all of the four-lane highways that we want or need; but it is possible to establish ourselves as a State that is broadband wired from border to border and can, therefore, effectively communicate and interact with people and businesses not just across the country but around the world. Our goal as an administration, working with the Legislature and many service providers—both traditional and non-traditional, is that by 2010 all West Virginians will have the opportunity to use broadband at home and at work. Just like our efforts to expand water and sewer availability in West Virginia, broadband access is an essential piece of infrastructure that is critical to our future success.

And speaking of water, just a few weeks ago, with the strong support of our West Virginia Congressional delegation, Congress reauthorized the Abandoned Mine Lands fund, money critical to the public health and safety of our citizens living near old mines. The reauthorization freed up nearly \$1 billion in funds over the next 18 years for West Virginia to clean up the effects of pre-law mining on our land and water. As a result, I am announcing tonight that I am committing over \$58 million of this appropriation to bring clean drinking water to all of the 38 communities

Governor's Executive Message

currently listed on the Abandoned Mine Lands Waterline List by 2010. This will happen up to 10 years sooner than originally planned and will impact at least 7,000 West Virginians. Communities like the city of War in McDowell County, Birch River in Nicholas County, and Danese in Fayette County will have clean water flowing from their taps in the foreseeable future. This is exactly the infrastructure progress we need in West Virginia to build our communities and grow our economy.

And as I have often said, we also need to take pride in the appearance of our communities so that they are attractive to businesses, tourists, and residents alike. As you know, one of my first actions as governor was to re-institute the State's Rehabilitation Environmental Action Plan—REAP.

I am pleased to report that in 2006, REAP, working with close to 30,000 West Virginia volunteers, has: cleaned up more than a thousand unsightly open dumps, over 3,800 miles of roadways and 236 miles of streams; recycled over 1,300 tons of scrap steel; collected over 20,000 tons of solid waste and 340,000 waste tires; and, awarded \$1.1 million in recycling and litter control grants. Additionally, in conjunction with REAP, conservation officers have worked nearly 13,000 hours this year investigating violations of hazardous waste, highway litter, solid waste, stream litter, and stream pollution laws.

While REAP has certainly made its mark, I am announcing today a new initiative in which each county will follow a standard operating REAP procedure that will enable them to clean up their communities. Under this plan, which is being implemented administratively by our Departments of Commerce and Environmental Protection, county governments have a three-year timeframe to implement certain litter control measures in order to qualify for state economic development grants. Quite simply, if a county wants to receive state dollars for its economic development efforts, it must first demonstrate its commitment to keeping the county as clean as possible in order to better attract and retain businesses, tourists and residents.

I also want to take time tonight to tell what I think is a real West Virginia success story. Last year, in the city of Huntington, West Virginia a Contact Center company went out of business, leaving behind approximately 400 employees, its leased building, and many resources. One of the employees affected by this closing was Terri Duncan, a native West Virginian. Terri, like most West Virginians, went looking for work first in the Mountain State but discovered it was difficult to find opportunities in her chosen field, so she reluctantly began an out-of-state job search. This search led her to an interview with another Contact Center-based company called PRC—one of the nation's leading providers of outsourced customer management services to Fortune 500 companies. As she was talking to PRC, she told them it was unfortunate that they weren't based in West Virginia, because we had the perfect workforce, and perfect site, ready and waiting for them in Huntington. Well, to make a long story short, one discussion led to another . . . and then another . . . until Terri was not only able to stay in West Virginia and work in her hometown of Huntington, but she had helped convince PRC to come there as well - and to bring 600 to 700 new jobs with good benefits along with them!

You hear me talk often about the need for our State, our government and our people to develop an "Open for Business" mentality—well, Terri Duncan is an example of how one person, with the right attitude, can make a tremendous difference in West Virginia. She had an opportunity to sell her own skills and assets to PRC, but she chose instead to go out of her way to sell the skills and assets of the entire State of West Virginia and its workforce.

While I have other priorities for this legislative session, and for this year, you will soon see that they too are intertwined with the concepts of job creation and economic development.

For example, as I'm sure PRC would agree, for our job creation efforts to be successful we need an educated workforce.

Governor's Executive Message

Education

I can't travel anywhere on an economic development trip, whether it's in West Virginia, across the country or around the world, without hearing from companies about their need to find an educated and dedicated workforce.

As West Virginia native and Cisco President and CEO John Chambers has said, "Jobs will go wherever the best workforce is . . . [and that increasingly hinges on] ability."

And the abilities needed to secure a good job are changing. As MIT economics professor Frank Levy told our P-20 Jobs Cabinet during October's West Virginia Competes Forum, jobs that relied on workers to follow simple instructions are disappearing, replaced by automation and low-cost overseas labor. Workers in today's economy must have the advanced thinking, language, and reasoning skills to solve problems intuitively and adapt to changing conditions. So, with a changing world economic climate, we need to look closely at our State's education and workforce development programs.

Last month, our P-20 Jobs Cabinet, made up of State, business, community, and education leaders, issued a series of recommendations related to curriculum transformation, communications, teaching excellence, strategic partnerships, and leadership.

In terms of curriculum transformation, I will continue to work with the Cabinet to implement the 21st Century Learning initiative. As you will recall, my wife Gayle and I joined Superintendent Steve Paine and State Board President Lowell Johnson in late 2005 to announce that West Virginia was only the second state in the nation to become a 21st Century Skills partner. A year later, we have already begun to receive national and international recognition for our efforts. And in June, we will welcome the national board of the 21st Century Skills Partnership to Charleston for their annual meeting and best practices institute, which includes leaders from Apple, Dell, Microsoft, Cisco Systems, and the National Education Association, among other prominent organizations.

We will also establish a public outreach campaign to emphasize the value of education and the importance of pursuing a college education. This campaign will show students why they should take a rigorous high school curriculum and how they can plan, and apply, for college.

The Jobs Cabinet also recognizes that a quality, caring teacher is essential to student learning. The gold standard in measuring teacher quality is National Board Certification, a very competitive process that sets high, professional standards for what teachers should know and be able to do. Therefore, I will propose an increase in the salary bonus for teachers who earn National Board Certification. I am also asking communities across the State to follow the lead of the Wood County Chamber of Commerce, which consistently matches the State salary bonus for any Wood County teacher that achieves National Board Certification.

I will also create by executive order the Governor's Workforce Planning Council. This council will identify current and future workforce needs, communicate these needs to our two-year colleges, and ensure that our academic programs are ready to meet these needs.

As I've said, educators are critical to these efforts—educators like Sarah Morris, an English teacher at Berkeley Springs High School who is our 2007 West Virginia Teacher of the Year. Sarah is passionate about teaching and represents the quality of educator we want in our classrooms in West Virginia. I also want to acknowledge John Myers and Mike Lutz of Toyota and Fred Early of Blue Cross Blue Shield, representing two of our most successful West Virginia businesses, for once again supporting our State's Teacher of the Year program.

Governor's Executive Message

We must continue to work together as educators, business leaders, parents, and public servants to assure that every West Virginia teacher and student has the knowledge and skills needed for this new economic world in which we now live.

Therefore, I am announcing tonight a new program called SEEDS—which stands for Student Educational and Economic Development Success. SEEDS draws from the best-practice program pioneered by the Council for Educational Change in Florida and on the experiences of CEOs and principals who have participated in the program there. In West Virginia, SEEDS will be a public/private partnership between the State of West Virginia and The Education Alliance, our statewide business/education partnership. Its objective is to transform struggling schools so that all West Virginia students and families have the opportunity to benefit from a high-quality education. The Florida test case shows that 80% of participating schools show measurable, dramatic gains when principals use business practices to stay focused on their strategic goals and the needs of their customers—who are parents, businesses, the State, and the nation. These business practices include age-old tools of effective organizations: time management, goal setting, measurement of performance, commitment to customer service and the delivery of a high-quality product, professional excellence, professional development, and investment in technological innovation.

SEEDS will be used as a tool to help those schools that most need intervention and whose principals are open to change and are enthusiastic about the program's infusion of new thinking and tactics.

We must use this same type of new thinking when dealing with our adult job seeking population as well—which is where the development of West Virginia's official Web portal comes in.

This portal will serve as the central Web site where West Virginians can go to quickly find the state government information they need in a user-friendly, easy-to-navigate setting. However, in conjunction with the West Virginia Jobs Cabinet, we will also utilize this State portal to provide a place where workforce development resources can be centralized and where education, training, professional licensing, and new job opportunity resources can be accessed. Once fully implemented, you will be able to use this portal to find job openings anywhere in West Virginia, ascertain the qualifications required for those jobs, and search for where and how you can obtain the qualifications desired.

Also, in an effort to reinforce our healthy lifestyles efforts as well as to better protect our local community schools, I am announcing tonight that I am directing the School Building Authority to change its funding guidelines to give more weight to "health and safety" and less weight to "economies of scale" when making its funding decisions.

Additionally, I have said from the beginning of my administration that if we are taking care of our children by providing the Five Promises, we will be headed in the right direction. Through the generosity of Chesapeake Energy, a company I proudly welcomed to West Virginia last year at this time, we now have funding over a three year period to provide a statewide America's Promise Director, Pam Dugan, who will be facilitating community efforts across this State, sharing the resources and support needed to help assure that all of our children have an opportunity to grow into caring, competent adults with marketable skills who can succeed in this 21st Century.

Health Care

And once we have the educated, and hopefully healthy, students and adults who are ready to enter into the workforce and fill the jobs that we are attracting through our economic development efforts, we need to do all that we can to keep them healthy and productive - and to provide them with the tools necessary to properly manage their health care needs.

Governor's Executive Message

The West Virginia Healthy Lifestyles Coalition has spent the last several months fulfilling its Action Plan, which includes utilizing funding from the Claude Worthington Benedum Foundation to collaborate with the WV Main Street Program to develop infrastructure to implement consistent, comprehensive obesity prevention and control strategies at the local level and to provide seed dollars for the implementation of community projects focused on increasing physical activity and increasing the consumption of fresh fruits and vegetables.

In addition, a number of West Virginia-developed health initiatives, including the CARDIAC Project, a statewide health screening program, the popular Dance Dance Revolution program West Virginia Games for Health and the “I am Moving, I am Learning” Head Start series have received tremendous national attention, in part as the only statewide projects of their type in the nation, and the professionals who are leading them are now being sought to share their experiences and expertise throughout the country.

West Virginia, the Healthy Lifestyles Coalition, and its partners are now exploring a collaboration with the Robert Wood Johnson Foundation to conduct a large scale comprehensive evaluation of the impact of our original Healthy Lifestyles legislation. This project will allow us to determine if the legislation is in fact affecting the health of our children. I feel strongly that this endeavor, if successful, has the potential to showcase West Virginia as a national model and to promote the great health-based work that is being done daily across our State.

And to further the efforts of our Healthy Lifestyle Coalition, we are going to take advantage of the experience and knowledge of one of West Virginia's best. As Honorary Chair of the West Virginia Healthy Lifestyles Coalition, Phil Pfister, a West Virginia native and the undisputed World's Strongest Man Champion for 2006, will help with all facets of our efforts, including marshaling our resources, recognizing people who are making a difference, and educating children on the importance of starting their healthy habits early.

You also hear me speak all of the time about the need to be able to make our healthcare system more consumer-friendly. Healthcare is one of the only industries in America in which we as citizens don't demand accountability. We are given very little opportunity, if any, to shop around for the best price and service, and then, once a medical procedure is complete, we don't know if the services we're being billed for are actually the services we received.

So, in order to enable consumers to become more active in the management of their health, I am announcing today the launch of a new healthcare effort called CompareCare West Virginia. By visiting the CompareCare website at www.comparecarewv.gov, consumers will be able to see timely and trustworthy information on how much West Virginia hospitals charge, on average, for the most common medical procedures and diagnostic testing.

The site will also present a credible selection of national Quality of Care reports for consumer use in evaluating West Virginia hospitals and will provide an extensive resource of related health sites covering a wide range of relevant topics.

The first version of this site will be activated this month and is scheduled to be updated quarterly, with more procedures and testing choices added as the site continues to develop.

And, as another important step in the right direction, the West Virginia Hospital Association is working on a simplified “patient-friendly” bill for you to receive at the end of your next hospital procedure or stay. This hospital bill should be much easier to understand on the front and on the back will provide you with information on bills you might be receiving from other providers, separate from the hospital charges but related to your procedure. This will enable you to have a clearer idea of what bills you should expect and plan for.

I am also pleased to propose to the Legislature the next big step in West Virginia's e-medical records work—the introduction of e-Prescribing. With the appropriate information technology, doctors will be able to safely and securely send prescriptions over the Internet or other networks to waiting pharmacists. By digitalizing the

Governor's Executive Message

prescription process, health care providers, payers, pharmacies and, in turn, patients will realize significant cost-savings. In addition, e-Prescribing has been shown to reduce the prescription error rate by up to 85%.

The Future of West Virginia

It has certainly been a challenging year for West Virginia—but it has been a productive and encouraging one as well. While there have been tragedies, there have also been triumphs. Together, we have stood tall in the face of adversity and come out the other side stronger, and more committed to each other and our State, than ever before.

The eyes of the world have been focused upon us, and as a result the image of West Virginia has been forever changed. Millions now know not only who we are, but where we are. They know that our people are good-hearted and strong and that our workers are dedicated and true. They also know that we take pride in ourselves, our families, our communities, our faith, and our work.

So many of those looking in on us from the outside last January were struck by these qualities—qualities that we here sometimes take for granted. However, it is these qualities that make us unique, and it is these qualities that will sustain us as we continue on our journey.

As Helen Keller once said, “Character cannot be developed in ease and quiet. Only through experience of trial and suffering can the soul be strengthened, ambition inspired and success achieved.”

Our State is definitely one of character—and so are our people. During the past two years, we have shown that character in many ways, not the least of which is choosing to put our differences aside and work together to bridge all barriers.

As I said last year, with the world now watching it is up to us to weave a new story for West Virginia—and I am proud to say that we are doing just that.

My main goal as your Governor is to make West Virginia the best that it can possibly be. With the help of many important partners such as A Vision Shared, we are reconstructing this State one brick at a time—with every year's successes being placed upon the foundation formed by the ones that came before. We started on this path two years ago with our ethics, workers' compensation and insurance reform efforts, followed the next year by health care, sexual predator, drug enforcement, and tax initiatives. All the while staying focused on our two biggest challenges—job creation and managing our State's long-term debts. And now, the proposals I've outlined tonight, both large and small, are the newest bricks we add to this endeavor.

So with that in mind, and with the perseverance and pride of the people of West Virginia serving as the mortar binding our achievements together, let us once again follow the legacy left by our State's brave miners and put on our work clothes, strap on our boots, and continue pushing forward.

Thank you, God bless you and may God save the great State of West Virginia.

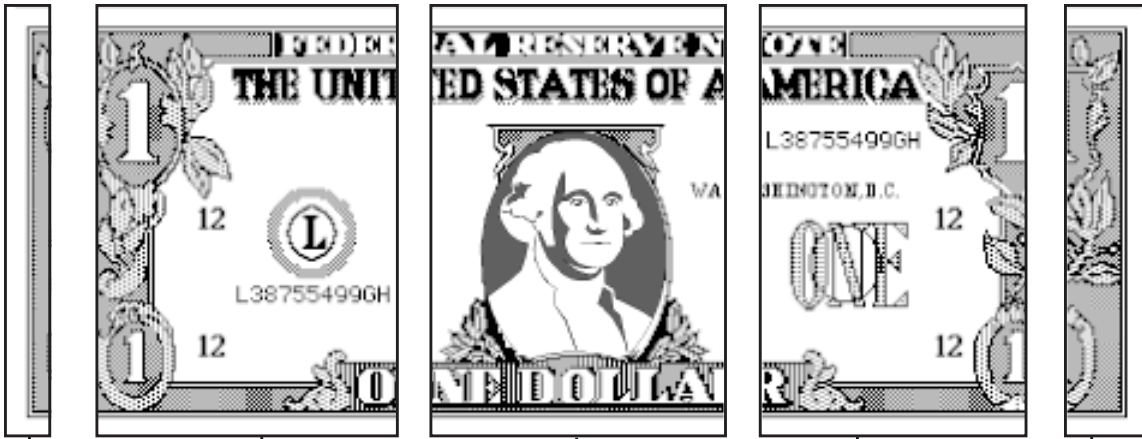
SUMMARY FINANCIAL STATEMENTS



Summary Financial Statements

The following pages contain general summary financial information and statements related to all funds of the state. Statements included are:

- Summary of Total FY 2008 Budget —All Funds (Where Your State Tax Dollar Comes From and Where Your State Tax Dollar Goes)
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for Appropriated Funds (narrative and statement);
- Cash and Investment Balances of All Funds — Fiscal Year Ending June 30, 2006;
- Detailed Investments Fund 13 (Special Revenue) — Fiscal Year Ending June 30, 2006;
- General Revenue Fund — Statement of Revenues by Source — FY 2004 through FY 2010;
- General Revenue Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance;
- General Revenue Fund — Overview by Functional Category FY 2006 through FY 2008;
- General Revenue Fund — Recommended Surplus Appropriations FY 2007;
- General Revenue Fund — Recommended Supplemental Appropriations FY 2007;
- General Revenue Fund — Recommended Surplus Appropriations FY 2008;
- Excess Lottery Fund — Recommended Surplus Appropriations FY 2008;
- Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance;
- Excess Lottery Fund — Statement of Revenues, Expenditures, and Changes in Cash Balance;
- State Road Fund — Statement of Revenues by Source — FY 2004 through FY 2010;
- State Road Fund — Statement of Revenues, Expenditures and Changes in Cash Liquidity;
- Public Employees Insurance Reserve Fund — Recommended Appropriations FY 2008;
- Major Constitutional and Statutory Requirements FY 2008;
- Summary of Primary Government Long Term Debt Outstanding as of June 30, 2006;



**Lottery
Funds
2.7¢**

**Special
Revenue
Funds
38.6¢**

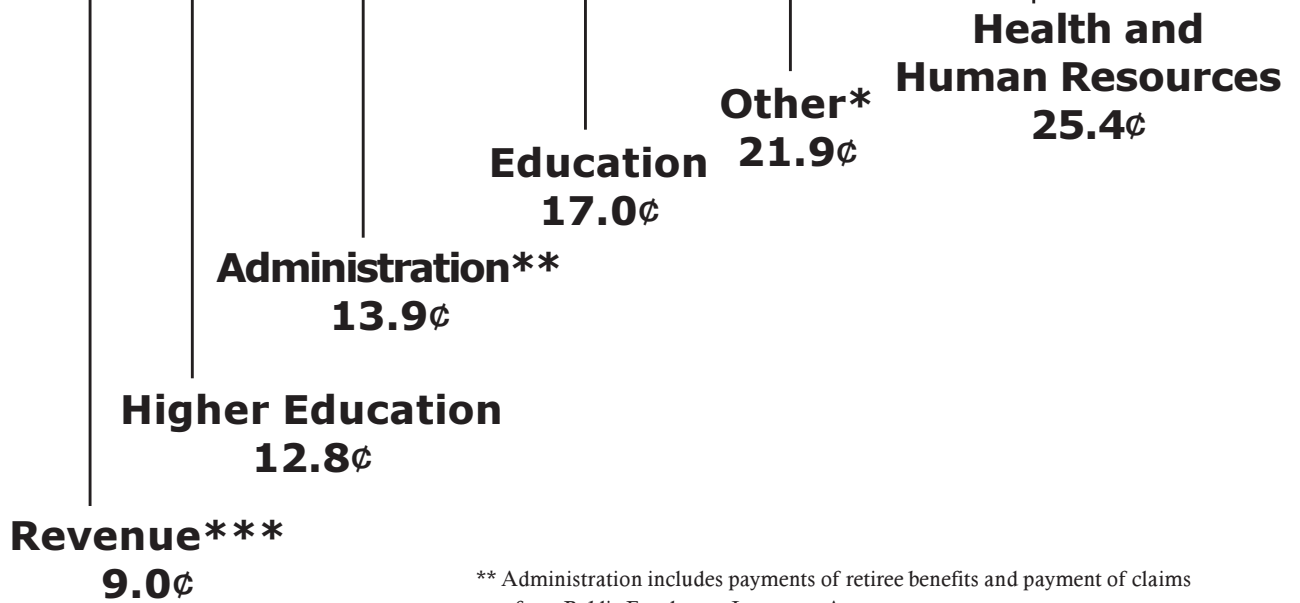
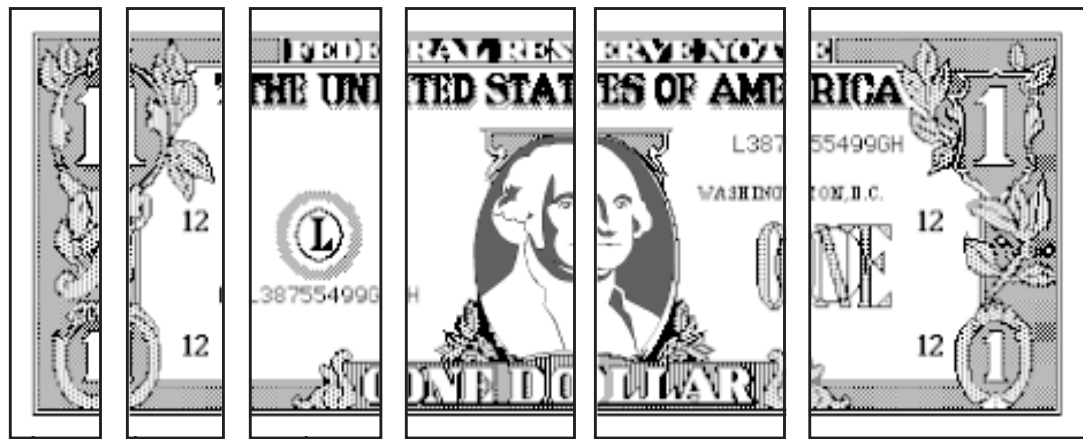
**Federal
Funds
24.2¢**

**General
Revenue
Funds
26.3¢**

**State
Road
Funds
8.2¢**

**TOTAL REVENUE
\$14.69 Billion**

Where Your State Tax Dollar Comes From (FY 2008 Estimate)



** Administration includes payments of retiree benefits and payment of claims from Public Employees Insurance Agency.

*** Revenue includes payment of claims from Insurance Commissioner's Workers' Compensation Trust Funds.

*Other	21.9¢	
Legislature		0.3¢
Judicial		0.8¢
Executive		1.8¢
Commerce		2.2¢
Education & the Arts		0.8¢
Environment		0.6¢
Military Affairs & Public Safety		4.4¢
Transportation		8.6¢
Senior Services		0.5¢
Misc. Boards & Commissions		1.9¢

TOTAL EXPENDITURES \$14.19 Billion

Where Your State Tax Dollar Goes (Governor's Recommended FY 2008 Budget)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for Appropriated Funds

The following two pages reflect actual, budgeted, and recommended revenues and expenditures for FY 2006, 2007, and 2008, respectively, for all funds that are specifically appropriated by the Legislature and included in the Budget Act. The revenues are listed by source of funds, and the disbursements are listed at the department/bureau level. See the “Budget Planning – Revenue Sources” section for a more detailed explanation of each source of funds.

All revenues (actual, budgeted, and recommended) reflect the revenues actually collected or estimated to be collected from July 1 to June 30 of each fiscal year. All expenditures (actual, budgeted, and recommended) reflect the disbursements actually made or estimated to be made during the fiscal year. For appropriations that expire at the end of the fiscal year, expenditures would be included through July 31 (13th month/31 day closeout period). For appropriations that are reappropriated to the next ensuing fiscal year, expenditures are included through June 30, there is no 13th month/31 day closeout period. Any unexpended amounts remaining in nonexpiring appropriations are carried forward to the next fiscal year as of July 1.

FY 2006 Actuals are the total actual revenues and expenditures for all appropriated funds including expenditures from regular, supplemental, surplus appropriations, and reappropriated amounts.

The FY 2007 revenue estimate for the General Revenue Fund reflects the Governor’s revised official revenue estimate as submitted to the Legislature. Since the Governor provides the official revenue estimates for the budget and those estimates do not require legislative approval, the revised estimates have been used where appropriate. The State Road Fund estimate has not been revised and, therefore, is the original estimate used when the FY 2007 budget was passed.

FY 2007 Budgeted expenditures reflect the amounts budgeted prior to the beginning of the 2007 Legislative session and include amounts which have been reappropriated from prior year unexpended appropriations along with supplemental appropriations made during the first and second extraordinary legislative sessions. For General Revenue and Special Revenue funds, these prior year reappropriated amounts are significant and require mentioning. The General Revenue fund budgeted expenditures include \$266.4 million in reappropriated amounts and Special Revenue funds include \$131.6 million in reappropriated amounts. Of the \$131.6 million in Special Revenue funds, \$11.5 million is reappropriated from excess lottery accounts, and \$42.0 million is reappropriated from the regular lottery accounts. The General Revenue fund also includes \$80.0 million in surplus appropriations made available from the cash balance available at the end of FY 2006.

Because of these reappropriated and surplus amounts which are included in the FY 2007 Budgeted expenditures, it may appear these budgeted expenditures are not in line with the actual FY 2006 expenditures or the FY 2008 recommendations.

Although the FY 2007 Budgeted amounts are available to spend during the fiscal year, the likelihood of expending the entire amount is extremely remote. Generally, a significant amount of the authorized expenditures remains unspent at the end of each fiscal year and is reappropriated to the next ensuing fiscal year. Although the unexpended/reappropriated amounts cannot be determined in advance of the close of the fiscal year, the actual expenditures for FY 2007 will be less than the total authorized budgeted amounts.

FY 2008 Recommendations are the amounts that the Governor has proposed to the Legislature for appropriation. As discussed above, the recommendations do not include any amounts that will ultimately be available for expenditure as a reappropriated or surplus expenditure.

Each fund on the following two pages is made up of multiple accounts containing anywhere from approximately 25 individual appropriations for the State Road Fund to over 1,500 individual appropriations for the Special Revenue Fund.

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances for Appropriated Funds*

The General Revenue Fund and the State Road Fund are true financial funds and must maintain positive fund balances in the respective “bottom lines” in order to process payments for obligations when due. State law requires sufficient funds to be available, both in the individual appropriation and the total fund, to cover state payments before those payments may be released. Therefore, the total fund “cash flow” is carefully monitored to ensure funds are available as required.

The Federal Fund and the Special Revenue Fund are comprised of hundreds of individual, stand alone, self-supporting, self-balancing accounts. Each account is part of a larger fund for financial reporting purposes only. Each account must have sufficient funds and an appropriation balance available to pay obligations of that specific account when due and may not expend any funds from the “bottom line” of the total fund. Lottery Funds are, by law, special revenue funds and are included in the Appropriated Special Revenue Fund figures.

As mentioned above, state law requires funds to be available prior to releasing payments; however, none of the funds are required to maintain a minimum balance. All funds and accounts are closely monitored to ensure adequate cash is available to pay obligations when due.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for Appropriated Funds (Expressed in Thousands)

	General Fund			Appropriated Federal Fund		
	Actuals FY 2006	Budgeted FY 2007	Recommended FY 2008	Actuals FY 2006	Budgeted FY 2007	Recommended FY 2008
Beginning Fund Balance	\$333,209	\$443,987	\$15,224	\$38,196	\$30,558	\$20,038
Transfer to Rainy Day Fund	(44,851)	(88,817)	-	-	-	-
Transfer from Rainy Day Fund	-	-	-	-	-	-
Transfer from Special Revenue	53,479	-	-	-	-	-
Prior Year Refunds/Redeposits	160	68	-	-	-	-
Revenues						
Taxes						
Consumer Sales	1,012,450	1,018,000	1,038,000	-	-	-
Personal Income	1,297,720	1,318,250	1,444,000	-	-	-
Business and Occupation	185,457	175,500	164,000	-	-	-
Severance	314,727	314,000	309,000	-	-	-
Corporation Net Income and Business Franchise Tax	347,570	295,750	364,000	-	-	-
Highway Litter Control	-	-	-	-	-	-
Gasoline and Motor Fuel	-	-	-	-	-	-
Automobile Privilege	-	-	-	-	-	-
Other	348,805	359,900	381,800	-	-	-
Intergovernmental	-	-	-	2,579,907	3,431,065	3,414,831
Licenses, Permits & Fees	11,456	12,000	12,450	-	-	-
Departmental Collections	13,834	15,800	14,000	-	-	-
Interest Income	34,411	35,000	47,000	-	-	-
Other	94,972	90,900	93,400	-	-	-
Industrial Access Road Transfer	-	-	-	-	-	-
Total Revenues	3,661,402	3,635,100	3,867,650	2,579,907	3,431,065	3,414,831
Expenditures						
Legislature	32,782	82,683	42,326	545	1,269	1,304
Judicial	86,231	99,273	104,062	202	400	1,000
Executive	48,459	79,891	46,548	38,234	46,479	41,454
Administration	298,907	303,053	110,966	33,920	38,128	38,006
Commerce	69,809	86,001	59,179	53,167	99,269	98,176
Education	1,696,633	1,716,577	1,810,315	337,258	509,000	484,500
Education and the Arts	27,702	34,025	34,573	45,864	56,003	53,466
Environment	6,913	7,440	7,522	49,436	108,363	138,145
Health and Human Resources	704,206	816,470	832,872	1,940,674	2,362,294	2,361,831
Military Affairs & Public Safety	253,940	339,979	292,179	56,366	176,137	158,007
Revenue **	26,557	55,930	145,675	513	675	650
Transportation	7,247	12,280	7,786	17,385	26,291	26,291
Senior Services	873	-	-	12,296	14,563	14,000
Higher Education	299,153	341,512	373,647	-	-	-
Misc. Boards & Commissions***	-	-	-	1,685	2,714	2,564
Total Expenditures	3,559,412	3,975,114	3,867,650	2,587,545	3,441,585	3,419,394
Ending Fund Balance	\$443,987	\$15,224	\$15,224	\$30,558	\$20,038	\$15,475

* Appropriated Special Revenue Funds include Lottery and Excess Lottery Funds.

** Expenditures for the Department of Revenue include appropriated accounts for Workers' Compensation reform.

*** FY 2006 Actual Expenditures for Misc. Boards & Commissions include appropriated accounts transferred to private workers' compensation mutual.

For a total summary of all revenues and expenditures including nonappropriated, see

"Where Your State Tax Dollar Comes From" and "Where Your State Tax Dollar Goes" in this section.

State Road Fund			Appropriated Special Revenue Fund *			Total All Appropriated Funds		
Actuals FY 2006	Budgeted FY 2007	Recommended FY 2008	Actuals FY 2006	Budgeted FY 2007	Recommended FY 2008	Actuals FY 2006	Budgeted FY 2007	Recommended FY 2008
\$130,557	\$98,727	\$77,687	\$2,170,272	\$1,800,390	\$1,516,571	\$2,672,234	\$2,373,662	\$1,629,520
-	-	-	-	-	-	(44,851)	(88,817)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	53,479	-	-
-	-	-	-	-	-	160	68	-
-	-	-	-	-	-	1,012,450	1,018,000	1,038,000
-	-	-	-	-	-	1,297,720	1,318,250	1,444,000
-	-	-	-	-	-	185,457	175,500	164,000
-	-	-	-	-	-	314,727	314,000	309,000
-	-	-	-	-	-	347,570	295,750	364,000
1,692	1,664	1,681	-	-	-	1,692	1,664	1,681
320,757	315,000	360,000	-	-	-	320,757	315,000	360,000
171,479	168,422	167,999	-	-	-	171,479	168,422	167,999
24,569	10,285	15,151	-	-	-	373,374	370,185	396,951
392,820	521,289	497,300	-	-	-	2,972,727	3,952,354	3,912,131
86,976	88,008	88,835	2,559,118	1,770,329	1,295,276	2,657,550	1,870,337	1,396,561
-	-	-	-	-	-	13,834	15,800	14,000
-	-	-	-	-	-	34,411	35,000	47,000
-	-	-	-	-	-	94,972	90,900	93,400
(3,005)	(3,000)	(3,000)	-	-	-	(3,005)	(3,000)	(3,000)
995,288	1,101,668	1,127,966	2,559,118	1,770,329	1,295,276	9,795,715	9,938,162	9,705,723
-	-	-	7,028	31,175	4,134	40,355	115,127	47,764
-	-	-	-	-	-	86,433	99,673	105,062
-	-	-	18,146	25,690	26,446	104,839	152,060	114,448
-	-	-	296,728	80,538	54,681	629,555	421,719	203,653
-	-	-	54,273	82,583	44,179	177,249	267,853	201,534
-	-	-	74,761	81,354	69,187	2,108,652	2,306,931	2,364,002
-	-	-	21,023	28,407	19,921	94,589	118,435	107,960
-	-	-	43,939	59,478	56,672	100,288	175,281	202,339
-	-	-	371,656	387,873	340,995	3,016,536	3,566,637	3,535,698
-	-	-	29,714	29,356	27,357	340,020	545,472	477,543
-	-	-	376,377	977,936	781,741	403,447	1,034,541	928,066
1,027,118	1,122,708	1,106,413	8,150	7,245	7,341	1,059,900	1,168,524	1,147,831
-	-	-	39,190	43,441	57,958	52,359	58,004	71,958
-	-	-	121,686	131,702	112,110	420,839	473,214	485,757
-	-	-	1,466,329	87,370	84,972	1,468,014	90,084	87,536
1,027,118	1,122,708	1,106,413	2,929,000	2,054,148	1,687,694	10,103,075	10,593,555	10,081,151
\$98,727	\$77,687	\$99,240	\$1,800,390	\$1,516,571	\$1,124,153	\$2,373,662	\$1,629,520	\$1,254,092

Cash and Investment Balances of All Funds
Fiscal Year Ending June 30, 2006
(Nearest Dollar)

	<u>Fund No.</u>	<u>Cash Balance</u>	<u>Investments</u>	<u>Total Balance</u>
General Revenue Fund	01	\$468,971,396	\$0	\$468,971,396
State Road Fund	02	5,695,711	99,130,123	104,825,834
Natural Resources Fund	03	6,421,109	47,630,932	54,052,041
Consolidated Pool and Investments	09	(1,150,634,459)	1,396,619,520	245,985,061
Consolidated Federal Funds (Special Revenue)	12	23,398,234	9,592,489	32,990,723
Special Revenue Funds (Departments and Institutions)	13	676,682,561	3,074,672,666 ¹	3,751,355,227
Special Revenue Funds (Higher Education)	14	20,660,459	221,425,992	242,086,451
Human Services Fund	16	35,809,720	21,960,607	57,770,327
Public Employees' Retirement System	17	15,819	3,700,595,129	3,700,610,948
Teachers' Retirement System	18	3,620,937	2,081,663,246	2,085,284,183
West Virginia University - Medical School Fund	20	1,737,135	2,044,176	3,781,311
Total		<u>\$92,378,622</u>	<u>\$10,655,334,880</u>	<u>\$10,747,713,502</u>

1) See following page for Detail of Fund 13. Includes \$250,632,557.17 Coal Workers' Pneumonconiosis Fund.

Detailed Investments Fund 13
Fiscal Year Ending June 30, 2006
(Nearest Dollar)

Attorney General	\$552,361
Auditor's Office	7,194,938
Board of Risk and Insurance Management	146,699,711
Building Commission	11,645,857
Court of Claims	6,171,621
Consolidated Public Retirement Board	646,956,439
Criminal Justice	567,072
Culture and History	1,680,395
Department of Administration	776,407
Department of Education	2,734,984
Higher Education Policy Commission	6,659,180
Department of Education and the Arts	1,017,823
Department of Tax and Revenue	359,051,072
Department of Transportation	2,196,794
Development Office	45,132,007
Division of Human Services	1,532,712
Division of Labor	4,522,065
Division of Natural Resources	2,155,723
Environmental Protection	174,173,152
Governor's Office	933,657
Insurance Commission	907,025,716
Lottery Commission	177,019,934
Municipal Bond Commission	165,739,810
Public Employees Insurance Agency	268,663,563
Regional Jail Authority	19,264,133
State Police	443,435
State Rail Authority	1,454,325
Treasurer's Office	100,554,527
Water Development Authority	12,153,251
	<hr/>
Total Detail Fund 13	<u><u>\$3,074,672,666</u></u>

**General Revenue Fund
Statement of Revenues by Source
FY 2004 Through FY 2010
(Expressed in Thousands)**

Source of Revenue	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
	Actual Collections	Actual Collections	Actual Collections	Official Revised Estimate			
Business and Occupation Tax	\$177,395	\$182,461	\$185,457	\$175,500	\$164,000	\$157,700	\$149,500
Consumers Sales Tax	927,992	960,172	1,012,450	1,018,000	1,038,000	1,049,000	1,088,000
Personal Income Tax	1,068,212	1,170,087	1,297,720	1,318,250	1,444,000	1,501,000	1,572,000
Liquor Profit Transfers	9,817	11,044	11,509	11,000	13,000	13,100	13,200
Racing Fees	2,070	1,370	1,089	1,500	2,000	2,000	2,000
Beer Tax and Licenses	8,313	8,333	8,548	8,600	8,650	8,700	8,750
Cigarette Tax	102,877	98,066	107,118	103,200	106,700	106,100	105,500
Estate Tax	9,301	4,797	592	0	0	0	0
Business Franchise Fees	1,631	1,954	1,819	1,900	1,800	1,900	1,800
Charter Tax	5,953	6,690	5,361	6,500	6,700	6,900	7,100
Use Tax	93,373	102,950	113,315	112,000	130,500	136,000	140,800
Property Transfer Tax	10,129	12,171	13,658	16,000	13,000	13,300	13,900
Property Tax	3,977	4,282	4,591	4,800	5,000	5,000	5,100
Insurance Tax	93,248	97,712	95,655	106,500	106,200	108,500	111,200
Departmental Collections	18,466	13,071	13,834	15,800	14,000	14,100	14,200
Corporate Income/Business Franchise Tax	181,515	280,788	347,570	295,750	364,000	326,000	339,000
Miscellaneous Receipts	992	937	4,048	1,000	1,500	1,500	1,500
Miscellaneous Transfers	23	614	685	1,000	1,000	1,000	1,000
Interest Income*	7,001	13,193	34,411	35,000	47,000	46,300	45,000
Severance Tax	184,354	248,068	314,727	314,000	309,000	296,000	286,000
Telecommunication Tax	11,017	8,740	(430)	0	0	0	0
Special Revenue Transfer	2,500	40,756	0	0	0	0	0
Smokeless Tobacco Tax	4,732	4,759	4,909	4,900	5,100	5,200	5,300
HB102 - Lottery Transfers	126,800	226,991	77,900	77,900	77,900	77,900	77,900
Video Lottery Transfers	305	1,020	830	0	0	0	0
Liquor License Renewal	0	0	0	0	0	0	21,000
Senior Citizen Tax Credit Reimbursement	2,873	3,804	4,036	6,000	8,600	8,900	9,200
JOBS/Growth Tax Relief - Transfer	28,075	0	0	0	0	0	0
Total	\$3,082,941	\$3,504,830	\$3,661,402	\$3,635,100	\$3,867,650	\$3,886,100	\$4,018,950

* FY 2007 revised from \$3,629,100 to \$3,635,100 - Increase of \$6,000 due to increased Interest Income.

Note: Special Revenue Fund Diversions include \$32.217 million from Consumers Sales Tax, \$30 million from Personal Income Tax in FY 2006 [\$45 million, thereafter], \$24 million from Severance Tax, \$2.5 million from Insurance Tax, and \$10 million from Corporate Net Income Tax [FY 2007 through FY 2009].

**General Revenue Fund
Statement of Revenues, Expenditures,
and Changes in Cash Balance
(Expressed in Thousands)**

	Actual Cash Balance July 1, 2006	\$468,971
Less:	31 Day Disbursements (July 1, 2006 - July 31, 2006)	(24,984)
	Accumulated Prior Year Reimbursements (July 1, 2006 - July 31, 2006)	11
	Prior Year Appropriations Forwarded	<u>(266,364)</u> <u>(291,337)</u>
	Accumulated Surplus from FY 2006	177,634
Less:	Transfer one-half to Revenue Shortfall Reserve Fund (Statutory)	<u>(88,817)</u>
	Unappropriated Surplus Balance	88,817
Plus:	Accumulated Prior Year Reimbursements (August 1, 2006 - December 31, 2006)	<u>57</u>
	Unappropriated Surplus Balance	88,874
Less:	Surplus Appropriation - Consolidated Public Retirement Bd. (HB212)	(80,000)
Less:	Recommended Surplus Appropriations	<u>(8,874)</u>
	Unappropriated Surplus Balance from FY 2006	0
Plus:	Revised Revenue Estimate FY 2007	3,635,100
Less:	Regular Appropriations FY 2007	(3,628,750)
Less:	Recommended Supplemental Appropriations	<u>(6,348)</u>
	Estimated Balance June 30, 2007	2
Plus:	Revenue Estimate FY 2008	3,867,650
Less:	Recommended Appropriations FY 2008	<u>(3,867,650)</u>
	Estimated Balance June 30, 2008	<u><u>\$2</u></u>

**General Revenue Fund
Overview by Functional Category
FY 2006 through FY 2008
(Nearest Dollar)**

DEPARTMENT/Agency	(Fund #)	Actual Expenditures FY 2006	Total Appropriations FY 2007 *
LEGISLATURE			
Senate	0165	\$5,016,499	\$6,930,404
House of Delegates	0170	7,824,132	8,389,282
Joint Expenses/Claims against State	0175	19,940,939	20,067,700
Subtotal		32,781,570	35,387,386
JUDICIAL			
Supreme Court	0180	86,230,923	97,835,328
EXECUTIVE			
Office of the Governor	0101	5,091,815	5,684,533
Custodial Fund	0102	549,766	581,779
Civil Contingent Fund	0105	5,979,966	0
State Auditor's Office	0116	3,629,766	3,659,790
State Treasurer's Office	0126	4,236,817	3,898,313
Department of Agriculture	0131	9,918,542	10,386,195
State Conservation Committee	0132	11,721,331	7,018,603
Meat Inspection	0135	636,038	646,614
Agricultural Awards	0136	63,650	58,650
WV Agricultural Land Protection Auth	0607	26,126	110,000
Attorney General's Office	0150	3,681,556	3,717,778
Secretary of State	0155	2,913,980	1,110,562
State Election Commission	0160	10,196	10,275
Subtotal		48,459,549	36,883,092
ADMINISTRATION			
Office of the Secretary	0186	17,118,435	16,326,011
Consolidated Public Retirement Board *	0195	238,841,614	230,517,000
Public Employees Insurance Agency	0200	0	2,800,000
Division of Finance	0203	1,126,388	1,191,325
General Services Division	0230	1,629,384	1,409,277
Purchasing Division	0210	865,435	1,500,581
Comm on Uniform State Laws	0214	27,356	31,000
Grievance Board	0220	835,986	965,302
Ethics Commission	0223	494,680	700,000
Public Defender Services	0226	30,591,354	29,079,120
Comm Purchase f/Handicapped	0233	7,156	5,046
WV Prosecuting Attorneys Institute	0557	239,544	226,265
Childrens' Health Insurance Agency	0588	7,129,219	10,966,703
WV Retiree Health Benefit Trust Fund	0611	0	0
Real Estate Division	0610	0	0
Subtotal		298,906,551	295,717,630

Plus: Reappropriated FY 2007	Total Available FY 2007	Total Request FY 2008 **	Governor's Recommendations FY 2008 ***	Percentage of Total
\$19,481,484	\$26,411,888	\$6,930,404	\$6,930,404	0.18%
5,477,499	13,866,781	8,409,282	8,409,282	0.22%
22,336,762	42,404,462	23,986,393	26,986,393	0.70%
47,295,745	82,683,131	39,326,079	42,326,079	1.09%
1,437,977	99,273,305	104,061,600	104,061,600	2.69%
3,237,851	8,922,384	5,634,925	7,134,925	0.18%
31,100	612,879	581,779	581,779	0.02%
30,487,482	30,487,482	4,000,000	4,000,000	0.10%
0	3,659,790	3,659,790	3,659,790	0.09%
364,258	4,262,571	3,898,313	3,898,313	0.10%
2,329,783	12,715,978	11,949,959	11,220,459	0.29%
5,817,205	12,835,808	9,978,603	9,978,603	0.26%
0	646,614	646,614	646,614	0.02%
0	58,650	58,650	58,650	0.00%
0	110,000	110,000	110,000	0.00%
340,909	4,058,687	4,471,378	4,137,778	0.11%
398,768	1,509,330	1,110,562	1,110,562	0.03%
0	10,275	10,275	10,275	0.00%
43,007,356	79,890,448	46,110,848	46,547,748	1.20%
41,269	16,367,280	16,768,182	16,773,182	0.43%
248,686	230,765,686	0	0	0.00%
3,900,000	6,700,000	0	0	0.00%
341,351	1,532,676	1,164,445	1,164,445	0.03%
277,904	1,687,181	2,992,566	2,992,566	0.08%
0	1,500,581	1,488,232	1,488,232	0.04%
0	31,000	40,000	40,000	0.00%
0	965,302	978,283	962,783	0.02%
0	700,000	697,481	697,481	0.02%
2,487,112	31,566,232	35,622,983	35,577,983	0.92%
0	5,046	5,046	5,046	0.00%
39,160	265,425	235,817	223,746	0.01%
0	10,966,703	10,966,703	10,966,703	0.28%
0	0	0	39,674,000	1.03%
0	0	400,000	400,000	0.01%
7,335,482	303,053,112	71,359,738	110,966,167	2.87%

General Revenue Fund
Overview by Functional Category
(Continued)

DEPARTMENT/Agency	(Fund #)	Actual Expenditures FY 2006	Total Appropriations FY 2007 *
COMMERCE			
Office of the Secretary	0606	401,200	406,800
Tourism	0246	753,254	0
Forestry	0250	2,712,031	3,699,535
Geological & Economic Survey	0253	3,409,433	3,550,158
Development Office	0256	36,849,266	23,191,374
Division of Labor	0260	2,838,036	3,136,676
Division of Natural Resources	0265	11,633,294	12,775,602
Miners' Health, Safety & Training	0277	5,970,051	6,012,536
Board of Coal Mine Health & Safety	0280	169,408	171,781
Mine Safety & Technical Review	0285	88,352	88,352
Governor's Workforce Investment	0608	4,984,291	0
Subtotal		69,808,616	53,032,814
EDUCATION			
School Lunch Program	0303	2,111,396	2,296,455
FFA-FHA Camp & Conference Center	0306	1,006,378	1,018,905
State Department of Education	0313	33,027,134	31,628,542
Aid for Exceptional Children	0314	22,584,422	24,078,280
State Aid to Schools	0317	1,603,119,636	1,615,291,753
State Department of Education	0390	22,387,014	23,721,448
Performance Audit	0573	594,923	616,128
WV Schools for the Deaf & the Blind	0320	11,802,210	12,131,968
Subtotal		1,696,633,113	1,710,783,479
EDUCATION AND THE ARTS			
Office of the Secretary	0294	4,441,001	4,704,402
Culture and History	0293	4,286,085	4,583,822
Library Commission	0296	1,630,052	1,764,639
Educational Broadcasting Authority	0300	4,900,774	5,655,951
Division of Rehabilitation Services	0310	12,443,786	12,682,531
Subtotal		27,701,698	29,391,345
ENVIRONMENTAL PROTECTION			
Environmental Quality Board	0270	117,888	139,171
Environmental Protection	0273	6,721,252	7,203,737
Air Quality Board	0550	74,342	97,126
Subtotal		6,913,482	7,440,034
HEALTH AND HUMAN RESOURCES			
Office of the Secretary	0400	1,138,708	554,404
Division of Health	0407	56,882,687	61,126,599
Division of Health	0525	95,640,498	119,863,220
Division of Health	0561	700,000	700,000
Human Rights Commission	0416	1,142,474	1,215,841
Human Services	0403	548,702,016	614,241,679
Subtotal		704,206,383	797,701,743

Plus: Reappropriated FY 2007	Total Available FY 2007	Total Request FY 2008 **	Governor's Recommendations FY 2008 ***	Percentage of Total
0	406,800	656,800	656,800	0.02%
2,273,994	2,273,994	0	0	0.00%
0	3,699,535	4,899,535	4,504,535	0.12%
327,940	3,878,098	3,679,560	3,555,158	0.09%
29,870,051	53,061,425	23,841,374	23,641,374	0.61%
0	3,136,676	3,781,626	3,283,809	0.08%
0	12,775,602	18,447,500	13,528,013	0.35%
495,952	6,508,488	11,454,439	9,744,741	0.25%
0	171,781	171,781	175,883	0.00%
0	88,352	88,352	88,352	0.00%
0	0	3,000,000	0	0.00%
32,967,937	86,000,751	70,020,967	59,178,665	1.53%
0	2,296,455	2,400,000	2,400,000	0.06%
0	1,018,905	1,032,265	1,032,265	0.03%
4,978,907	36,607,449	47,215,471	47,236,680	1.22%
814,068	24,892,348	25,457,488	25,095,679	0.65%
0	1,615,291,753	1,625,931,335	1,697,186,395	43.88%
0	23,721,448	24,760,230	24,260,230	0.63%
0	616,128	694,490	694,490	0.02%
0	12,131,968	12,409,119	12,409,119	0.32%
5,792,975	1,716,576,454	1,739,900,398	1,810,314,858	46.81%
1,705,637	6,410,039	5,124,402	5,872,402	0.15%
1,950,000	6,533,822	8,851,822	8,568,822	0.22%
0	1,764,639	1,764,639	1,764,639	0.05%
49,572	5,705,523	5,905,431	5,660,951	0.15%
929,174	13,611,705	19,426,580	12,706,426	0.33%
4,634,383	34,025,728	41,072,874	34,573,240	0.89%
0	139,171	139,171	139,171	0.00%
0	7,203,737	7,428,737	7,286,133	0.19%
0	97,126	97,126	97,126	0.00%
0	7,440,034	7,665,034	7,522,430	0.19%
50,176	604,580	640,117	559,404	0.01%
1,144,786	62,271,385	69,567,541	69,567,191	1.80%
17,238,786	137,102,006	129,415,624	136,730,628	3.54%
0	700,000	700,000	700,000	0.02%
0	1,215,841	1,215,841	1,220,841	0.03%
334,384	614,576,063	637,880,815	624,093,785	16.14%
18,768,132	816,469,875	839,419,938	832,871,849	21.53%

General Revenue Fund
Overview by Functional Category
(Continued)

DEPARTMENT/Agency	(Fund #)	Actual Expenditures FY 2006	Total Appropriations FY 2007 *
MILITARY AFFAIRS & PUBLIC SAFETY			
Office of the Secretary	0430	508,270	524,613
Adjutant General - State Militia	0433	15,055,559	21,115,434
Adjutant General - Military Fund	0605	44,867	200,000
Parole Board	0440	644,953	1,036,611
Homeland Security Emergency Mgmt	0443	3,561,724	2,032,950
Corrections Central Office	0446	644,955	596,605
Correctional Units	0450	124,102,784	134,619,009
WV State Police	0453	66,923,961	67,220,103
Veterans' Affairs	0456	5,744,441	6,660,080
Veterans' Home	0460	981,427	1,078,062
Fire Commission	0436	183,535	84,500
Criminal Justice Services	0546	1,613,760	1,308,489
Juvenile Services	0570	32,492,138	34,725,988
Protective Services Division	0585	1,437,957	1,846,384
Subtotal		253,940,331	273,048,828
REVENUE			
Office of the Secretary ***	0465	481,180	634,783
Tax Division	0470	24,614,878	24,669,955
State Budget Office	0595	800,924	1,111,333
Athletic Commission	0523	1,800	20,000
Office of Tax Appeals	0593	657,839	659,564
Subtotal		26,556,621	27,095,635
TRANSPORTATION			
State Rail Authority	0506	3,134,111	3,177,301
Public Transit	0510	1,840,576	2,523,342
Public Port Authority	0581	406,946	432,959
Aeronautics Commission	0582	1,865,605	1,471,652
Subtotal		7,247,238	7,605,254
SENIOR SERVICES			
Bureau of Senior Services	0420	873,414	0
HIGHER EDUCATION			
HEPC-Administration	0589	8,094,938	23,941,496
HEPC-System	0586	240,140,673	257,131,482
HEPC-Health Sciences	0590	21,838	0
HEPC-Legislative Funding Priorities	0591	261,510	0
Council for C&T College Education	0596	50,634,270	55,754,240
Subtotal		299,153,229	336,827,218

Plus: Reappropriated FY 2007	Total Available FY 2007	Total Request FY 2008 **	Governor's Recommendations FY 2008 ***	Percentage of Total
10,671,275	11,195,888	11,093,285	1,098,285	0.03%
19,507,963	40,623,397	20,115,434	20,115,434	0.52%
0	200,000	200,000	200,000	0.01%
0	1,036,611	1,165,620	1,036,611	0.03%
2,695,479	4,728,429	2,535,242	2,449,050	0.06%
746,459	1,343,064	1,039,851	607,885	0.02%
18,413,733	153,032,742	199,050,047	142,598,780	3.69%
3,297,635	70,517,738	84,330,999	77,671,963	2.01%
3,195,196	9,855,276	7,750,080	7,755,080	0.20%
0	1,078,062	1,128,062	1,078,062	0.03%
0	84,500	684,500	84,500	0.00%
352,730	1,661,219	1,578,489	2,008,489	0.05%
5,692,804	40,418,792	35,299,925	33,628,388	0.87%
2,356,779	4,203,163	7,100,317	1,846,384	0.05%
66,930,053	339,978,881	373,071,851	292,178,911	7.55%
241,685	876,468	837,413	118,394,412	3.06%
27,851,275	52,521,230	27,272,575	25,169,955	0.65%
557,426	1,668,759	1,361,333	1,361,333	0.04%
0	20,000	89,500	89,500	0.00%
184,390	843,954	705,852	659,564	0.02%
28,834,776	55,930,411	30,266,673	145,674,764	3.77%
0	3,177,301	2,853,309	2,858,309	0.07%
2,207,936	4,731,278	3,023,342	3,023,342	0.08%
944,915	1,377,874	432,959	432,959	0.01%
1,521,494	2,993,146	1,471,652	1,471,652	0.04%
4,674,345	12,279,599	7,781,262	7,786,262	0.20%
0	0	0	0	0.00%
1,755,814	25,697,310	69,648,021	51,761,705	1.34%
1,120,113	258,251,595	271,803,924	262,131,482	6.78%
0	0	0	0	0.00%
306,812	306,812	0	0	0.00%
1,501,910	57,256,150	67,570,324	59,754,240	1.54%
4,684,649	341,511,867	409,022,269	373,647,427	9.66%

General Revenue Fund
Overview by Functional Category
(Continued)

DEPARTMENT/Agency	(Fund #)	Actual Expenditures FY 2006	Total Appropriations FY 2007 *
MISCELLANEOUS BOARDS & COMMISSIONS			
National Coal Heritage Area Authority		0	0
Coal Heritage Highway Authority		0	0
Subtotal		0	0
TOTAL GENERAL REVENUE		\$3,559,412,718	\$3,708,749,786

* Total Appropriations FY 2007 includes surplus appropriations of \$80,000,000.

** Total Request FY 2008 is Current-Level Request plus General Revenue Improvement Requests.

*** The Governor's Recommendations FY 2008 includes \$117,551,999 transfer to the Revenue Shortfall Reserve Fund.

Plus: Reappropriated FY 2007	Total Available FY 2007	Total Request FY 2008 **	Governor's Recommendations FY 2008 ***	Percentage of Total
0	0	100,000	0	0.00%
0	0	160,000	0	0.00%
0	0	260,000	0	0.00%
\$266,363,810	\$3,975,113,596	\$3,779,339,531	\$3,867,650,000	100.00%

**General Revenue Fund
Recommended Surplus Appropriations
Fiscal Year 2007
(Nearest Dollar) From 2006 Surplus**

Fund #		
0101	Governor's Office - Marlinton Flood Wall	\$1,500,000
0186	Secretary's Office Administration - PRAG and Board of Public Works Expenses	200,000
0226	Public Defender Services - Appointed Counsel Fees	2,876,830
0256	West Virginia Development Office - Small Business Assistance Loan	810,000
0265	Division of Natural Resources - Chief Logan Lodge and Conference Center	448,874
0265	Division of Natural Resources - Minimum Wage Increase (funding for first year)	233,054
0277	Miners Health Safety and Training - Move FTEs on Penalty and Assessment Fund to General Revenue	649,143
0277	Miners Health Safety and Training - Unexpected one-time costs related to Sago and Aracoma	250,000
0407	Division of Health - Antiviral Vaccine Purchases	713,000
0443	Division of Health - Salary Supplement for Tobacco Settlement funding of Nov. 2005, \$900 salary increase	518,000
0525	Homeland Security and Emergency Management - Emergency Mobile Command Center	675,000
		<hr/>
		<u>\$8,873,901</u>

**General Revenue Fund
Recommended Supplemental Appropriations
Fiscal Year 2007
(Nearest Dollar)**

Fund #		
0230	General Services - Maintenance of Veterans Memorial	\$75,000
0403	Human Services - Replace Federal Funding for Child Support Enforcement	547,088
0443	Homeland Security and Emergency Management - Disaster Mitigation	15,000
0443	Homeland Security and Emergency Management - BRIM	261,202
0450	Division of Corrections - Payments to County and Regional Jails	<u>5,449,590</u>
		<u><u>\$6,347,880</u></u>

General Revenue Fund
Recommended Surplus Appropriations
Fiscal Year 2008
(Nearest Dollar) From 2007 Surplus

Fund #

Various	Monetary Incentive - one-time 2.5% of salary with a minimum of \$600 and a maximum of \$1,200	<u>\$26,038,163</u>
		<u><u>\$26,038,163</u></u>

Excess Lottery Fund
Recommended Surplus Appropriations
Fiscal Year 2008
(Nearest Dollar) From 2007 Surplus

Fund #

2532 Office of Technology - Replace obsolete technologies, purchase desktop management and network utilization tools, and develop a statewide educational portal

\$2,000,000

\$2,000,000

Lottery Fund
Statement of Revenues, Expenditures,
and Changes in Cash Balance
(Expressed in Thousands)

	Surplus Balance July 1, 2006		\$62,030
Less:	Surplus Appropriations FY 2007	(22,030)	
	Reserve for Cash Flow/Contingencies	<u>(40,000)</u>	<u>(62,030)</u>
	Unappropriated Surplus Balance		0
Plus:	Revenue Estimate FY 2007		170,100
Less:	Regular Appropriations FY 2007		<u>(170,099)</u>
	Estimated Balance - June 30, 2007		1
Plus:	Revenue Estimate FY 2008		170,300
Less:	Appropriations FY 2008		
	Education, Arts, Sciences, and Tourism Debt Service Fund	(10,000)	
	Development Office - Division of Tourism	(7,868)	
	Division of Natural Resources	(3,378)	
	Department of Education	(28,653)	
	School Building Authority	(18,000)	
	Education and the Arts - Office of the Secretary	(1,385)	
	Education and the Arts - Division of Culture and History	(5,222)	
	Education and the Arts - Library Commission	(10,522)	
	Bureau of Senior Services	(57,958)	
	Higher Education Policy Commission	<u>(27,314)</u>	<u>(170,300)</u>
	Estimated Balance - June 30, 2008		<u><u>\$1</u></u>

Excess Lottery Fund
Statement of Revenues, Expenditures,
and Changes in Cash Balance
(Expressed in Thousands)

	Surplus Balance July 1, 2006		\$71,792
Less:	Surplus Appropriation - FY 2007	(68,892)	
	Reserve for Cash Flow/Contingencies	(2,900)	(71,792)
	Unappropriated Surplus Balance		<u>0</u>
Plus:	Revenue Estimate FY 2007		287,200
Less:	Regular Appropriations FY 2007		<u>(287,200)</u>
	Estimated Balance - June 30, 2007		0
Plus:	Revenue Estimate FY 2008		226,500
Less:	Appropriations FY 2008		
	Lottery Commission - General Purpose Account	(65,000)	
	Education Improvement Fund - (PROMISE Scholarship)	(27,000)	
	Economic Development Project Fund	(19,000)	
	School Building Authority	(19,000)	
	West Virginia Infrastructure Council	(40,000)	
	Higher Education Improvement Fund	(10,000)	
	State Park Improvement Fund	(5,000)	
	Lottery Commission - Refundable Credit Reimbursement	(8,600)	
	Lottery Commission - General Revenue Transfer	(12,900)	
	Capitol Complex - Capital Outlays	(20,000)	(226,500)
	Estimated Balance - June 30, 2008		<u><u>\$0</u></u>

State Road Fund
Statement of Revenues by Source
(Expressed in Thousands)

Source of Revenue	FY 2004 Actual Collections	FY 2005 Actual Collections	FY 2006 Actual Collections	FY 2007 Official Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate
Motor Fuel Taxes	\$272,398	\$311,625	\$320,757	\$315,000	\$360,000	\$325,000	\$325,000
Sales Tax on Fuel at Wholesale Level*	36,920	0	0	0	0	0	0
Registration Fees	83,146	88,074	86,976	88,008	88,835	88,528	88,124
Registration Fee: Highway Litter Control	1,578	1,856	1,692	1,664	1,681	1,675	1,667
Privilege Tax	176,700	176,495	171,479	168,422	167,999	167,622	167,284
Less Transfer to Industrial Access Road Fund	(2,948)	(2,424)	(3,005)	(3,000)	(3,000)	(3,000)	(3,000)
Miscellaneous Income	5,726	13,212	24,569	10,285	15,151	11,869	11,693
Federal Reimbursement:							
Interstate Construction	51,524	59,047	58,447	72,700	90,700	90,700	72,700
Other Federal Aid Programs	179,521	245,376	236,998	328,389	286,500	266,500	286,500
Appalachian Program	123,042	108,766	97,375	120,200	120,100	120,200	120,100
Total	\$927,607	\$1,002,027	\$995,288	\$1,101,668	\$1,127,966	\$1,069,094	\$1,070,068

* As a result of the passage of SB 496, effective January 1, 2004, wholesale fuel tax will no longer be reported separately. It will be combined with the other fuel taxes under the Motor Fuel Taxes.

State Road Fund
Statement of Revenues, Expenditures,
and Changes in Cash Liquidity
(Expressed in Thousands)

	Cash and Investment Balance - July 1, 2006		\$98,727
Plus:	Revenue Estimate - FY 2007		<u>1,101,668</u>
	Total Estimated Receipts and Balance		1,200,395
Less:	Regular Division of Highways Appropriations FY 2007	(1,026,231)	
	Recommended Highways Supplemental Appropriation FY 2007	(59,000)	
	Regular Division of Motor Vehicles Appropriation FY 2007	(37,333)	
	Claims Against the State Road Fund	<u>(144)</u>	<u>(1,122,708)</u>
	Estimated Balance - June 30, 2007		77,687
Plus:	Revenue Estimate - FY 2008		<u>1,127,966</u>
	Estimated Balance		1,205,653
Less:	Recommended Division of Highways Appropriation FY 2008	(1,072,169)	
	Recommended Division of Motor Vehicles Appropriation FY 2008	(33,994)	
	Recommended Claims Against the State Road Fund FY 2008	<u>(250)</u>	<u>(1,106,413)</u>
	Estimated Cash and Investments Balance - June 30, 2008		<u><u>\$99,240</u></u>

Public Employees Insurance Reserve Fund
Recommended Appropriations
Fiscal Year 2008
(Nearest Dollar)

Fund #

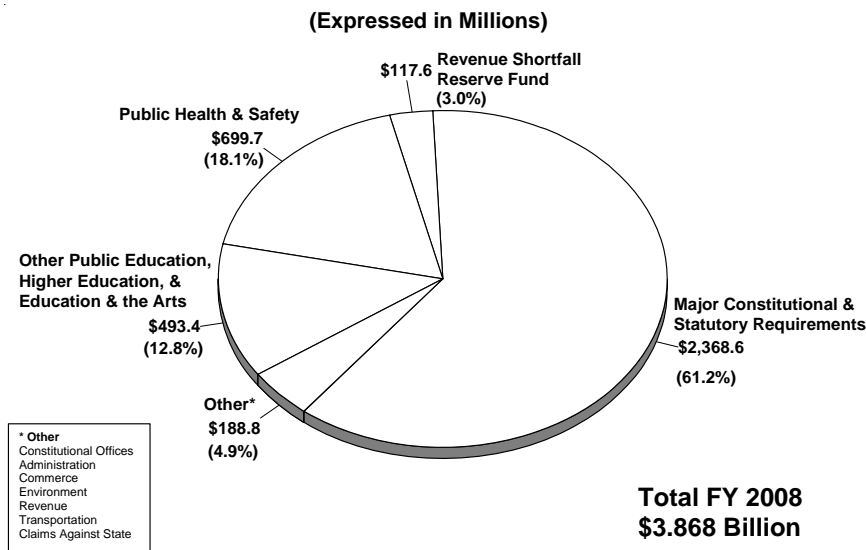
7400	State Budget Office - Public Employees Insurance Reserve Fund	<u>\$6,500,000</u>
	Total Public Employees Insurance Reserve Fund	<u>\$6,500,000</u>

Major Constitutional and Statutory Requirements Fiscal Year 2008

Each year there are several major constitutional or statutory requirements that limit the flexibility of any discretionary recommendations by the Governor. The FY 2008 Executive Budget recommendations include expenditures of over \$2.368 billion of these major requirements and make up over 61.2% of the total General Revenue funds available.

Items that fall in the discretionary spending category in funding levels (but are still considered necessary for public health, safety, and education of West Virginia citizens) may include—but will not be listed—Division of Corrections, West Virginia State Police, Behavioral Health, Rehabilitation Services, Children’s Health Insurance Program, Schools for the Deaf and the Blind, and Higher Education that supports public universities and colleges and that provides student financial aid.

		Appropriations (in millions)
LEGISLATIVE BRANCH		\$42.3
JUDICIAL BRANCH		98.0
DEPARTMENT OF EDUCATION		
State Aid to Schools	1,067.0	
Public Employees Insurance Agency	191.8	1,258.8
DEBT SERVICE		
School Building Authority	23.4	
Lease Rental Payments for debt service on correctional facilities	16.0	39.4
SOCIAL SECURITY MATCHING		32.2
RETIREMENT		
Judges’ Retirement	6.0	
Public Employees Retirement	38.1	
Teachers’ Retirement	414.8	
Trooper Retirement	6.7	465.6
PUBLIC DEFENDER SERVICES		35.6
MEDICAID		396.7
Total		\$2,368.6



Summary of Primary Government Long-Term Debt Outstanding at June 30, 2004 through 2008 (Expressed in Thousands)

	6/30/04	6/30/05	6/30/06	Estimated 6/30/07	Estimated 6/30/08
General Obligation Debt					
Road Bonds	\$494,430	\$467,915	\$447,995	\$429,845	\$401,190
Infrastructure Bonds	277,449	273,014	294,903	287,147	278,949
SUBTOTAL	771,879	740,929	742,898	716,992	680,139
Revenue Bonds					
School Building Authority	275,950	385,965	365,935	337,040	312,930
EAST Fund	55,855	48,830	41,455	33,675	25,465
Economic Development Authority	249,895	236,005	228,840	221,565	214,125
WV Infrastructure and Jobs Development Council	89,550	88,710	89,020	86,080	83,090
Education	2,186	2,129	2,069	2,008	1,942
SUBTOTAL	673,436	761,639	727,319	680,368	637,552
Capital Leases					
Governmental Funds	287,004	343,779	345,386	331,410	318,000
Internal Service	13,223	10,558	8,614	5,300	5,000
SUBTOTAL	300,227	354,337	354,000	336,710	323,000
TOTAL	\$1,745,542	\$1,856,905	\$1,824,217	\$1,734,070	\$1,640,691

BUDGET PLANNING



Six Year Financial Plan

Last year, Governor Manchin initiated the comprehensive, easy to follow, Six Year Financial Plan. This year's Six Year Financial Plan includes information on anticipated revenues and expenditures through FY 2012. As part of the Plan, the basic revenue assumptions and the major expenditure drivers are included, along with other smaller, yet consistent, items that continue to drive up expenditures over time. The goal of the Six Year Financial Plan is to provide the West Virginia Legislature and citizens a clear understanding of not only the FY 2008 budget, but also, the larger implications of the decisions made today on the future fiscal outlook.

As shown in the "General Revenue Fund - Statement of Revenues by Source" (see the "Summary Financial Statements" section), revenue collections in the short term have been much better than the original estimates, mainly due to higher energy prices resulting in greater severance tax collections and to increased corporate profits as reflected in the Corporation Net Income/Business Franchise Tax Collections. Also, the Excess Lottery Fund continues to provide substantial surplus funds in the short term. These economic conditions result in sizable surplus funds available for FY 2007 through FY 2009. Following revenue increases in excess of 10 percent in FY 2005 and FY 2006, a more normal rate of growth in revenue returns is expected in FY 2007 and FY 2008. There is some risk of below normal revenue growth between FY 2008 and FY 2010 due to a trend of declining coal prices, the emergence of a declining trend in corporate income tax revenues following three consecutive years of robust growth, and the emergence of video gaming competition from surrounding states. During FY 2009 through FY 2012, projected expenditures begin to outpace projected revenues. (For additional revenue information, see the "Economic Forecast" section). The main cost drivers are providing healthcare through the Medicaid and Public Employees Insurance Agency programs, the increasing costs of maintaining adequate correctional facilities for juveniles and adults, and a reduction in moneys provided by the Federal Government. It is the goal of the Manchin Administration to work to contain the growth of these key budget drivers in order to be able to set other priorities in education, tax modernization, and economic development.

The exercise of careful long-term budget planning is already paying dividends for State Taxpayers. Policymakers are dedicating most of the temporary revenue enhancement associated with higher energy prices and strong gaming revenues toward unfunded pension debts, necessary onetime improvements, and reserve funds set aside in the event of future budgetary shortfalls. In addition, careful budgetary planning and responsible government initiatives provided the capacity for recent General Revenue Fund tax reductions totaling more than \$100 million. The tax reductions are associated with a variety of tax reform measures recently proposed by Governor Manchin and adopted by the Legislature.

Although much has and is currently being accomplished to make state government more responsible (such as controlling the cost of providing services and reducing unfunded liabilities), it is clear from the Plan that more remains to be done. Greater efficiencies must be achieved, programs must be evaluated to ensure the outcomes meet the original intent and new ways of doing business be explored in order to continue to provide the citizens the services they expect and deserve.

Revenue Assumptions

General Revenue

The General Revenue amount is the revenue estimate less any lottery transfers into the General Revenue Fund. It is projected to increase approximately 1.0% per year in FY 2008 and FY 2009 and by approximately 3.0 to 3.5% per year in FY 2010 through FY 2012.

Excess Lottery Transfer

The Excess Lottery Fund is currently transferring \$77.9 million into the General Revenue Fund for use for regular ongoing appropriations. Of this amount, \$65.0 million is directed by statute, and \$12.9 million is discretionary. It is anticipated this amount will remain constant during the next five year period.

Six Year Financial Plan FY 2007 through FY 2012 (Estimated in Thousands)

	Budgeted	Recommended	Projected *			
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Estimated Revenue						
General Revenue	\$3,557,200	\$3,789,750	\$3,808,200	\$3,941,050	\$4,055,300	\$4,188,850
Excess Lottery Transfer	77,900	77,900	77,900	77,900	77,900	77,900
Excess Lottery Transfer - Surplus	83,300	20,000	9,300	12,600	16,000	47,900
Lottery	170,100	170,300	166,100	167,500	169,000	169,000
Total Available	3,888,500	4,057,950	4,061,500	4,199,050	4,318,200	4,483,650
Base Budget	3,648,683	3,648,683	3,890,001	4,039,448	4,203,675	4,403,475
Expenditure Growth: **						
PROMISE Scholarship/Higher Education Grant Program		8,800	1,426	1,506	1,536	1,566
Supreme Court		6,226	5,000	5,000	5,000	5,000
Retirement System Contributions - Unfunded Liabilities		58,962	0	0	0	0
Public Employees Insurance Agency Premiums		0	19,500	26,000	35,750	39,650
CHIP Program (if Federal funding does not increase)		0	11,082	14,435	4,887	0
State Aid to Schools		(24,439)	(9,358)	21,872	23,293	24,698
Public Education Statutory Increases/Enhancements		7,636	2,024	1,065	1,107	1,152
Tobacco Settlement Securitization Funding Change***		15,200	0	0	0	0
Medicaid ****		39,674	36,114	36,114	64,992	68,249
Behavioral Health Services		4,000	4,000	0	0	0
Aged and Disabled Waiver/Senior Services		12,123	0	0	0	0
Correctional Facilities Operations		3,771	7,776	2,200	2,200	2,200
Trooper Longevity and Enhanced Entry Salary		1,035	1,035	1,035	1,035	1,035
Capital Outlay and Maintenance		0	5,000	5,000	5,000	5,000
Unanticipated Expenditures/Program Enhancements		57,616	45,000	50,000	55,000	60,000
Salary Enhancements		29,453	0	0	0	0
Public Education - Gap Fill (4 years)		21,261	20,848	0	0	0
Total Ongoing Base Expenditures	3,648,683	3,890,001	4,039,448	4,203,675	4,403,475	4,612,025
One-Time Expenditures	239,817	\$50,397	\$4,500	\$4,500	\$4,500	\$4,500
Balance	\$0	\$117,552	\$17,552	(\$9,125)	(\$89,775)	(\$132,875)

* Assumes less than 1% Growth Rate in FY 2009 and approximately 3% Growth Rate from FY 2010 - FY 2012.

** FY 2008 - 2012 Expenditure Growth is the additional amount required annually to fund existing programs.

*** To move current funding of DHHR programs from Tobacco Settlement Funds to General Revenue.

**** FY 2008 & FY 2009 are shown only for the future base of the Medicaid program but will be directed to OPEB liability for '08 & '09.

Six Year Financial Plan

Excess Lottery Transfer-Surplus

The Excess Lottery Fund will continue to generate surplus revenues until lottery competition from other states materializes, most likely beginning during the last half of calendar year 2007. Once this begins, the surplus amount available for other appropriation will steadily decrease at least through FY 2009 before rebounding slightly thereafter. If competition is slower to materialize, the decrease in revenues will be shifted somewhat to the out-years. The anticipated reduction of Excess Lottery Transfer due to increased competition from bordering states results in reduction in revenue of roughly \$90 million by FY 2009.

Lottery

The regular Lottery funds are dedicated by statute for use for senior citizens, education, and tourism. Since General Revenue Funds are used for the same programs, Lottery funds are included here as part of the total available, and program funding may be shifted between the two revenue sources.

Expenditure Assumptions

Reserve Accounts

The State has traditionally held funds for unforeseen circumstances such as natural disasters, economic downturns, and budget shortfalls in several accounts, the two primary being the Revenue Shortfall Reserve Fund (Rainy Day Fund) and the Tax Reduction and Federal Funding Increased Compliance (TRAFFIC) account maintained by the Legislature. The State additionally has several accounts that contain unencumbered balances and which could also be characterized as reserves in times of crisis but are traditionally dedicated to other purposes (an example of such an account is the Income Tax Refund Reserve). Over the last two years the Legislature added another \$133.7 million into the Rainy Day Fund and moved moneys from the West Virginia Tobacco Medical Settlement Trust Fund into the newly created Revenue Shortfall Reserve Fund—Part B, providing the State with more than \$477 million in reserves, representing more than 13% of the current year's General Revenue budget. The Governor will request during the 2007 Legislative Session that the Legislature appropriate an additional \$117 million into Rainy Day Fund to be later used for onetime appropriations for unfunded pension liabilities and/or unfunded healthcare liabilities, or other onetime expenditures.

Base Budget

This is the base operating budget for ongoing expenditures for current programs and services provided to the citizens of West Virginia. The Base Budget does not contain items of a onetime nature. Each fiscal year begins with the base budget as reflected from the previous fiscal year. Each year's total budget is the amount required to maintain the current level of service, including any new amount of funding required to maintain that current level, plus any new funding required for necessary service enhancements.

Expenditure Growth

The various items that comprise Expenditure Growth are the "budget drivers" that have the greatest impact on expenditures, or they may be items of a less significant amount but continue to increase over time. The amounts listed under Expenditure Growth are the additional amounts necessary on an annual basis to maintain or enhance the services to the required level. These amounts are added to the Base Budget from the prior year to determine that particular fiscal year's Total Ongoing Base Expenditures.

The Balance is strictly the excess or deficit of revenues vs. expenditures on an annual basis. The Balance is not carried forward to the following fiscal year. The Governor has recommended that the Balance be put into the Rainy Day Fund for savings to be used to offset the projected shortfall in the future, used for paying unfunded retirement/benefit liabilities, or other possible one time expenditures.

Six Year Financial Plan

For FY 2008, several items have been recommended to be added. In addition to the Total Ongoing Base Expenditures, an amount for Onetime Expenditures has been included. These expenditures are not included in the base, but the amount will be expended during FY 2008 and, therefore, must be reduced from the revenue available to arrive at the correct Balance.

The following is a brief explanation of the FY 2008 expenditure growth and program enhancements as detailed in the "Six Year Financial Plan."

PROMISE Scholarship/Higher Education Grant Program—PROMISE Scholarship requires an amount of \$800,000 for a statutorily mandated two percent increase pursuant to W.Va. Code §18C-7-7 of the West Virginia Code. The Higher Education Grant Fund (W.Va. Code §18C-5-3) calls for a \$500,000 statutory increase and the Governor has included an additional \$7.5 million for scholarships.

Supreme Court—The Constitution requires that the Governor fund the Supreme Court as requested. The Supreme Court requested an additional \$6.226 million for FY 2008, representing a six percent increase over the FY 2007 appropriation. Based upon past history, future expenditure growth should continue to be in line with an annual growth rate of approximately five percent.

Retirement System Contributions—The State has made significant strides toward the long-term funding of the State's retirement systems. Of the additional surplus revenues available during the past two fiscal years, \$294 million was used to help pay down the unfunded liability in the Trooper Retirement System Plan A, drastically reducing the unfunded liabilities of that system. Moreover, in addition to the \$333 million required under the amortization schedule (and additional unfunded liabilities of the system) last year, the Legislature has appropriated an additional \$672.9 million for the Teachers Retirement System during the last two years. Under the current amortization schedule for the Teachers Retirement System, the amount required to maintain the current amortization plan will be in excess of \$600 million by the year 2034. This number would be much greater without the responsible move by the Legislature and the Governor to pay down unfunded pension debt with the recent surplus moneys.

As the Governor indicated last year, developing an alternative funding plan or using onetime moneys to pay down this Teacher Retirement System liability is very important to the future fiscal health of the state. Governor Manchin has directed an evaluation of whether it would be feasible and fiscally responsible to securitize our current Tobacco Master Settlement Agreement proceeds to level the payments under the current amortization schedule. A portion of the moneys obtained in bond sale proceeds from the securitization would be used to level off the Teachers Retirement System unfunded liability payments at \$350 million per year. It is believed that such a move has the potential to save the State hundreds of millions of dollars.

Public Employees Insurance Agency—The outlook for PEIA for the FY 2008 budget requires no increases, but significant increases over the course of the next five fiscal years, with multi-million dollar increases in the State's General Revenue share of premiums, up to almost \$40 million in 2012. Thus PEIA's outlook for the future continues to be a major concern and represents another of the major financial challenges facing West Virginia. PEIA cannot assume the economic conditions of the State will continue to permit increased premium revenues for the agency, nor can PEIA assume trend results will continue to be lower than anticipated.

Exacerbating the financial problem with the PEIA are changes by the Government Accounting Standards Board requiring greater disclosure (GASB 43 and 45) of the costs of providing health benefits to both current and retired employees—other postemployment benefits. The State of West Virginia has conducted an evaluation of the value of the liability for providing current and future healthcare benefits to employees and their dependents, an examination of benefit design and its impact on the value of the liability, and the operations of the PEIA program. The goal of the program was to find a more efficient way to provide state employees (both active and retired) with quality healthcare benefits at a price both the PEIA members and the state can afford. The study indicated that the unfunded

Six Year Financial Plan

liability of the PEIA program for other postemployment benefits may approximate eight billion dollars. The PEIA Finance Board has taken recent steps to begin to manage this liability. But the future remains uncertain as West Virginia and several other states begin to evaluate, account for, and manage these unfunded liabilities. To continue the process of responsibly paying down unfunded liabilities, and the Governor will recommend that \$40 million be directed for other postemployment benefit unfunded liabilities this year. It is also believed that, in addition to leveling off the Teachers Retirement System amortization schedule, additional moneys from tobacco securitization proceeds will be available to be dedicated to this unfunded liability.

Children's Health Insurance Program—The Legislature proposed and enacted legislation that will eventually expand coverage for the Children's Health Insurance Program to those families within 300% of the federal poverty guidelines. That change, along with the potential that federal moneys dedicated to the program may not be reauthorized this year likely means that the State of West Virginia over the next several years may, to keep the current program in place, be forced to provide additional funding for this program. Although no additional dollars are necessary for this year, increases are possible during the next few fiscal years.

State Aid to Schools—The Basic State Aid to Schools Formula for public education (excluding salary increases) netted a reduction of \$24.4 million (which includes in part, local share increasing \$11 million; PEIA and Retirement required less funding of \$7 million and \$10 million respectively), while other Education statutory salary increases and program enhancements required an additional \$7.6 million. Budget projections are based on the following assumptions:

- Student enrollment statewide will increase because of continued increases in K-12 enrollment and continued implementation of the early childhood program;
- The increase in the net enrollment limits included in W.Va. Code §18-9A-5a will continue to rise, causing an increase in the number of personnel funded of approximately 25 professional educators and 43 service personnel per year over the five-year period;
- The average state-funded salary, exclusive of salary increases, will increase by 2.04% for professional educators due to extension of experience incentive (GAP Fill) and 0.22% for service personnel because of increased years of experience;
- The fixed charges allowance rate will increase by one percent per year;
- Transportation costs will increase by four percent per year;
- The legislative appropriation for Improve Instructional Programs will continue to be \$33 million per year;
- The local county share will increase by an average of \$7.6 million per year (assuming a decrease in the percentage retainage rate).

Public Education Statutory Increases/Enhancements—The Department of Education and Schools for the Deaf and Blind employees are statutorily paid at the same county pay scales as professional educators and service personnel. Employees' salaries increase with additional years of service. Increased enrollment, 34/1000 waiver, and other statutory requirements are also accounted for here.

Tobacco Settlement Securitization Funding Change—Assuming that the State securitizes Tobacco Master Settlement Agreement moneys, the State will need to move current funding in the Department of Health and Human Resources to the General Revenue Fund, in the amount of \$15.2 million. This move will ensure that tobacco education programs as well as institutional facilities retain their important funding sources.

Six Year Financial Plan

Medicaid—State Medicaid funding is dependent primarily on four funding sources—General Revenue, Lottery, Medical Services Trust Fund, and Provider Tax. Controlling the growth of this program is vital to both the fiscal health of the state and the people who depend on the Medicaid program for vital services. To restrain the future growth of the program, the Department of Health and Human Resources will continue to focus on managing Medicaid like other health insurance programs. Medicaid is confronted with a fundamental problem—how to design an appropriate benefit package for the poorest and most disabled citizens of West Virginia and ensure access to Medicaid services, yet still meet cost containment and program integrity goals. The Administration is committed to containing the burgeoning costs of this program. Future Medicaid costs will put a heavy burden on future state revenues, and program changes are inevitable to avoid future funding crises.

Developing changes to in this program is exceedingly difficult because Medicaid operates as an entitlement program for all citizens that meet the eligibility criteria, and the cost of the program is determined by the number of eligible individuals, how often they utilize health care services, and the cost of the health care services. Therefore, the State must budget for all program costs incurred by the clients. The program costs, however, cannot be controlled through budget restrictions and appropriation caps without changes to the eligibility criteria, the types of services covered, or the rates paid for services. Reducing program eligibility, eliminating covered services, and reducing payments for services will shift the burden to other social service providers as clients seek other sources of assistance. The healthcare industry in general (hospitals, physicians, clinics, etc.) may also experience the possibility of decreased revenues from the Medicaid program and an increase in uncompensated care as clients seek medical care without coverage. Since Medicaid revenue has become a significant factor in the healthcare industry, any reductions will cause cost shifting and other reductions throughout the state healthcare system.

Several other factors will influence the increase in the Medicaid program, including medical inflation and the economy. If the provider tax, trust fund, and lottery sources of state match remain relatively constant, the General Revenue Fund of the state will have to supply the additional funds to cover future increases in cost.

Due to a host of factors, including responsible management, the State for the next two fiscal years is projecting that it will not need any increases to the Medicaid program from the General Revenue Fund. In FY 2010, however, the increase is projected to exceed \$100 million. In order for the State to be in the best position to fund this type of increase, the Six Year Financial Plan dedicates approximately \$40 million into the base budget for FY 2008 and more than \$36 million for FY 2009. The Governor recommends that these moneys be treated as onetime expenditures dedicated to unfunded liabilities until FY 2010, when the Medicaid program would then use those base moneys, along with an additional increase in FY 2010, to properly fund Medicaid.

Behavioral Health Services—The Governor recommends \$4 million in the FY 2008 budget to provide community support to begin moving patients back into society, and projects another \$4 million increase for FY 2009. The state behavioral health system is currently under study by both a Department “Redesign” project and a legislative initiative. Until such time as these studies are complete and recommendations reviewed, there is not sufficient information to calculate realistic cost projections. However, given the recent history of annual escalating healthcare costs, one could reasonably conclude that behavioral health costs will increase.

In Home Health, Aged and Disabled Waiver, Senior Services—Included as an enhancement for the FY 2008 recommendations are more than \$12 million for additional in-home care, additional home delivered meals, Alzheimers respite care, and Regional Aged and Disabled Resource Centers.

Correctional Facilities Operations—At the correctional facilities, inmate medical costs rise an average of \$2.2 million each year. Additional inmates, increased aged inmate population, increased chronic medical illnesses, and the rising cost of medical care in general necessitates the request for additional medical expense funding for the proper remittance of provided services. The Governor recommends an increase of \$1.5 million for inmate medical expenses and \$2.3 million for facility operations for FY 2008.

Six Year Financial Plan

Trooper Longevity and Enhanced Entry Salary—The enhanced salary plan for troopers is an effort to upgrade the entry level trooper salary levels so they will be comparable and competitive with those offered by municipal police departments across the state. It will assist by attracting more qualified applicants, and thus retain them through the early years of their career. Together with a longevity plan to entice retention of senior troopers, the combined overall impact of these salary enhancements will ensure that the citizens of West Virginia will continue to be protected by a more experienced and trained law enforcement staff.

Capital Outlay and Maintenance—The Governor has recognized the need for dedicated funding of capital outlay and maintenance to maintain and repair state-owned facilities. As the Governor develops future budgets a greater emphasis will be placed on the capital planning process and the development of proper maintenance plans for fixed assets such as buildings, equipment, or machinery. In addition to projecting moneys for these expenditures, the Governor has also recommended several onetime expenditures for capital outlay and maintenance.

Unanticipated Expenditures/Program Enhancements—Various program enhancements in other areas include funding of \$57.6 million for: homeland security related necessities; State Police programs; Public Defender Services; mine health, safety, and training; and higher education.

Salary Enhancement—This includes moneys necessary to fund a salary increase for professional educators as well as additional moneys dedicated to retention and recruitment of qualified inspectors and related personnel at the Offices of Mine Health, Safety, and Training, as well as retention and recruitment at correctional facilities.

Public Education/Gap Fill—As requested by Governor Manchin in September 2005 and implemented November 2005, these funds are required to fill the gaps that previously existed in the pay steps in the public school teacher pay scale. Over a four year period, all of the gaps will be filled at a total cost of \$77.6 million.

One-time Expenditures—To ensure that current surplus moneys are spent not on base budget enhancements, the Governor will also recommend several projects that are onetime expenditures, including: the additional payments of unfunded liabilities; capital improvements; funding to ensure safe access to schools; and funding for academic research.

Summary

The Six Year Financial Plan includes the best estimate of revenues and expenditures based on currently known facts and are the best assumptions we can make on a future basis. The further into the future we project revenues and expenditures, the greater the chance of deviation from the projections. For example, the end of the next budget year, FY 2009, is still 30 months into the future from the date the projections were completed. The General Revenue Fund estimate is \$3.8 billion for FY 2009. Just a one percent deviation from the estimate will result in a \$38 million difference in revenues. Depending on this deviation being either higher or lower, the range of actual difference in revenue could be \$75 plus million (\$38 million under estimate to \$38 million over estimate).

The same may be said regarding expenditures. Although we have included all known expenditures with the best projections available for future increases, many unknowns obviously exist. A large portion of the budget is expended for health care—both Medicaid and public employees' health insurance expenditures. Small fluctuations in the projected cost of health care can result in large dollar differences in the required expenditures for these services. For Medicaid, a one percent change in the federal match rate results in a difference in state funding of approximately \$30 million.

Also not included in the projected expenditures is any additional funding for future salary increases, funding for inflationary expenses to cover the rising cost of energy consumption for state-owned buildings and vehicles, or funding for new programs.

Budget Overview

Budget Process

The Executive Budget Process Policy

The budget process begins approximately one year prior to the beginning of the fiscal year for which appropriations are being made. The state fiscal year begins July 1 and ends on June 30.

The Secretary of Revenue, along with the Governor's Office and the State Budget Office, develops guidelines to be used by the various spending units when submitting their appropriation (budget) requests that are due by law on September 1. These guidelines establish a "current level" or base budget for each department/bureau/commission/division.

For all appropriated accounts, the "current level" for FY 2008 is defined as the same amount of funds the department/bureau/commission/division has for the current fiscal year (FY 2007) less any one time appropriations. For the budget request, the department/bureau/commission/division is permitted to move funds between appropriations, programs, or agencies within the department; however, there can be no increase in the total request over the current year's appropriation with the exception of the legislative and judicial budgets and statutory increases for the Department of Education. The "current level" request allows department/bureau/commission/division heads to redirect their limited amount of resources to the highest priority areas without an increase in their total budget.

All appropriation requests that are above the "current level" must be submitted as a separate "improvement package" stating what the additional funding will accomplish, how it will be expended, and justifying the need for the additional funds. Each such improvement above the "current level" is considered individually.

When these requests are received on September 1, they are reviewed by the Secretary of Revenue and the State Budget Office, and budget hearings are generally held with the departments/bureaus/commissions/divisions to discuss their requests. During these budget hearings, the departments/bureaus/commissions/divisions have the opportunity to provide the Governor's Office and the Department of Revenue with additional information to support their requests, answer questions, and bring to the forefront any specific needs such as legislative or federal mandates or court ordered funding.

This is also the time any future capital projects and funding options are discussed in general terms. All the departments/bureaus/commissions are required to submit capital expenditure plans with their appropriation requests. These show the projects budgeted for the current fiscal year, requested for the next fiscal year, and estimated into the future four years. This allows the state to plan for future capital needs with sound financial planning.

When the hearings are completed and the revenue estimates are determined for the budget year, the Governor makes budget recommendations based upon program priorities, requirements, court orders, and the availability of funds. The Governor, under the authority of the Constitution of West Virginia, has the sole responsibility to establish the official revenue estimates of the State. The budget is developed on a cash basis, including only revenues and expenditures expected to be realized during the fiscal year plus any surplus balances available for appropriation, but the Governor is not legally required to submit a balanced budget. However, as a matter of practice, the Governor submits a budget that is balanced. A "balanced budget" recommends and appropriates only those revenues recognized in the "official revenue estimate" as provided by the Governor and may also include any unappropriated surplus balances available from the prior year.

Budget Overview

The Constitution of West Virginia requires the Governor to submit a proposed budget to the Legislature on the second Wednesday of January of each year, except the year following a gubernatorial election, at which time the budget is to be submitted on the second Wednesday of February.

The Governor's Executive Budget consists of the *Operating Detail*, the *Budget Report*, and the Budget Bill. The *Operating Detail* contains organizational charts, descriptive narrative information for every department/bureau/commission, division, and program, detailed financial information related to actual expenditures, current budget, and requested appropriations by program and by fund. The *Budget Report* contains the executive message, a budget plan, economic forecast, capital projects, and a profile of the State. The Budget Bill includes the language required to legally enact the budget or appropriations bill.

The *Operating Detail* and the *Budget Report* both contain summary financial statements that include the official estimate of revenues for the state along with available fund balances, actual prior year expenditures, current year budgeted amounts, and the Governor's recommendations for the next fiscal year.

The Legislative Budget Process Policy

After the Executive Budget is presented by the Governor to the Legislature, it is referred to the House of Delegates (House) and Senate Finance Committees for their review and consideration. Each finance committee also holds budget hearings with the departments/bureaus/commissions/divisions to determine their recommended level of funding for the upcoming fiscal year. The House and Senate Finance Committees will each pass a Budget Bill and present it to their respective legislative bodies for full approval. Once the House and Senate have passed their individual bills, they are compared with each other and the differences are noted. The Budget Bills are then referred to the Budget Conference Committee which is made up of members appointed from the House and Senate Finance Committees. The Conference Committee works out any differences, agrees to a single budget and, once again, presents it to their respective legislative bodies for full approval.

The Legislature is legally required to pass a balanced budget, meaning that estimated revenues and unappropriated fund balances must be equal to or greater than the appropriations.

If the budget has not been passed by the Legislature three days before the expiration of its regular 60 day session, the Governor shall issue a proclamation extending the session for such further period as may, in his or her judgment, be necessary for the passage of the Budget. The extended session begins immediately following the expiration of the regular 60 day session. During the extended session, no bills or matters other than the budget may be considered, except a bill to provide for the cost of the extended session.

The Budget Bill must be passed by a majority of the members of each legislative body and presented to the Governor. The Governor may veto the bill or disapprove or reduce items or parts of items. If approved, it becomes law. Items or parts disapproved or reduced by the Governor are returned, stating the objections, to each house of the Legislature.

Upon passage by the Legislature, the Budget Bill becomes the Budget Act and appropriates, by spending unit, the funds required to operate state government for the next fiscal year.

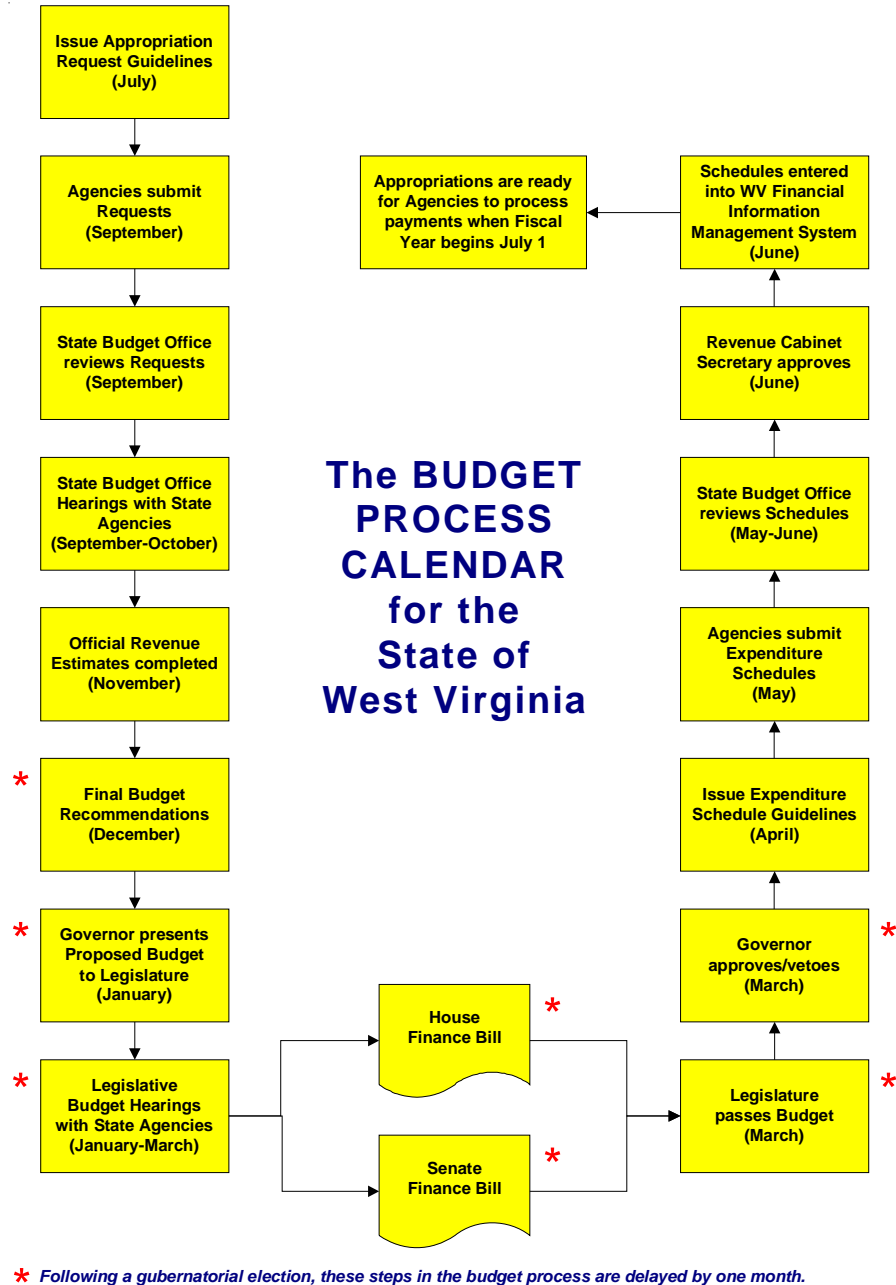
Any Budget Act items or parts thereof which have been vetoed by the Governor may be restored by two-thirds vote of each house of the Legislature. The Budget Act must be approved or disapproved within five days (Sundays excepted) after it has been presented to the Governor. Should the Governor fail to approve or disapprove it within the allotted five-day period, the Budget Act will become law as if the Governor had signed it.

Budget Amendment Policy

Supplemental Appropriation Bills

The Budget Act may be amended at a later date by the Legislature by the introduction of a supplementary appropriation bill. Each supplementary appropriation bill must be for a single purpose or object and shall provide the source of revenue necessary to pay the appropriation unless there is sufficient revenue currently available.

A supplementary appropriation bill will generally be introduced in either the House or Senate Finance Committees by a member or members of the committee. The Governor may also request a member of the Legislature to introduce a supplementary appropriation bill "By Request of the Executive." A supplementary appropriation bill



Budget Overview

may increase or decrease the current appropriation, create a new appropriation, or otherwise amend the Budget Act by changing or correcting language that directs the expenditure of appropriations.

A supplementary appropriation bill must follow the same procedures and requirements necessary to adopt the original budget.

Budget Act Specific Transfer Language

In addition to the legislative amendment process, the Budget Act contains specific language allowing:

- Department secretaries the authority to transfer not more than five percent of any General Revenue appropriation between various agencies within the department or bureau.
- Any spending unit to transfer “personal services” and “employee benefits” to other appropriations within the same account.
- Any spending unit in any fund to transfer “personal services” and “unclassified” to ‘employee benefits.’”
- The Budget Bill also requires the payment for the Board of Risk and Insurance Management (BRIM) premiums and payments for employee benefits to be paid or transferred from various sources should the appropriations be insufficient.

The commissioner of the Division of Corrections has specific authority to transfer funds between the individual correctional units and from the correctional units to “Payments to Federal, County, and/or Regional Jails or “Inmate Medical Expenses.”

The director of the Division of Juvenile Services has specific authority to transfer funds between individual juvenile centers.

The secretary of the Department of Health and Human Resources may also transfer up to five percent of funds appropriated to one item to another item(s) within the Division of Human Services provided, however, that funding for “Personal Services” (salaries) may not be increased.

Legislative and Judicial Amendments

The Legislative and Judicial branches of government may make other transfers as adopted in the joint rules of the Legislature and the rules of the Supreme Court.

Governor's Increased Spending Authority Authorization

Appropriated Special Revenue accounts and Federal Fund accounts may be increased by the Governor as authorized by the West Virginia Code.

Special Revenue

W.Va. Code §11B-2-18 authorizes the Governor to increase the spending authority for accounts which are funded “from collections” (Special Revenue) provided the amount actually collected exceeds the amount authorized for expenditure by the Legislature.

The spending officer must submit a plan of expenditure showing the purpose for which the funds are to be expended and a justification statement showing the reasons why the additional expenditure is necessary and desirable.

If the Governor approves the plan of expenditure and justification statement and is satisfied the expenditure is required to defray the additional cost of the service or activity of the spending unit, the Governor may authorize the use of the additional funds. If the Governor intends to authorize the additional spending, notification of the intent is provided to the President of the Senate, the Speaker of the House, and the Chairmen of the Senate and the House

Budget Overview

Finance committees providing them a three week opportunity for review and concurrence. If there are any questions or issues regarding the need for additional spending authority, all parties work together to reach a mutual agreement on the issue. If the agreement is to proceed with the authorization, notices of such authorization are sent to the State Auditor, the State Treasurer, and the Legislative Auditor.

Federal Revenue

W.Va. Code §4-11-5 authorizes the Governor to increase the spending authority for federal accounts.

If additional Federal Funds become available to the spending unit while the Legislature is not in session and the availability of such funds could not reasonably have been anticipated and included in the budget approved by the Legislature, the Governor may authorize, in writing, the expenditure of such funds in the same manner as Special Revenue funds described above. However, the Governor may not authorize the expenditure of such funds received for the creation of a new program or for a significant alteration of an existing program. A mere new source of funding of federal moneys for a program that has been approved by legislation is not considered a new program or a significant alteration of an existing program, and the Governor may authorize the expenditure of such funds.

The Governor submits to the Legislative Auditor two copies of a statement describing the proposed expenditure of such funds in the same manner as it would be described in the state budget and explain why the availability of such Federal Funds and why the necessity of their expenditure could not have been anticipated in time for such expenditures to have been approved as part of the adopted budget.

Financial Related Policies

Accounting and Auditing Procedures

The financial activities of the State are accounted for in individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. For financial reporting purposes, the reporting entity is divided into the primary government and the discretely presented component units.

The modified cash basis of accounting is the budgetary basis of accounting followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to thirty-one days after the fiscal year end; however, appropriations for buildings, land, and capital outlays remain in effect until three years after the passage of the act by which the appropriations were made. The State Auditor reviews all transactions of all funds to insure that an appropriation for expenditures has been made, there is a balance in the appropriation sufficient to cover the expenditure, and evidence of services rendered or materials received supports the claim against the State.

The West Virginia Code requires an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in West Virginia Code, the audit is also designed to meet the requirements of the Federal Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, as amended. Generally accepted auditing standards set forth in the General Accounting Office's Governmental Auditing Standards are used by the auditor's in conducting the engagement.

The Legislative Auditor compiles fiscal information for the Legislature; makes a continuous audit and analysis of the State budget, revenues, and expenditures; makes periodic post-audits of the revenues and expenditures of the spending units of the State government; reports any misapplication of State funds or erroneous, extravagant, or unlawful expenditures by any spending unit; and makes recommendations to the Legislature concerning the post-audit findings, the revenues, and expenditures of the State and the organization and functions of the State and its

Budget Overview

spending units. A copy of each audit report, when completed and certified by the Legislative Auditor, is filed with the Department of Administration as a public record and with the Attorney General for any action he may deem necessary.

Basis for Budgeting All Funds

The State's annual budget is prepared on a cash basis, a statutory basis of accounting not in conformity with generally accepted accounting principles (GAAP), modified only at year-end to allow for a 31-day period for the payment of obligations incurred in that fiscal year. The cash basis means that all revenue is recognized when actually received and that expenditures are recognized when paid.

Budgeted general government activities are summarized into the following budgetary funds: General Revenue Fund, State Road Fund, Federal Funds, and Special Revenue Funds. As required by Chapter 11B, Article 2, Section 4 of the West Virginia Code, the budget for each department/bureau/commission/division shall show all funds including those from regular and supplementary appropriations, federal funds, private contributions, transfers, allotments from an emergency or contingency fund, and any other expenditure made by or for the spending unit.

Because all funds available to a department/bureau/commission/division are included and presented as part of their total budgets, enterprise funds and other transfers may be "double-counted" in the budgets of several different spending units. Since the budgetary basis differs from GAAP, this causes the budgetary figures to exceed the amounts contained in the state's Comprehensive Annual Financial Report (CAFR) by over \$1 billion.

The Governor's Executive Budget documents do not include quasi-governmental entities [i.e., West Virginia Parkways, Economic Development, and Tourism Authority, West Virginia Investment Management Board] along with certain other financial information that would be included in the West Virginia CAFR for reporting purposes but not directly appropriated by the Legislature.

The State's CAFR presents the State's finances in conformity with GAAP for governments, GAAP requires that the State's Proprietary Funds apply GAAP in a similar manner as applied to business activities in the private sector. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental and financial accounting.

Cash Management and Investment Procedures

The State Treasurer's Office is the cash management center of the State. The Treasurer receives and deposits in state depository banks all funds due to the state. The Treasurer monitors the bank balances to insure that sufficient moneys are on hand to meet the obligations of the State on a day-to-day basis and insures that all bank accounts are properly collateralized.

The West Virginia Constitution was amended at a special election held on September 27, 1997 to authorize investment of state and public funds in equities. Legislation specified various restrictions and limitations on the investments and places the authority for long-term investment trusts with the West Virginia Investment Management Board.

The West Virginia Board of Treasury Investments is responsible for investing the operating funds of the state which are referred to as the Consolidated Fund. The State Treasurer is chairperson of this five-member board.

Evaluation and Monitoring Procedures

In addition to the evaluation undertaken as part of the budgetary process, the State Budget Office conducts special analyses of the operations of State agencies. There are also reviews undertaken by the Legislative Auditor, who is

Budget Overview

appointed by the State legislature, and by internal programs within departments that monitor the achievement of budget objectives.

The budget is predicated on estimates of revenues by sources that are evaluated on a monthly basis. Subsequent to the passage of the budget bill, the Department of Revenue monitors and forecasts revenues to evaluate their flow and the accuracy of the estimates that have been made. The State Budget Office issues monthly revenue reports that reflect collections compared to the estimate and to the prior fiscal year. Various monitoring techniques are used to make sure that the revenue collections are sufficient to support the appropriations made by the Legislature. If the Governor believes the revenues may fall short of estimates, he must direct the State Budget Office to reduce pro rata all expenditures within his control in such degree as may be necessary to prevent a deficit or he may convene the Legislature to request a supplementary appropriation from the Revenue Shortfall Reserve Fund. If the Governor determines that a pro rata reduction will dangerously impair essential services of government, he can instruct the State Budget Office to reduce expenditures from separate appropriations in accordance with a statutorily defined method. In addition, the Governor can, by executive action, institute certain other selective spending reduction measures as may be necessary to prevent a deficit.

Upon final approval of the budget, State agencies undertake the process of preparing expenditure schedules that must be filed with the State Budget Office and Legislative Auditor's Office. The expenditure schedules provide a detail of expenditure planning and include a request for quarterly releases of funds to meet such plans. Several large appropriations, such as the State Aid to Schools and Human Services are controlled on a monthly or daily basis for cash flow and control purposes. After review and approval, the schedules become the basis for expenditures by each agency during the upcoming fiscal year. The State Budget Office is responsible during the year for evaluating all proposed payroll changes, encumbering all planned expenditures and preventing expenditures from exceeding appropriations for each agency. The State Auditor and State Treasurer are prohibited by law from issuing a State check that exceeds the amount appropriated for any particular account. They also maintain accounts of the revenue collected and expenditures made pursuant to appropriation and reconcile their accounts on a monthly basis. Because of these records, the State Budget Office's encumbrance control is extended to cash control by the Auditor and Treasurer.

Performance Measurement in the Budget Process

State agencies are now required to submit division-level performance measures as part of the appropriation request process. Prior to this year, agencies were required to submit performance measures at the program level. The result included a quantity of workload performance measures. (Workload measures indicate the amount of work performed rather than how well the goals and objectives are being achieved.) Because many of the performance measures in this year's Operating Detail are newly established, actual statistics from previous years are not applicable.

Performance measures are a tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively. Although every effort is made to provide services at the lowest possible unit, it is most important to ensure that an agency provides a measurable benefit to the citizens it is designed to serve.

The focus for the FY 2008 performance measures is to show the trend of the agency's performance for the three most current fiscal years (FY 2004 to FY 2006) and the performance-level objectives the program is trying to achieve in FY 2007 and FY 2008 based on current level funding. For the most recently completed year, both projected and actual performance data is shown to provide information on the success of the agency in meeting their goals.

Although the performance measure data is generally expressed in terms of the State fiscal year (July 1 through June 30), occasionally the data is in either calendar year (January 1 through December 31), federal fiscal year (October 1 through September 30), or federal program year (depending upon the established guidelines for the program). If the

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performance measurement data is not in the State fiscal year, then only two years of the most recent data is shown rather than three years.

During the appropriation request process, it is the intent of performance measurement to encourage cabinet secretaries/agency heads to internally review their programs and make their recommendations to the State Budget Office and the Governor regarding the best use of limited funds. The performance measurement process is not intended to provide information to a central organization (i.e., the State Budget Office or the Governor's Office) for the purpose of making recommendations on behalf of the agency.

Many grants, federal and other sources, currently require the use of performance measures as a condition to receive the grant funds.

Legislative Performance Review

The Legislature's Performance Evaluation and Research Division (PERD) operates under the authority of the West Virginia Sunset Law, W.Va. Code §4-10-1. The division conducts evaluations of executive agencies in compliance with generally accepted government auditing standards. Results of the evaluations are reported to the Joint Committee on Government Operations during interim sessions of the Legislature.

The sunset process begins each year when the Legislature passes a bill that sets a schedule of agencies to be reviewed by PERD. The four types of reviews contemplated in the Sunset Law are preliminary performance reviews, full performance evaluations, regulatory board evaluations, and compliance monitoring and further inquiry updates.

Preliminary performance reviews address the following issues:

- Was the agency created to solve a problem or provide a service?
- Has the problem been solved or has the service been provided?
- To what extent have past agency activities and accomplishments, current projects and operations, planned activities and goals for the future been effective?
- Would there be significant and discernible adverse effects on the public, health, safety or welfare if the agency were abolished?
- Does the agency operate in a sound fiscal manner?

Full performance evaluations are more expansive in their scope and are meant to address whether the agency is acquiring, protecting, and using its resources efficiently and effectively; whether the agency is complying with laws and regulations; and the extent to which the goals of the Legislature are being achieved.

Regulatory Board Reviews are conducted on Chapter 30 of the State Code boards that regulate certain professions. There are three primary determinations the evaluation must make:

- Does the board comply with the general policies and provisions of Chapter 30 of the State Code and other applicable laws and rules?
- Does the board follow a disciplinary procedure that observes due process rights and protects the public interest?
- Does public health and safety require that the board be continued?

Compliance monitoring and further inquiry updates determine if an agency has complied with recommendations contained in a completed full performance evaluation, a completed preliminary performance review, or a regulatory board evaluation.

Upon receiving the evaluation report from PERD, the Joint Committee on Government Operations makes one of several possible recommendations. First, the audited agency may be terminated. Second, the audited agency may be

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continued and reestablished. Third, the statutes governing the audited agency may be amended in specific ways. Corrective legislation might address ineffective or discriminatory practices or procedures, burdensome rules and regulations, lack of protection of public interest, overlapping or duplicating jurisdictions, unwarranted exercise of authority either in law or in fact, or any other deficiencies.

Budget Summary - Fiscal Year 2008

In both FY 2005 and FY 2006, the West Virginia economy and tax collections grew sharply, in large part due to energy prices reflected in the severance tax and higher corporate profits as reflected in the corporate income/business franchise tax collections. (See the Economic Forecast section for additional economic details). General Revenue Fund collections grew by roughly \$700 million or more than 23% between FY 2004 and FY 2006. Combined Lottery and Excess Lottery revenues grew by more than \$81 million or nearly 17% during the same two-year period. The State effectively received five years of normal revenue growth in a span of just two years.

Of these additional revenues, \$294 million was used to help pay down the unfunded liability in the Trooper Retirement System Plan A. This amount brings the Trooper Retirement System to approximately 90% funded making it actuarially sound and eliminating a significant portion of the \$344 million unfunded liability that existed on July 1, 2004. Another \$672.9 million was used to help pay down the unfunded liability in the State Teachers' Retirement System.

West Virginia also added another \$133.7 million to its Revenue Shortfall Reserve Fund (Rainy Day Fund) over the last two years. When combined with the recently created Revenue Shortfall Reserve Fund—Part B, the current total Rainy Day Funds' balance of more than \$477 million represents over 13% of the current State General Revenue Budget.

The General Revenue Fund ended FY 2006 with actual collections approximately \$142 million higher (4.0%) than the mid-year revised estimate and the Excess Lottery Fund with actual collections approximately \$72 million higher than the original estimate.

The improved economy of the past two years has continued at a somewhat slower pace during FY 2007 and is anticipated to continue slowing into the near future. Coal prices are on a declining trend due to increased foreign and domestic production and slower demand growth. Real estate and housing market activities are slowing nationwide in response to interest rate increases coupled with slower overall growth. Volatile corporate tax collections are overdue for a significant correction following three consecutive years of growth averaging more than 40% per year. Video lottery gaming competition is finally emerging in Pennsylvania to the detriment of West Virginia racetracks. Despite these trends, FY 2007 revenues are anticipated to exceed the original estimates for the General Revenue Fund and the Excess Lottery Fund.

By keeping the appropriations made from the Excess Lottery Fund fairly constant from year to year, the base appropriations from this fund are at a level that can be sustained in the future after anticipated competition from other states materializes. At this time, Pennsylvania has emerged as a competitor with newly installed video lottery machines that will have an adverse affect on West Virginia lottery revenues during the last quarter of this fiscal year. When the State is adversely impacted, beginning in late FY 2007 and continuing more severely into FY 2008 and FY 2009, only the amount of the end of the year surplus funds will decrease. Since we have historically used the surplus funds for "one-time" appropriations and have not included them in "base budgets," the programs funded from Excess Lottery revenues will not need to be reduced.

In November 2006, Governor Manchin called a special session of the Legislature to begin the process of addressing issues related to West Virginia's system of state and local taxation. Due to responsible government initiatives and the State's economic good fortunes, Governor Manchin proposed and the Legislature adopted several measures which improved our tax system and provided tax relief to the citizens of West Virginia. Specifically, Governor Manchin

Budget Overview

requested and the Legislature approved a two percent phased-in reduction in the consumer sales tax rate related to food items, beginning on July 1, 2007 with a one percent reduction and continuing on July 1, 2008, with a final one percent decrease, making the consumer sales tax rate on food items 3%. Also included was a significant reduction in the Business Franchise Tax and a Family Tax Credit aimed at relief for West Virginians near or below federal poverty guidelines. The Governor will continue the effort of tax modernization through the introduction of several additional proposals during the 2007 Regular Session. These proposals are designed responsibly with the long-term requirements of a balanced budget in mind.

Looking forward to FY 2008, the anticipated General Revenue forecast indicates a trend of slower revenue growth with some potential for significant short-term downward volatility followed by a longer term trend much more in line with normal growth patterns. However, because the recent growth in the General Revenue Fund for the past two years has outpaced the expenditure need in the short term, we anticipate a General Revenue surplus for FY 2007 and possibly FY 2008. However, beginning FY 2009, we will once again be in a position where expenditures are anticipated to approximate revenues due to certain major items in the budget such as Medicaid match and loss of federal matching dollars, payments for public employees' health insurance, and payments for the unfunded liabilities continuing to increase at a rate in excess of revenue growth.

For this reason, Governor Manchin continues to include a Six Year Financial Plan showing the projected revenues and expenditures from FY 2007 through FY 2012. Using this plan, it is easy to see where the projected expenditures begin to outpace projected revenues and it becomes obvious that the surplus revenues, actual and projected, should not be expended for items that would add new obligations to the "base budget," but rather should be deposited into a "savings" account to be available to be used in the future to assist in offsetting these anticipated shortfalls.

Therefore, the Governor is recommending a total of \$117 million be put into the Revenue Shortfall Reserve Fund (Rainy Day Fund) for FY 2008. These funds, along with continued efficiencies and program review, will assist in providing funds that will be needed in the future, not only for the anticipated shortfalls but also for unknown and unanticipated contingencies or emergencies. These funds may also be used to fund additional payments of unfunded liabilities in the Teachers' Retirement System, possible payments required to address unfunded other post employment benefits due to retiree premium subsidies and sick leave conversion, or for other "one time" needs. As mentioned previously, these surplus funds are not intended to be used for new programs. Also, they are not intended to add funding to existing programs that would increase the current "base budget" of the State in FY 2008. Additionally, the Governor will continue the process of paying unfunded liabilities, as the Governor will recommend a transfer of approximately \$40 million dollars for payment of unfunded other post employment benefits.

In constructing the Appropriation Request for FY 2008, for the second consecutive year, departments and agencies were not required to take budget reductions as part of the FY 2008 budget request. Agencies were encouraged to move available funding within their department/agency to best address the needs of their programs in order to provide the best possible service to the citizens of the state.

From funds available in FY 2008, the major items of increased expenditures in the Governor's *Executive Budget* are:

- Funding for school access safety
- Funding for Aged and Disabled Waiver/Senior Services and social service programs
- Funding for public health and behavioral health programs
- Funding to address ongoing routine maintenance and repair of state-owned facilities
- Funding for higher education scholarships, institutional costs, and research
- Funding for nutrition programs and in-home services for senior citizens
- Funding for the enhancement of state troopers salaries
- Funding for monetary incentives for state employees and school service personnel
- Funding for programs currently funded by Tobacco Master Settlement moneys
- Funding for Professional Educators pay raise of 2.5% and continued funding for Public Education's "Gap Fill"
- Funding for the "Rainy Day Fund"
- Funding for Retiree Post Employee Benefits
- Additional funding for the Teachers' Retirement System's "Unfunded Liability"

Revenue Sources

The revenues necessary to finance state government are collected from a variety of sources. All sources are dedicated to a specific fund or account and may only be appropriated or used in the manner as prescribed by law. Some of the funds of the State of West Virginia are subject to direct appropriation by the Legislature and are specifically included in the appropriations (budget) bill submitted by the Governor to the Legislature for their consideration and final passage of a budget.

All funds of the State of West Virginia fall into one of five categories and are subject to legislative review and oversight. Other than the exceptions mentioned below, these funds are subject to appropriation by the Legislature:

- * General Revenue Fund
- * State Road Fund
- * Federal Funds
- * Special Revenue Funds
- * Lottery Funds

The **General Revenue Fund** consists of taxes, fees, and licenses that are dedicated to the state fund or are not specifically directed to special or other dedicated purposes.

The General Revenue Fund (or General Fund) consists primarily of the major tax revenue of the state such as Consumer Sales Tax and Use Tax, Personal Income Tax, Business and Occupation Tax, Corporate Net Income Tax/Business Franchise Tax, Insurance Tax, and Severance Tax. These taxes comprise approximately 91.9% percent of the General Revenue Fund. The remaining 8.1% of the General Revenue Fund is a combination of lesser taxes such as Cigarette Tax, Estate Tax, and Charter Tax, along with fees such as Racing Fees, Liquor Profit Transfers, and transfers from lottery revenues.

All General Revenue Fund expenditures, except refunds or overpayments into the fund, must be specifically appropriated by the Legislature and may be appropriated for any purpose as the Legislature so desires. The appropriations from the General Revenue Fund expire at the end of the state's fiscal year on June 30, except as otherwise provided. Bills may be paid through July 31 for obligations that were incurred on or before June 30 of the expiring fiscal year. The Legislature may reappropriate any General Revenue Fund account by adding language in the Budget Act that allows any unexpended balances to be carried forward and expended in the following fiscal year. For capital outlay appropriations, W.Va. Code §12-3-12 states that "appropriations for buildings and land or capital outlay shall remain in effect, and shall not be deemed to have expired until the end of three years . . ."

The **State Road Fund** consists of revenues from gasoline and other motor fuel excise and license taxes, motor vehicle registration and license tax, and all other revenue derived from motor vehicles or motor fuel which are solely dedicated to this fund. The State Road Fund is appropriated by the Legislature and used solely for construction, reconstruction, repair and maintenance of public highways, the payment of the interest and principal on all road bonds, and the administrative expenses of the Division of Highways and the Division of Motor Vehicles.

All federal funds received for road construction, reconstruction, and maintenance are also deposited into and become part of the State Road Fund.

Federal Funds are received directly from the federal government and may only be used for the specific purpose for which they are intended. Federal Funds consist of any financial assistance made directly to any state department/bureau/commission/division by the United States government, whether a loan, grant, subsidy, augmentation, reimbursement or any other form of such assistance, including federal matching funds.

Federal Funds have become a substantial part of the operation of state government, either as part of ongoing programs or structured to institute state action. In all cases, Federal Funds are a significant feature of state services and the budget process.

Revenue Sources

With the following exceptions, Federal funds must be included in the Budget Act and appropriated by the Legislature (as required by W.Va. Code §4-11-6):

- Federal Funds received by state institutions of higher education, by students, or by faculty members of such institutions for instructional or research purposes and federal funds received for student scholarships or grants-in-aid.
- Federal nondiscretionary pass-through funds earmarked in specified amounts or appropriations for transmittal to local political subdivisions or to designated classes of organizations and individuals which do not require state-matching funds and do not permit discretion in their distribution by the receiving state spending unit.
- Federal Funds made available to the State for costs and damages resulting from natural disasters, civil disobedience, or an occurrence declared by the Governor as a state of emergency.
- Federal Funds received by the West Virginia Division of Highways or the West Virginia Commissioner of Highways.

Special Revenue Funds consist of individual accounts created for a specific purpose and the revenues may be expended only for that specific purpose unless otherwise directed by the Legislature. These accounts generate revenue derived from permits, licenses, and established rates or fees for services provided either to the public, other state agencies, or nonstate governmental entities. These accounts are generally “from collections” and the spending is limited to the amount collected or the amount appropriated by the Legislature, whichever is less. Proprietary funds and trust funds are included in the budget as Special Revenue Funds.

Certain special revenue accounts are specifically appropriated by the Legislature and included in the Budget Act. Other special revenue accounts, generally referred to as “nonappropriated,” are not specifically appropriated and are not included in the Budget Act. These nonappropriated Special Revenue accounts derive their authority to expend funds from general law and language contained in the Budget Act for that particular fiscal year.

Special Revenue accounts that are specifically appropriated in the Budget Act expire on June 30, and bills may be paid through July 31 in the same manner as General Revenue Funds. Appropriated Special Revenue accounts may also be reappropriated into the next fiscal year in the same manner as General Revenue accounts. Nonappropriated Special Revenue accounts do not expire but continue forward with the next fiscal year provided the requirements of general law are met.

Lottery Funds consist of revenue derived from the sale of lottery tickets or games and limited video lottery. House Bill 102 passed in 2001 provided for changes in the Lottery Act and Racetrack Video Lottery Act as well as the creation of the Limited Video Lottery Act. In addition, House Bill 102 created an Excess Lottery Fund and stipulates to which fund lottery profits are to be directed; the already existing Lottery Fund or the Excess Lottery Fund.

Lottery Funds are, by law, considered Special Revenue Funds and are included in the Appropriated Special Revenue Fund column on the “Combined Statement of Revenues, Expenditures, and Changes in Fund Balances for Appropriated Funds” in the “Summary Financial Statements” chapter of this document.

The Lottery Funds may be used to support the operation of the West Virginia Lottery, including expenses and prizes. The net revenue from the Lottery must be appropriated by the Legislature. Currently, the Lottery Fund may only be expended for education, senior citizens, and tourism and parks.

Revenue Sources

The Excess Lottery Fund may be used for PROMISE scholarships, senior citizen tax credits, the School Building Debt Service Fund, the West Virginia Infrastructure Fund, Economic Development Project Fund, Higher Education Improvement Fund, State Park Improvement Fund, and the General Purpose Account.

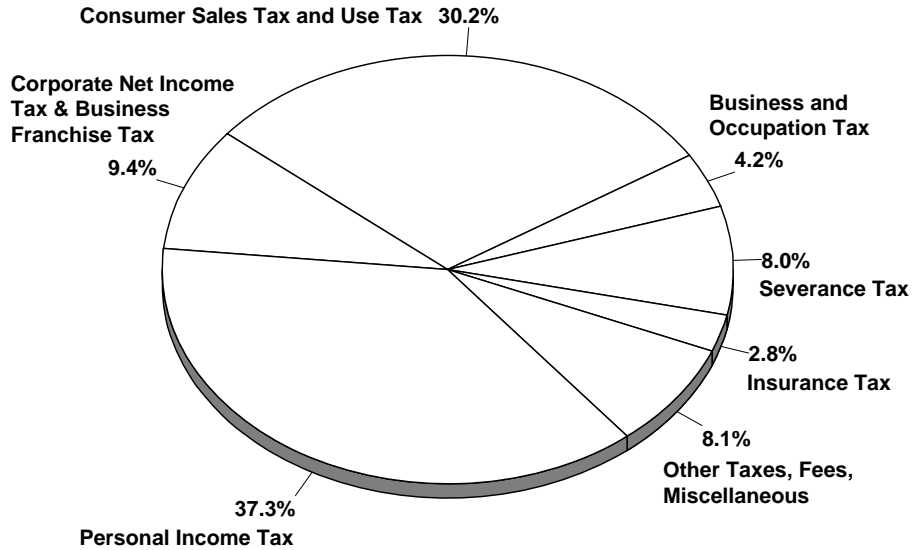
Additional Revenue Information

The following pages contain graphs and explanations of the sources of estimated revenues and areas of expenditure for General, State Road, Lottery, and Federal Funds. Due to the multitudinal sources of revenue, only the area of estimated expenditures is depicted for the Special Revenue Funds. The Medicaid State Share Fund is included in the Special Revenue Funds. However, since it is a substantial revenue source, a separate page providing actual/estimated revenues is also included.

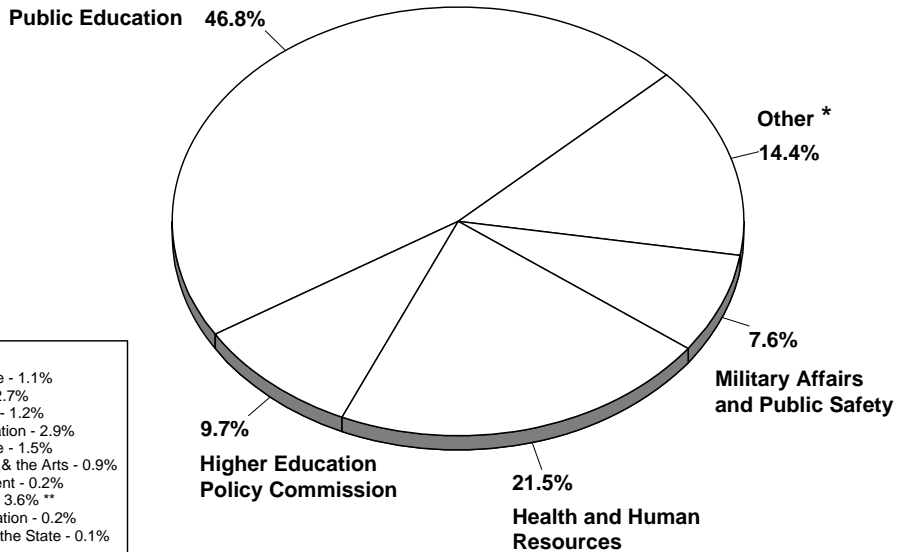
For a graphic presentation of the total state revenue by source and the expenditures by function, refer to “Where Your State Dollars Comes From” and “Where Your State Tax Dollars Goes” in the “Summary Financial Statements chapter.”

Revenue Sources/General Revenue Fund
General Revenue Fund

Sources of Revenue
 Fiscal Year 2008
\$3.868 Billion
 (Estimated)



Recommended Expenditures
 Fiscal Year 2008
\$3.868 Billion



***Other**
 Legislature - 1.1%
 Judicial - 2.7%
 Executive - 1.2%
 Administration - 2.9%
 Commerce - 1.5%
 Education & the Arts - 0.9%
 Environment - 0.2%
 Revenue - 3.6% **
 Transportation - 0.2%
 Claims vs the State - 0.1%

** Includes \$117 million transfer to Revenue Shortfall Reserve Fund (Rainy Day Fund).

Revenue Sources/General Revenue Fund
Consumer Sales Tax and Use Tax

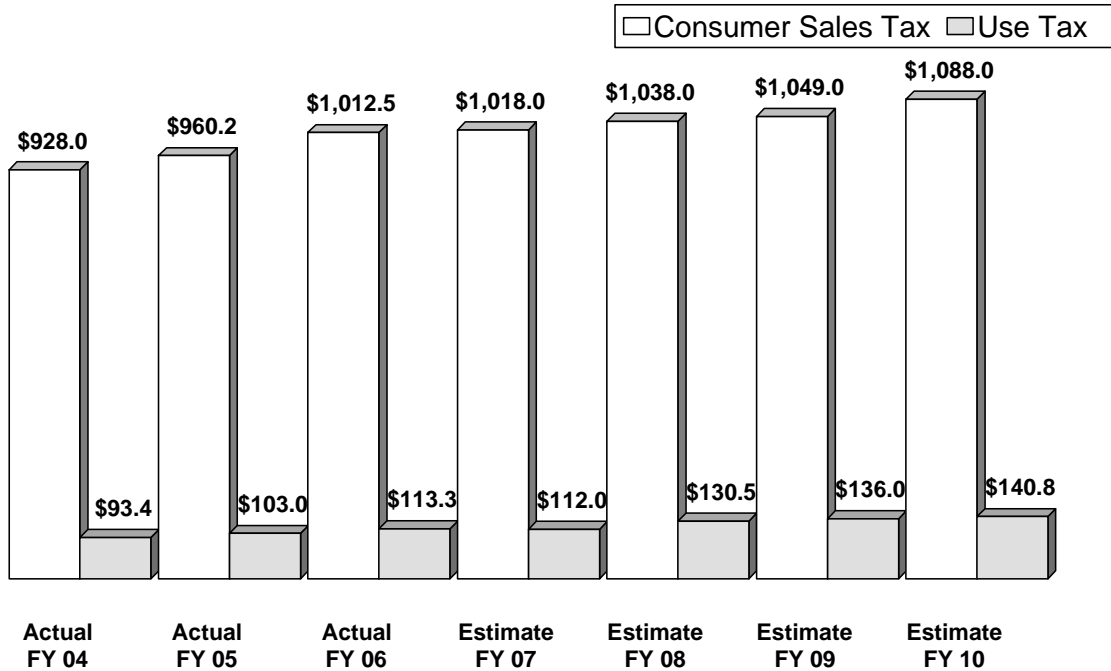
Consumer Sales Tax and Use Tax collections depend heavily upon retail sales (65%) and taxable services (15%) activities. The tax base includes most retail sales except for automobiles, gasoline, prescription drugs, and purchases made with food stamps.

Retail sales growth depends upon changes in population, disposable personal income, inflation rates, interest rates, consumer debt, and consumer confidence. As state population is forecast to rise slightly over the forecast period, real disposable personal income growth will increase to roughly three percent per year. The sales tax rate on food for home consumption was reduced from six percent to five percent, effective January 1, 2006. The rate will be reduced further to four percent on July 1, 2007, and to three percent on July 1, 2008. The rate reductions will no longer apply to sales of soft drinks, which will be taxed at six percent.

Consumer Sales Tax collections are forecast to rise at an average annual rate of 2.2% during the FY 2007-FY 2010 forecast period. Use Tax collections are forecast to rise at an average rate of 7.9% per year. Consumer Sales Tax and Use Tax collections account for roughly 27% and 3.4% of total General Revenue Fund collections, respectively. In addition to the General Revenue Fund, some Consumer Sales Tax collections go into special revenue accounts (i.e., \$32.2 million in FY 2005 and every year thereafter).

- 6% Sales and Use Tax on most goods and services.
- 5% Sales and Use Tax on food and food ingredients that are not prepared. The tax rate on these purchases will decline to 4% on July 1, 2007, and to 3% on July 1, 2008.
- Total Sales and Use Tax accounts for 30.2% of total General Revenue Fund.

Consumer Sales Tax and Use Tax
 (Expressed in Millions)



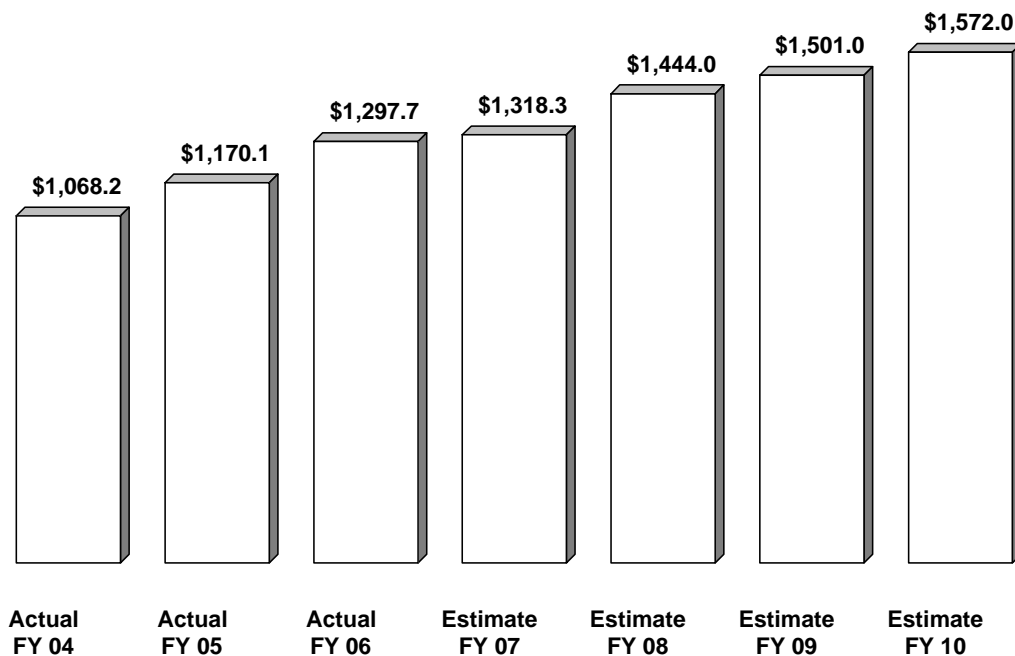
Revenue Sources/General Revenue Fund
Personal Income Tax

Personal Income Tax collection trends depend upon changes in population, employment, personal income, inflation rates, interest rates, and federal tax law. Employee withholding taxes account for roughly 70% of all Personal Income Tax receipts. Employment fell from 2001 to 2004 but rebounded in 2005 and 2006. Employment is forecast to grow by an average annual rate of roughly 0.6% over the forecast period. For the same period, real personal income is projected to increase at an average annual rate of 2.4%

Income tax collections are projected to rise at an average annual rate of roughly 4.3% during the FY 2007-FY 2010 forecast period. Projected growth rates are attributable to growth in employment and earnings, business profits and royalties.

- Tax on West Virginia taxable income.
- 3% on the first \$10,000 of taxable income.
- 4% on taxable income between \$10,000 and \$25,000.
- 4.5% on taxable income between \$25,000 and \$40,000.
- 6% on taxable income between \$40,000 and \$60,000.
- 6.5% on taxable income in excess of \$60,000.
- Accounts for 37.3% of total General Revenue Fund.

Personal Income Tax
 (Expressed in Millions)



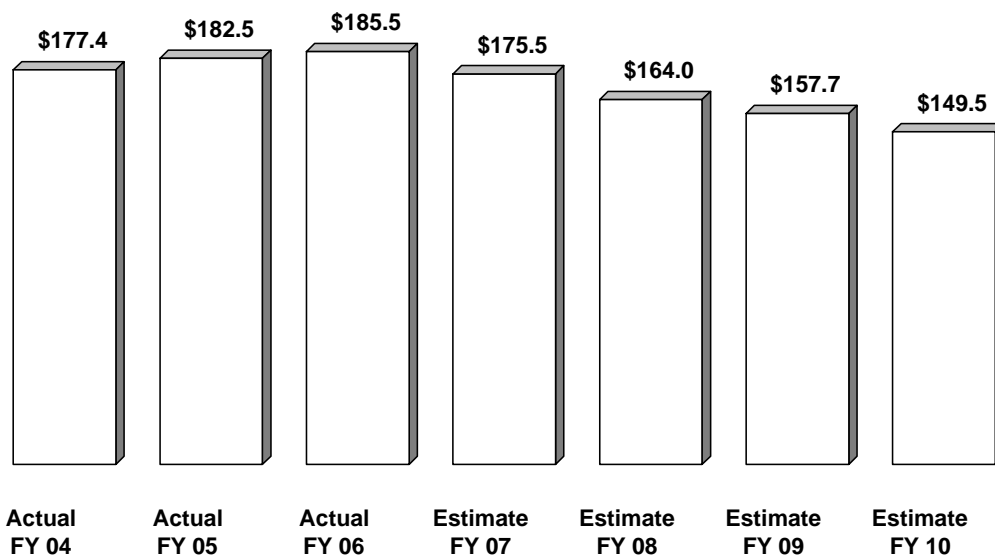
Revenue Sources/General Revenue Fund
Business and Occupation Tax

The Business and Occupation Tax (B&O Tax) consists of four distinct components; a capacity or unit-based tax on electric power generation and distribution, a gross receipts tax on nonelectric public utilities, a per unit tax on gas storage operators, and a per unit tax on producers of synthetic fuel from coal. During the forecast period, tax collections attributable to nonelectric public utilities and gas storage activity will increase while collections from the other activities will decline.

The tax on natural gas receipts applies only to public utilities. In a deregulated environment, natural gas utilities no longer have a monopoly on natural gas sales to end consumers. Sales of natural gas by nonutility companies now exceed \$400 million per year. These exempt sales represent roughly 42% of all natural gas sales in West Virginia. The increasing loss of revenue from nonutility sales is partially offset by a unique tax on natural gas storage activities. The natural gas storage tax is equal to the lesser of the taxpayer's average tax liability for the 1990–1994 period or five cents per dekatherm of gas attributable to the net difference between monthly injections into storage and monthly withdrawals from storage. The cost of natural gas is expected to continue to increase throughout the forecast period and will lead to an increase in the gross receipts of natural gas utilities.

For electric power producers, the precredit tax generally equals the average precredit tax liability for the producer from tax years 1991 through 1994. The general tax rate is \$22.78 per kilowatt of taxable capacity. Plants with flue gas desulphurization systems are subject to a lower tax rate of \$20.70 per kilowatt. Electric power company proposals to install fuel gas desulphurization systems at existing power plants will result in the shift of a large portion of the tax base to a lower tax rate. In addition, tax credits attributable to the investment will also lower future tax collections. Over the forecast period, the reductions in tax from electric power producers will offset the short-term increase attributable to higher natural gas prices.

Business and Occupation Tax
(Expressed in Millions)



Business and Occupation Tax

Producers of synthetic fuel from coal are currently assessed a tax of \$0.50 per ton. In addition to \$8,060,000 in special revenue fund collections, the State General Revenue Fund received nearly \$3 million in synthetic fuel tax receipts in FY 2006. This tax expires by statute as of July 1, 2007. No future receipts are expected from this tax.

- **Privilege tax on units of activity or gross receipts.**
- **Applies to public utilities, electric power generators, natural gas storage, and producers of synthetic fuel from coal.**
- **Tax rates and base vary.**
- **Accounts for 4.2% of total General Revenue Fund.**

Revenue Sources/General Revenue Fund

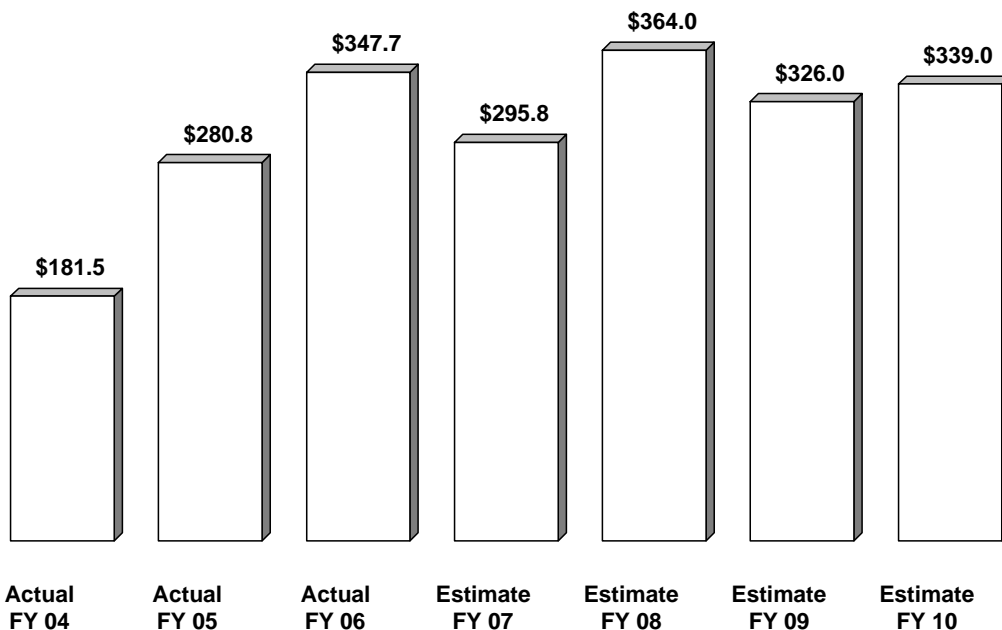
Corporation Net Income Tax and Business Franchise Tax

The Corporation Net Income Tax is a tax on net profits of incorporated entities doing business in West Virginia. The Business Franchise Tax is a tax on the net equity component (defined as the value of capital stock, preferred stock, paid-in capital, and retained earnings) of business balance sheets and applies to most corporations, partnerships, and limited liability companies. Collection trends for these taxes largely depend upon the overall health of the U.S. economy, corporate profits, interest rates, inflation rates, the degree of preference for equity financing over debt financing, the degree of business earnings reinvestment, and changes in federal tax policy. Compared to the prior year, corporate profits were projected to increase by roughly 16% in 2006, marking the fourth consecutive year of double-digit growth. However, during the revenue forecast period, only minimal growth is projected with an estimated increase of one percent in 2007 and three percent in 2008 followed by slight declines in the 2009 and 2010.

Combined Corporation Net Income Tax and Business Franchise Tax collections experienced robust growth in FY 2005 and FY 2006 of 54.7% and 23.8%, respectively. Although collections were originally forecast to decline in FY 2007, collections will grow by roughly nine percent. Slight reductions in the Corporation Net Income Tax rate and the Business Franchise Tax rate coupled with a slowdown in corporate profits will result in lower revenue in FY 2008 and FY 2009 with estimated declines of four percent and ten percent, respectively. During the last year of the revenue forecast period, collections will rebound slightly with growth of four percent.

Collection patterns tend to be very volatile because the majority of Corporation Net Income Tax and Business Franchise Tax receipts are attributable to a small number of taxpayers. A change in the financial status of just a few taxpayers can have a dramatic impact upon tax collection trends. Most large taxpayers have multistate operations.

Corporate Net Income Tax & Business Franchise Tax (Expressed in Millions)



Corporation Net Income Tax and Business Franchise Tax

- **Reduced tax rate of 8.75% on modified federal taxable income apportioned to West Virginia (Corporation Net Income Tax) effective for tax years beginning on or January 1, 2007. Tax rate was 9.0% prior to 2007.**
- **Reduced tax rate of 0.55% on the net equity (Business Franchise Tax) effective for tax years beginning on or January 1, 2007. Tax rate was 0.70% prior to 2007.**
- **Corporation Net Income Tax applies to C corporations, but not S corporations or unincorporated entities.**
- **Business Franchise Tax applies to most corporations, partnerships, and limited liability companies.**
- **Accounts for 9.4% of total General Revenue Fund.**

Severance Tax

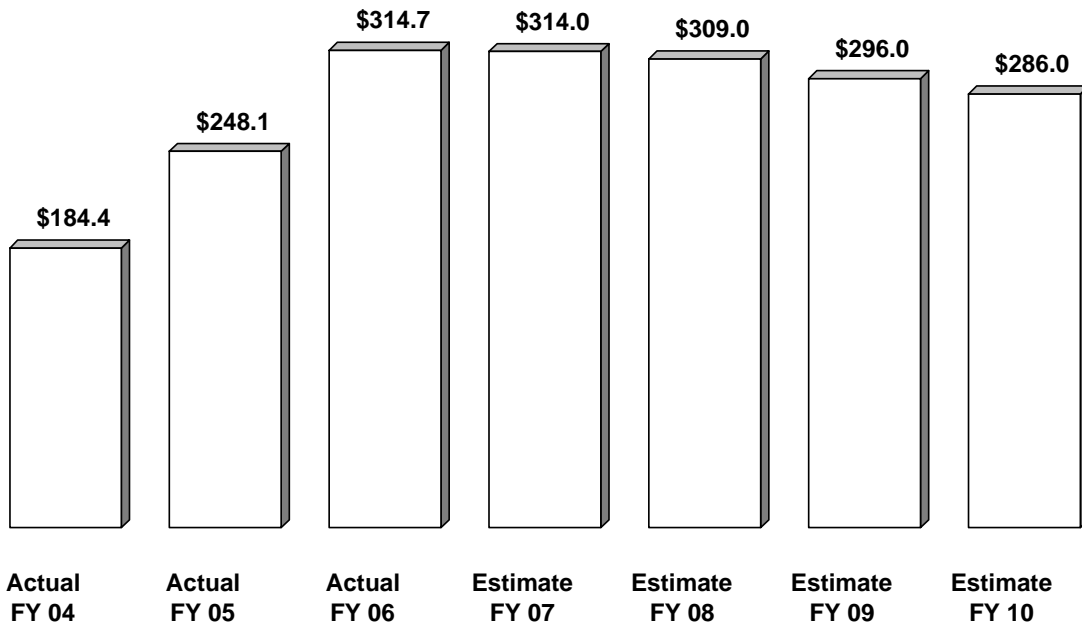
Severance Tax collections are attributable to coal production (81%), natural gas production (17%), and the production of various other natural resource products (two percent). Other natural resources products include timber, oil, limestone, sandstone, gravel, sand, and gob (coal refuse). Tax receipts are allocated to the State General Revenue Fund (84.1%), the State Infrastructure Fund (6.4%), local governments (8.4%), and the State Division of Forestry (1.1%). The first \$24 million of annual receipts is dedicated to the Infrastructure Fund.

Severance Tax collection growth largely depends upon changes in coal and natural gas production and their respective prices. Energy prices rose dramatically over the three previous years due primarily to high demand and supply limitations in the world market. Severance Tax receipts grew as higher prices stimulated production growth. Volatile energy prices have now retreated from their peak levels and are expected to fall further before reaching a new plateau. The forecast assumes West Virginia coal and natural gas production will decrease slightly through the forecast period, as energy prices continue to decline. Total State Severance Tax collections are expected to appreciate slightly during FY 2007 then decline at an average annual rate of approximately three percent during the remainder of the forecast period.

Uncertain long-run energy prices and the potential impact of environmental regulations on coal production and electric power generation are risks to the forecast. A decline in energy prices results in less production incentive for coal and natural gas producers. Further federal restrictions upon carbon and nitrogen-oxide emissions could also reduce the demand for West Virginia coal in future years.

- **Privilege tax on gross receipts with a base rate of 5%. (Reduced rates for underground thin seam coal, waste coal, and timber)**
- **Applies to natural resources (coal, gas, oil, other) production.**
- **Accounts for 8.0% of total General Revenue Fund.**

Severance Tax (Expressed in Millions)

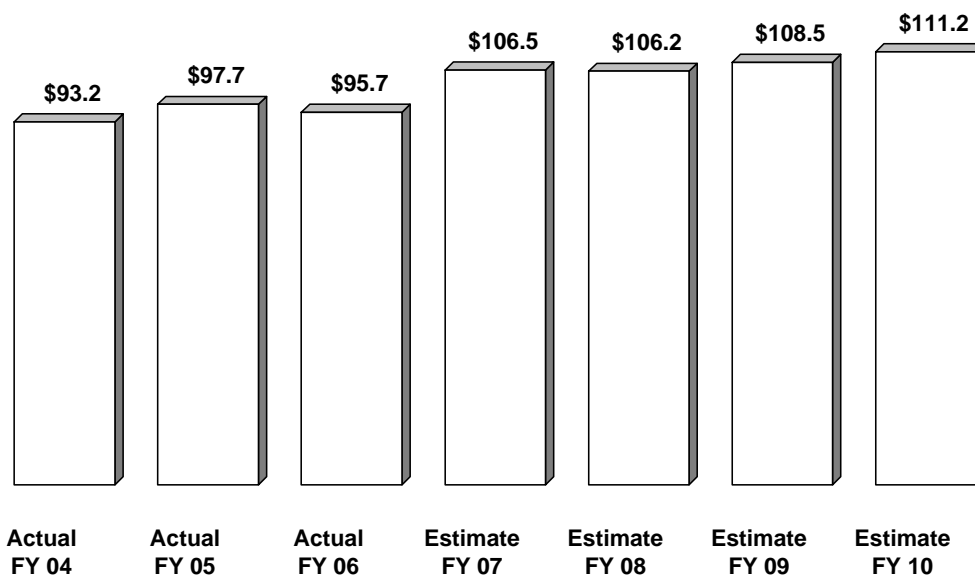


Insurance Tax

The Insurance Premium Tax is a gross receipts tax levied upon insurance premiums. Growth of health care costs, homeowner premiums, and automobile insurance premiums fuel growth in Insurance Tax collections. Beginning in FY 2004, a total of \$2,500,000 in each fiscal year (the first \$1,667,000 of the two percent premium tax received from insurance policies for medical liability insurance and the first \$833,000 of the additional one percent premium tax received from insurance policies for medical liability insurance) was directed to replenish the Tobacco Settlement Medical Trust Fund following the April 1, 2003, transfer of \$24 million from the fund for use as the initial capital and surplus of a physicians' mutual insurance company created by the Legislature.

- 3% to 4% tax on gross premiums from business in West Virginia.
- Average annual growth rate of 1.5% during the forecast period.
- Accounts for 2.8% of total General Revenue Fund.

Insurance Tax (Expressed in Millions)



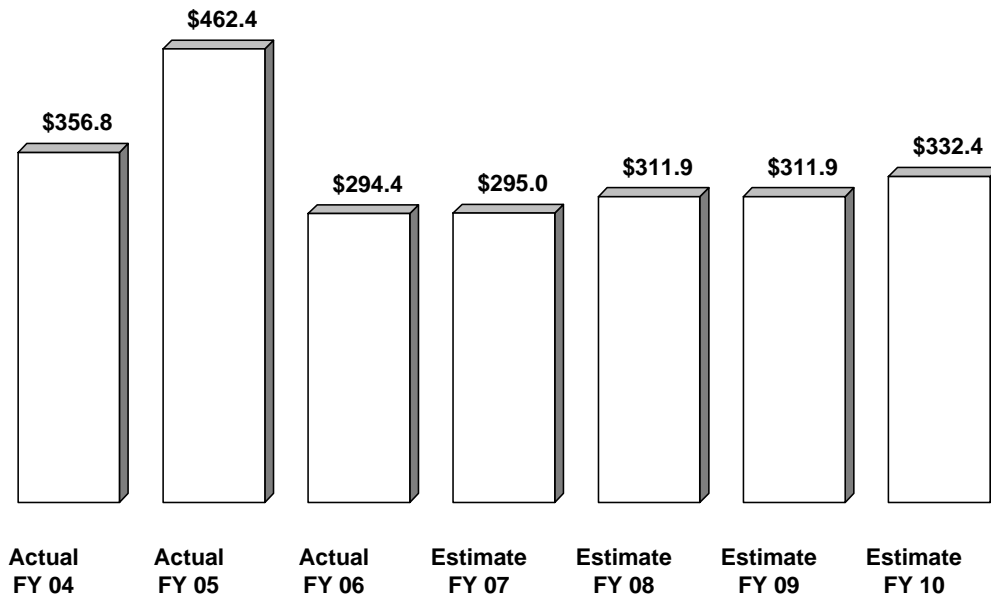
Revenue Sources/State Road Fund
Other Taxes and Fees

These other taxes, licenses, fees, and receipts consist of Liquor Profit Transfers, Racing Fees, Beer Tax and Licenses, Tobacco Products Excise Tax (including the Cigarette Tax), Business Franchise Fees, Charter Tax, Property Tax, Property Transfer Tax, Departmental Collections, Interest Income, Special Revenue Transfers, Miscellaneous Receipts, Miscellaneous Transfers, Video Gaming Revenues, and the Senior Citizen Tax Credit Reimbursement (from Lottery Revenue). Most of these other taxes and fees are dependent upon population growth, other demographic trends, and changes in consumer behavior.

Although the Telecommunications Tax and the Estate Tax are included in this group, no net collections from these taxes are expected during the forecast period. Most of the other taxes, licenses, and fees in this category will remain little changed through the forecast period. However, an increase in interest rates and an increase in the potential investment pool will result in increased Interest Income.

• **Accounts for 8.1% of total General Revenue Fund.**

Other Taxes and Fees
(Expressed in Millions)



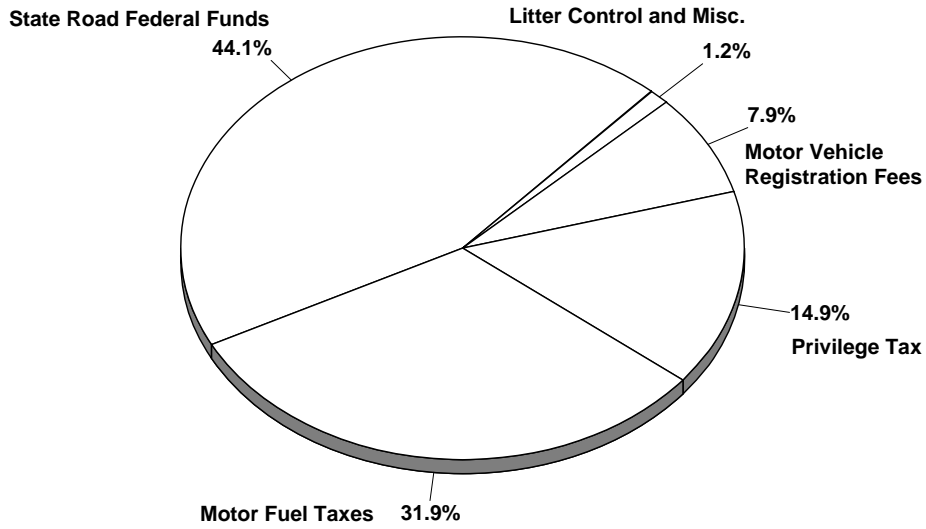
State Road Fund

Sources of Revenue

Fiscal Year 2008

\$1.128 Billion*

(Estimated)

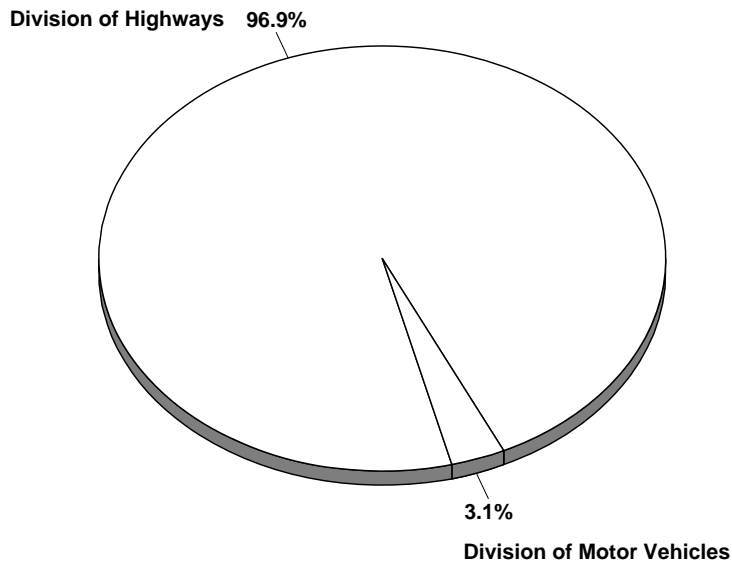


*Includes Beginning Cash Balance plus FY 2008 Revenue.

Recommended Expenditures

Fiscal Year 2008

\$1.106 Billion



Motor Fuel Taxes

The Motor Fuel Excise Tax and Motor Carrier Road Tax have been combined and are reported as Motor Fuel Taxes:

Motor Fuel Excise Tax

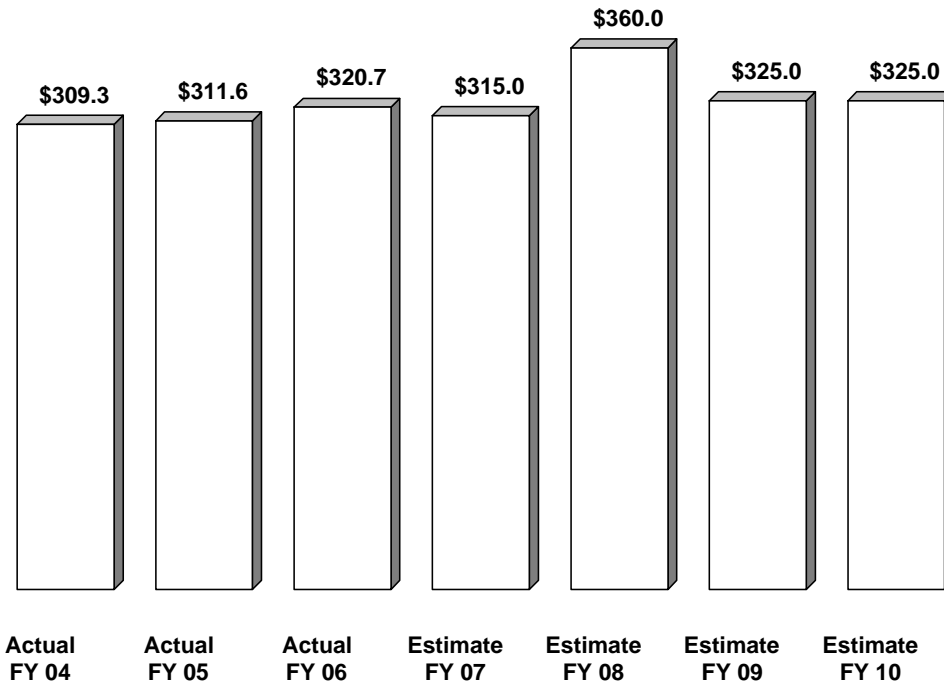
- Contains a flat rate and a variable rate
- Current flat rate is \$.205 per gallon.
- Variable rate is equal to five percent of the average wholesale price of motor fuel.
- Imposed and payable on all motor fuel upon import into this state, removal from a terminal within this state, or removal from a terminal in another state for delivery in this state.
- The average wholesale price shall not be less than \$.97 per gallon which generates a minimum tax rate of \$.0485 per gallon.
- By December 1st of each year, the tax commissioner must calculate the average wholesale price and variable rate from sales data from the previous July through October. Calculated rate is effective for the next calendar year.

Motor Carrier Road Tax

- Equivalent to the Motor Fuel Excise Tax on motor fuel.
- Imposed upon every motor carrier with a vehicle that is designed to transport persons or property having two or more axles with a gross vehicle weight exceeding 26,000 pounds, including road tractors and tractor trucks.
- Based upon each gallon of motor fuel used in the carrier's operations in the state.
- Carrier is entitled to a refund for fuel purchased in the state but used out of state.
- Carriers domiciled in the state are charged an annual fee of \$10 for two identification markers.

• Accounts for 31.9% of the total State Road Fund.

Motor Fuel Taxes (Expressed in Millions)

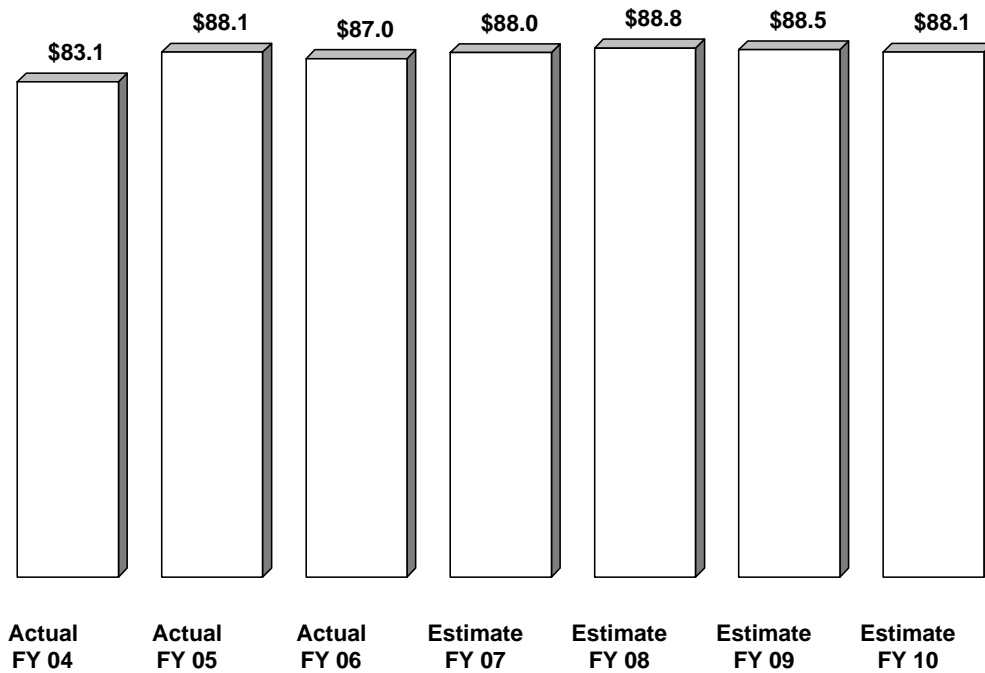


Motor Vehicle Registration Fees

The Division of Motor Vehicles collects numerous fees which are required to be deposited in the State Road Fund, including certificate of title, vehicle licenses (registration), dealers' and wreckers' licenses, and operator licenses and renewals.

- Accounts for 7.9% of the State Road Fund.

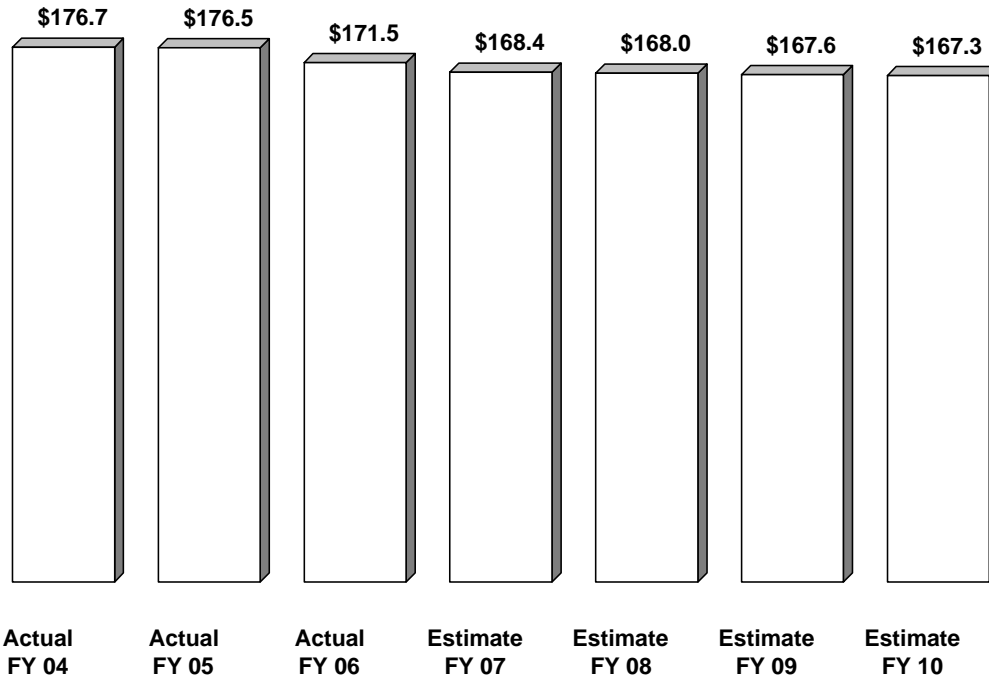
Motor Vehicle Registration Fees (Expressed in Millions)



Privilege Tax

- The Privilege Tax is imposed for the privilege of effecting the certification of title on a vehicle.
- Tax amounts to 5% of the value of the vehicle at the time of such certification.
- Accounts for 14.9% of the total State Road Fund.

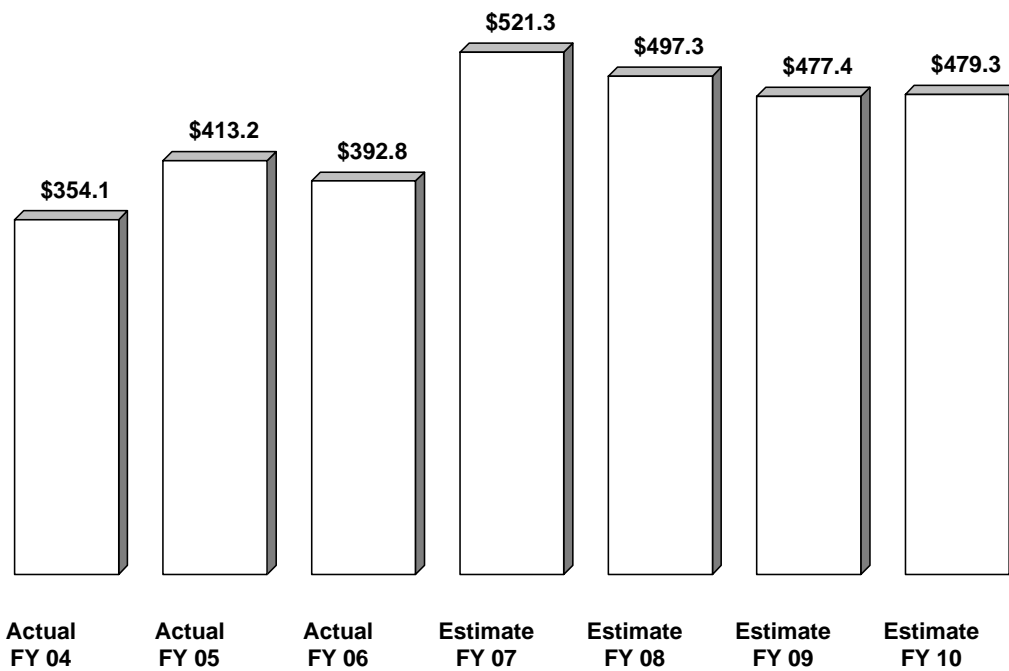
Privilege Tax
(Expressed in Millions)



Revenue Sources/State Road Fund
State Road Federal Funds

- Federal funds are received by the Division of Highways for Interstate Construction, Appalachian Programs, and Other Federal Aid programs.
- These funds become part of the State Road Fund or Coal Resource Transportation Road Fund and are appropriated as such.
- Accounts for 44.1% of the total State Road Fund.

State Road Federal Funds
(Expressed in Millions)



Revenue Sources/State Road Fund
Economic Trends
(Divisions of Highways and Motor Vehicles)

Highway Infrastructure

The need for an effective highway network touches every citizen of West Virginia and the United States. Virtually every aspect of daily life — transporting children to school, getting to work, shopping, etc. — depends on adequate roadways being in place. A sufficient highway network enables individuals to experience a higher quality of life by improving access to social, economic, educational, and recreational opportunities.

In West Virginia, the responsibility for building and maintaining approximately 92% of the highway system falls on the West Virginia Division of Highways (WVDOH), whose primary funding source is the State Road Fund. Unfortunately, the Fund is facing a number of short and long-term issues that threaten the viability of the WVDOH to pursue a balanced program of highway maintenance and construction. Fuel tax revenues are forecasted to increase only minimally through FY 2011, and there is a potential for a significant reduction in Motor Fuel tax revenues. Without action during the 2007 legislative session, the flat rate portion of the Motor Fuel tax will decrease \$.05/gallon on August 1, 2007—a reduction of approximately \$55 million in yearly revenue collections. At the same time, WVDOH costs are increasing rapidly. Nondiscretionary costs, such as employee and liability/property insurances, continue to rise, and routine maintenance costs must increase at least 2.2% yearly just to keep up with the current inflation rate. No improvements in services can be funded, and there is little funding for over \$20 billion in currently-identified major highway construction needs.

The Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which provides federal funding through Federal Fiscal Year (FFY) 2009, increases funding to West Virginia approximately 30% above the amounts provided under the previous federal transportation reauthorization. Most federal funds are matched with 20% state funding, which translates to a need for an additional \$18 million yearly in matching requirements. The federal dollars can be used on about 10,000 of the 36,000 miles of state-maintained highways; the remaining 26,000 miles are not eligible for federal funding. Although increased federal funding is welcomed, it constitutes an additional demand on the State Road Fund.

The nonfederal programs that are operated from the State Road Fund will experience little, if any, increase in the foreseeable future, and some programs, such as paving, bridge repair, and slip and slide repairs, likely will be reduced significantly. The inability to fund these programs adequately impacts the quality of highway infrastructure. Existing roads and bridges will deteriorate, and construction of new infrastructure will be delayed. Since the condition of highway infrastructure is often a major factor in economic growth, the state potentially faces a loss in development. Additionally, declines in the division's various construction and paving programs will reduce the number of projects awarded to private contractors and consulting firms. This could result in a reduction in their workforces, which also would have a negative impact on the state's overall economy.

Rail Transportation

Due to a business decision by Pilgrim's Pride, the South Branch Valley Railroad's (SBVR's) largest customer, to reduce feed production at its mill in Moorefield, the SBVR handled 662 fewer rail cars in FY 2006 and generated less freight revenue. While the freight revenue received from the operation of the SBVR is adequate to support most operating costs, it is insufficient to pay for needed capital improvements. Thousands of jobs are directly impacted by the rail service provided by the SBVR. If the track is allowed to deteriorate, shippers will be forced to seek alternative transportation; their increased costs will threaten operations, the overall economy of the region will decline dramatically, and the costs associated with unemployment, loss of tax revenues, and the

Revenue Sources/State Road Fund Economic Trends

“ripple effect” will significantly impact the state's revenue collections. The SBVR track also is used by the Potomac Eagle, a tourist train operation that continues to work with the local communities to expand tourism business in the valley. Consequently, it is critical that the State of West Virginia continue to provide funding support so the track rehabilitation program can be completed.

The West Virginia Central Railroad (WVCR) operator, Durbin & Greenbrier Valley Railroad, continues to promote and market that line. A study issued by Stone Consulting, which was hired by the State Rail Authority (SRA), determined the expenditures made by tourists on the WVCR contribute \$5 million to the economy of the region. The tourist operation also contributes to an incremental job creation of approximately 250 equivalent full-time employees. In addition to the successful tourist business, the amount of freight handled on this line has increased. There is also potential for additional freight shipments, such as coal and aggregates, to materialize in the near future. This economic stimulus is the type of positive outcome that makes the investment in this line worthwhile.

Public Transportation

The National Business Coalition for Rapid Transit indicates that transit access is essential for the nation's economic health and prosperity. It connects workers to jobs, relieves traffic congestion, reduces energy consumption, and generates jobs and a significant return on investment. In FY 2006 over 5.1 million passengers used public transit statewide, resulting in a 6.2% increase from the previous year. If gasoline prices continue to rise, it is likely that the demand for these services will increase.

As the state's population continues to age and remain active but is limited in its ability to drive, mobility issues loom as a major concern for the state. The U.S. Census Bureau estimates that by the year 2030, 20% of the U.S. population will be 65 or older. A United States Government Accountability Office report (GAO-04-971) on transportation-disadvantaged seniors indicated that state governments must plan for alternatives to driving as seniors age and must work toward accommodating seniors' varied mobility needs. Community transportation systems which benefit all individuals are critical to the state's citizens who either do not have the income level to own a vehicle or are not legally permitted or physically able to drive a vehicle.

In spite of the critical link between public transportation and community vitality, public transportation's role in creating economic opportunity and economic development is often overlooked. The presence of mobility options that connect people to jobs, shopping, medical appointments and other quality of life destinations greatly affects a community's health, wellbeing and potential. Providing viable transit opportunities is critical to the growth and quality of life of West Virginia's citizens.

The future of transit and the addition of new service areas in West Virginia will be heavily dependent upon the investment that the state and federal governments make. The SAFETEA-LU, which provides federal funding through FFY 2009, was signed into law on August 10, 2005. Under this legislation, the core program for rural public transportation remains the Federal Transit Administration's Section 5311 formula grant program, which provides capital and operating assistance to nonurbanized areas. Section 5311 funds will grow steadily from the \$250.9 million in FFY 2005 to approximately \$535 million in FFY 2009. Additionally, two new federal formula grants will be administered by states: Job Access and Reverse Commute (JARC) and New Freedom programs. The Job Access grants are intended to assist lower income individuals in getting to jobs, training, and child care. Reverse Commute grants are designed to develop transit services to transport workers to suburban job sites. The New Freedom Program will provide formula funding for new transportation services and public transportation alternatives beyond those required by ADA to assist persons with disabilities.

Revenue Sources/State Road Fund Economic Trends

With the passage of SAFETEA-LU, there is great potential for expansion of existing services or development of new ones that will contribute to the economic vitality of the state. These federal funds, however, require state or local matching dollars. Since FY 1995, except for projects specified by the Legislature, there has been no increase in state funding for rural public transportation projects. While the local programs have been creative in reducing costs and securing matching funds, increasing costs, particularly fuel prices, make reductions rather than expansions of public transit service a continuing possibility.

Aviation

The West Virginia Aeronautics Commission provides matching funds to airports for Federal Aviation Administration (FAA) airport improvement projects and other federal aviation grants. Under current federal legislation, West Virginia airports receive around \$33.5 million yearly, which requires approximately \$1.8 million in state or local matching funds. Many of these projects involve consultant design services and extended construction or maintenance of runways, terminals, approaches, etc., as well as the construction of aircraft rescue and firefighting buildings and the purchase of firefighting and snow removal equipment. Greater aviation activity and improved and expanded aviation infrastructure creates jobs and contributes to the growth of West Virginia's economy. The FAA expects this level of funding to continue for several years so continued economic benefits are anticipated.

Intermodal Transportation

The operation of inland intermodal container ports has stimulated local economic growth through private investment in warehousing distribution centers and associated activities, such as freight movement. The ability to ship from these facilities has enabled local and regional businesses to save an estimated \$3–\$10 million dollars annually in shipping costs, which are then available for reinvestment.

Included in SAFETEA-LU is the development of the Heartland Corridor. The Heartland Corridor initiative consists of a series of projects designed to significantly improve mobility and increase rail freight capacity from the east coast through West Virginia and on to the markets in the mid west. This initiative is intended to strengthen the economic vitality of the region and enhance the efficiency and capacity of the nations transportation network. Currently, the West Virginia Public Port Authority is working closely with the Virginia Department of Transportation, Virginia Port Authority, the Ohio Rail Commission, and Norfolk Southern Railroad Corporation to develop the corridor. The majority of \$90 million in federal and \$49.5 million in private sector (Northfolk Southern Railroad) investment in the Central Corridor railroad tunnel clearance project will be spent in West Virginia over a three to five year period.

In conjunction with the Corridor project, the feasibility of an inland container facility at Prichard, WV is being studied. That project is an anticipated \$18 million public/private investment in infrastructure with the potential to create over 25 construction jobs and, upon opening, 20 full-time permanent jobs. Norfolk Southern has donated \$1 million to the Prichard project. Clearance of the tunnels and operation of the port will enable local companies to enter the global supply chain at a significant cost savings, making their products more competitive in the global marketplace. Additionally, the port potentially will attract importers because it will provide a more direct route between the eastern seaboard and Midwest markets. Conceivably, capital investment in import distribution centers could total over \$500 million, leading to the creation of over 600 new jobs which provide an annual income of \$17 million in the region.

*Revenue Sources/State Road Fund
Economic Trends*

Long Term Debt

The Division of Highways (DOH) and the SRA have long-term debt. In FY 2005, the DOH refinanced approximately \$320 million of Safe Road bonds as an advance refunding. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$19.689 million and resulted in an economic gain of \$18.821 million. As of June 30, 2006, the DOH had the following outstanding General Obligation bonds (principal and interest), payable from the State Road Fund:

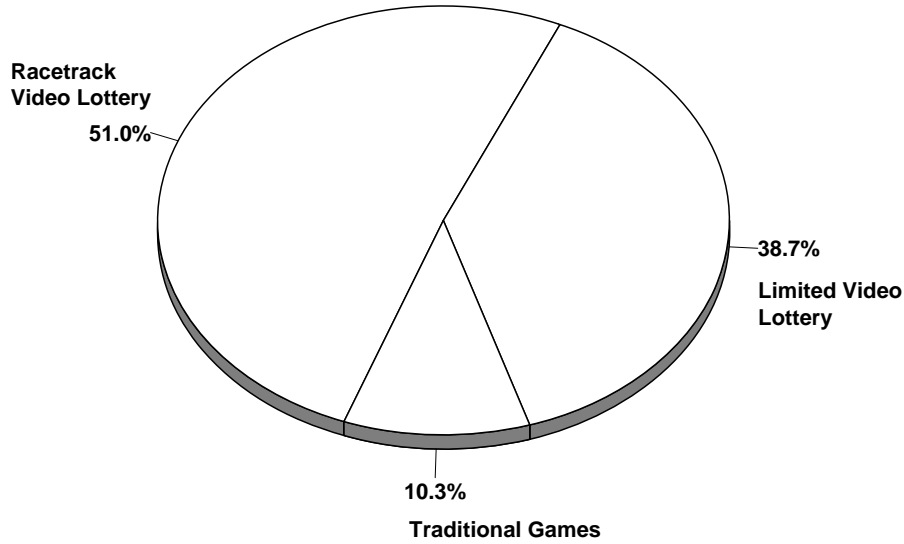
	Final Maturity	Balance
1998 Safe Roads Bonds (\$220 mil)	2023	\$83,102,925
1999 Safe Roads Bonds (\$110 mil)	2009	\$7,204,140
2001 Safe Roads Bonds (\$110 mil)	2013	\$79,728,619
2005 Safe Roads Bonds Refinancing	2025	\$481,509,900
	Total Debt	\$651,545,584

In October 2006, the DOH issued \$75,970,000 in special obligation notes, the proceeds of which are being used to expedite construction on US 35. The notes, which have a final maturity in FY 2016, were issued in accordance with authority granted to the Commissioner of Highways in W.Va. Code §17-17A. Through two innovative federal financing mechanisms - Grant Anticipation Revenue Vehicle (GARVEE) financing and federal toll credits - DOH will pay the debt service associated with the notes (\$94,007,191) with 100% federal funds. The GARVEE financing mechanism permits the debt service to be paid with future federal-aid highway funds that DOH expects to receive. The agency anticipates issuing approximately another \$125 million in notes in early 2007. The debt service for those notes also will be funded with future federal-aid highway funds. Although the DOH fully anticipates that sufficient future federal-aid highway funding will be available to make all payments, the debt service remains a contingent liability of the State Road Fund. If future federal-aid funds are insufficient, the DOH will be required to commit cash from the State Road Fund to cover any shortfall in debt service funding.

In June 2007, the SRA will make the final debt service payment of \$455,208 and retire its only outstanding debt-related instrument, a 15-year note issued in July 1992.

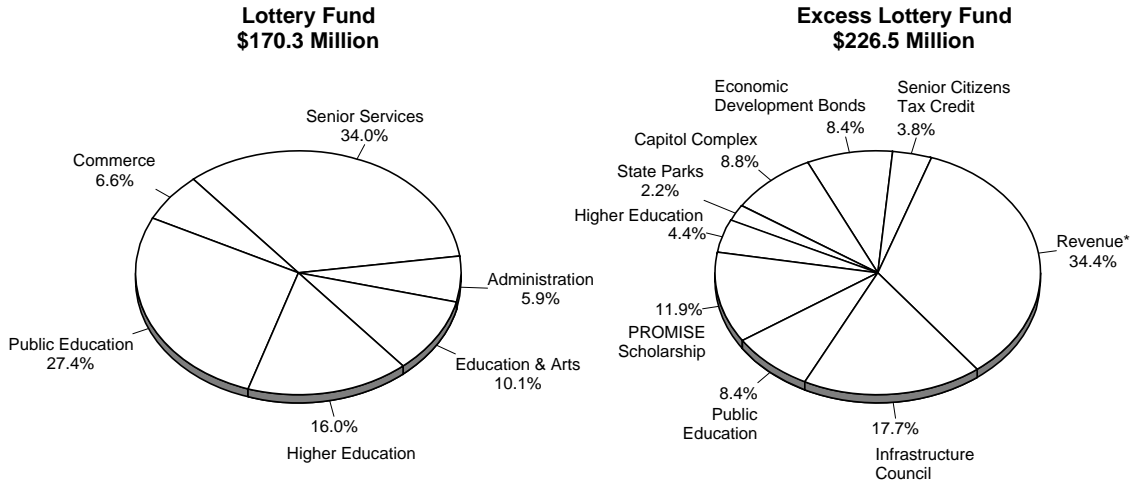
Revenue Sources
West Virginia Lottery

Sources of Revenue
 Fiscal Year 2008
\$396.8 Million
 (Estimated)



Recommended Expenditures

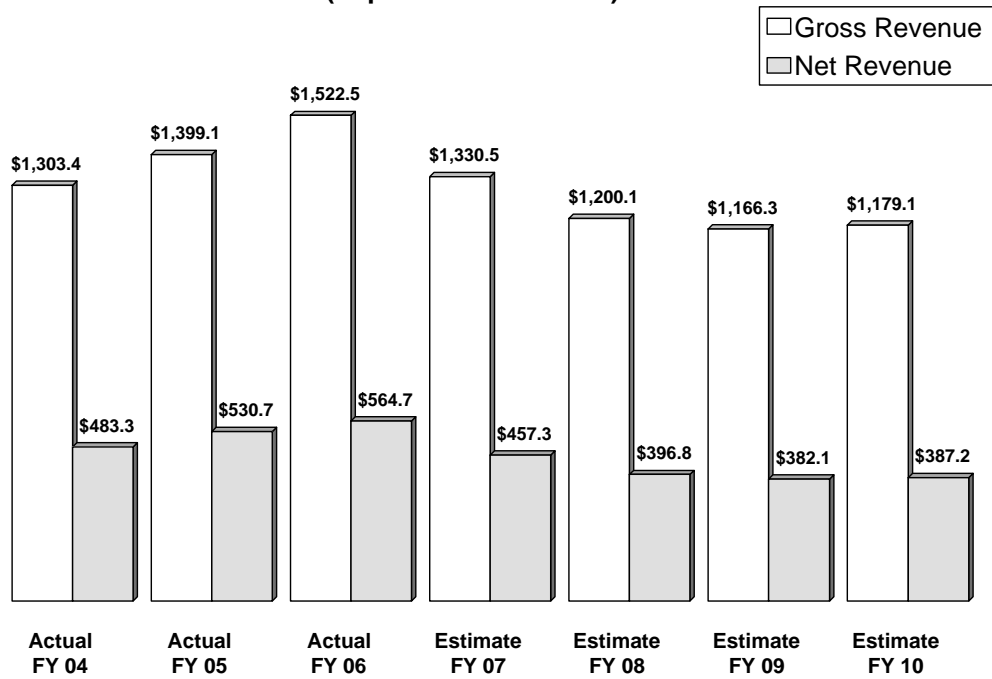
Fiscal Year 2008
\$396.8 Million



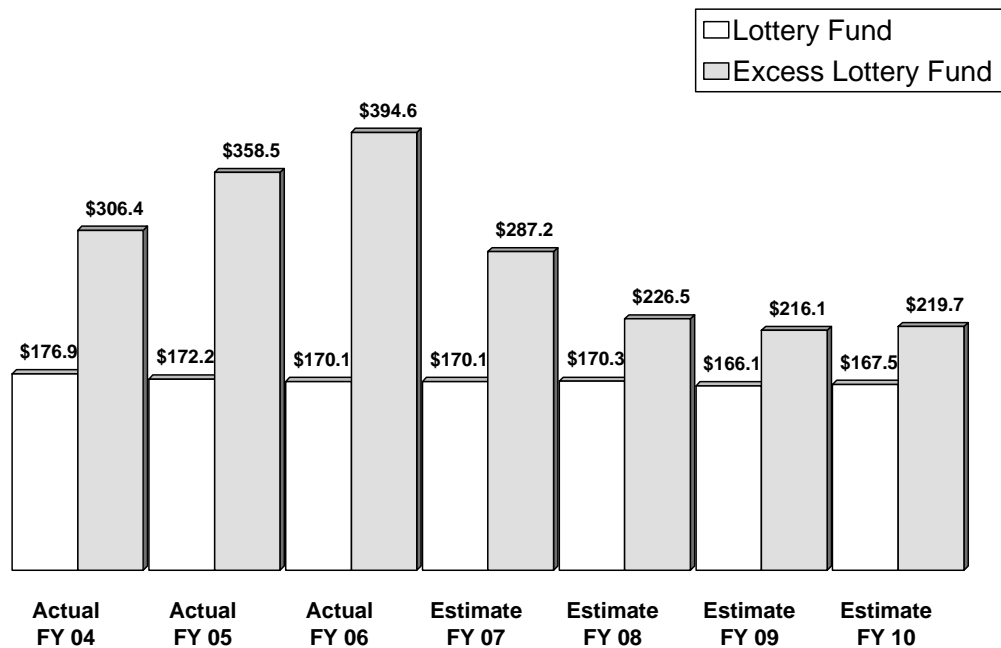
* Transfer to General Revenue Fund

Revenue Sources
West Virginia Lottery

**West Virginia Lottery
 Gross and Net Revenue
 (Expressed in Millions)**



**West Virginia Lottery
 Net Revenue Distribution
 (Expressed in Millions)**



Revenue Sources

West Virginia Lottery

West Virginia Lottery

West Virginia Lottery gross revenue grew seven percent in FY 2005 and eight percent in FY 2006. Gross revenues include ticket sales of on-line and instant games, racetrack video lottery, and limited video lottery revenue. Correspondingly, net revenue for those fiscal years grew ten percent and six percent, respectively. The growth during these years was primarily attributable to the addition of video lottery terminals at state racetracks, an increase of instant ticket sales, and an increase in the number of limited video lottery terminals in licensed locations. Instant games increased by two percent during FY 2005 and six percent during FY 2006. Both FY 2005 and FY 2006 established new records for instant ticket sales. On-line games decreased by 15% in FY 2005 and increased by 20% in FY 2006 due to large jackpots in 2006.

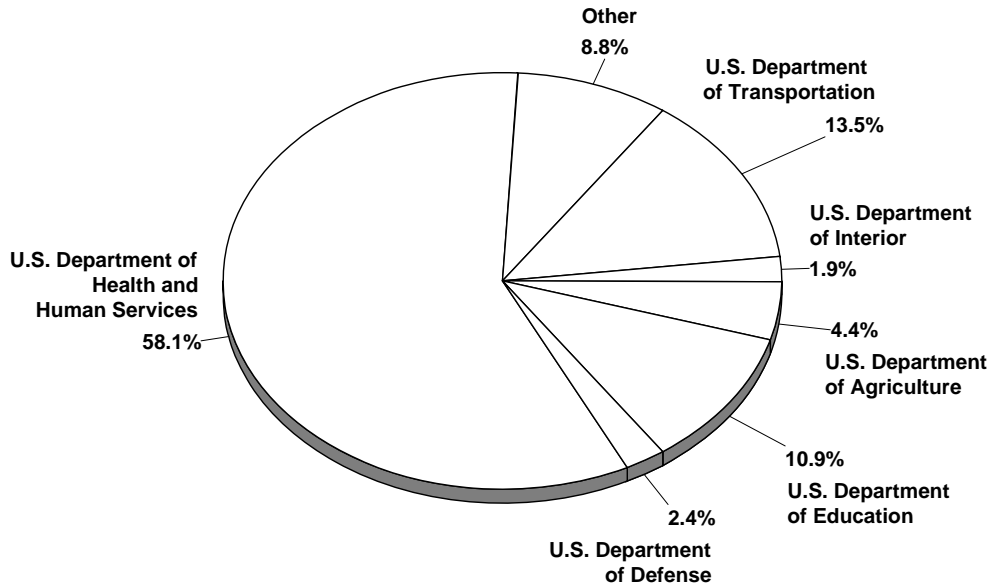
The official estimate for FY 2007 reflects a decrease in gross revenue of 12% from the prior year. Sales of on-line games are projected to decrease 19% due to anticipated reductions in multistate games. Instant ticket sales are expected to decrease 16% in FY 2007 due to the player base switching to other available lottery games. Limited video lottery sales are expected to decrease by eight percent in FY 2007.

The estimate for FY 2008 and FY 2009 is a decrease in gross revenue of 10% and three percent respectively. Instant and on-line games sales are projected to show little growth and remain relatively flat in both fiscal years. Racetrack video lottery revenue is projected to decrease 20% in FY 2008 and decrease by five percent in FY 2009 with three of the state's racetracks projected to be adversely impacted by competition from Pennsylvania. We anticipate players will migrate from West Virginia locations to Pennsylvania locations. Limited video lottery revenue is not expected to grow in FY 2008 or in FY 2009, reflecting the 90% operating level of authorized machines.

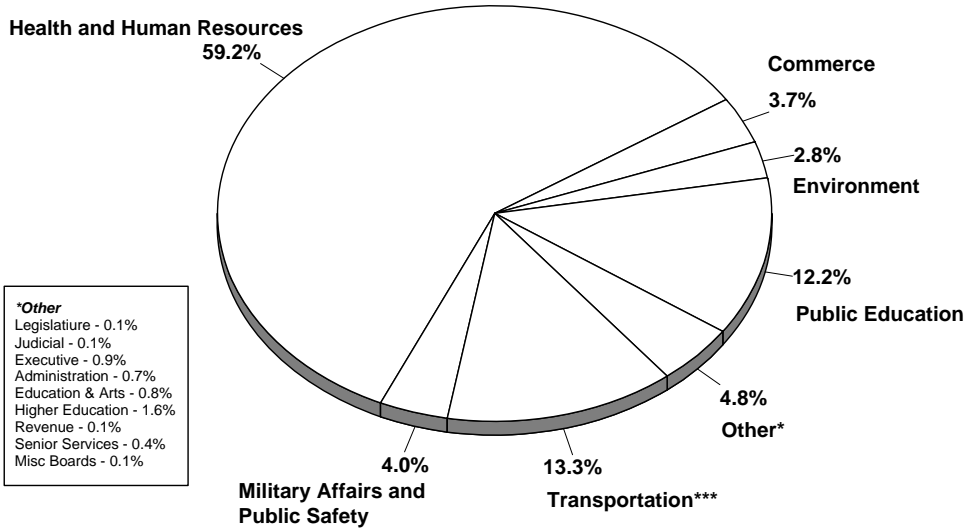
Net revenue, as indicated on the preceding pages, does not include the portion of lottery profits earmarked by statute for other purposes and not available for appropriations.

Revenue Sources
Federal Funds

Sources of Revenues
 Fiscal Year 2008
 \$4.006 Billion
 (Estimated)



Recommended Expenditures**
 Fiscal Year 2008
 \$3.995 Billion

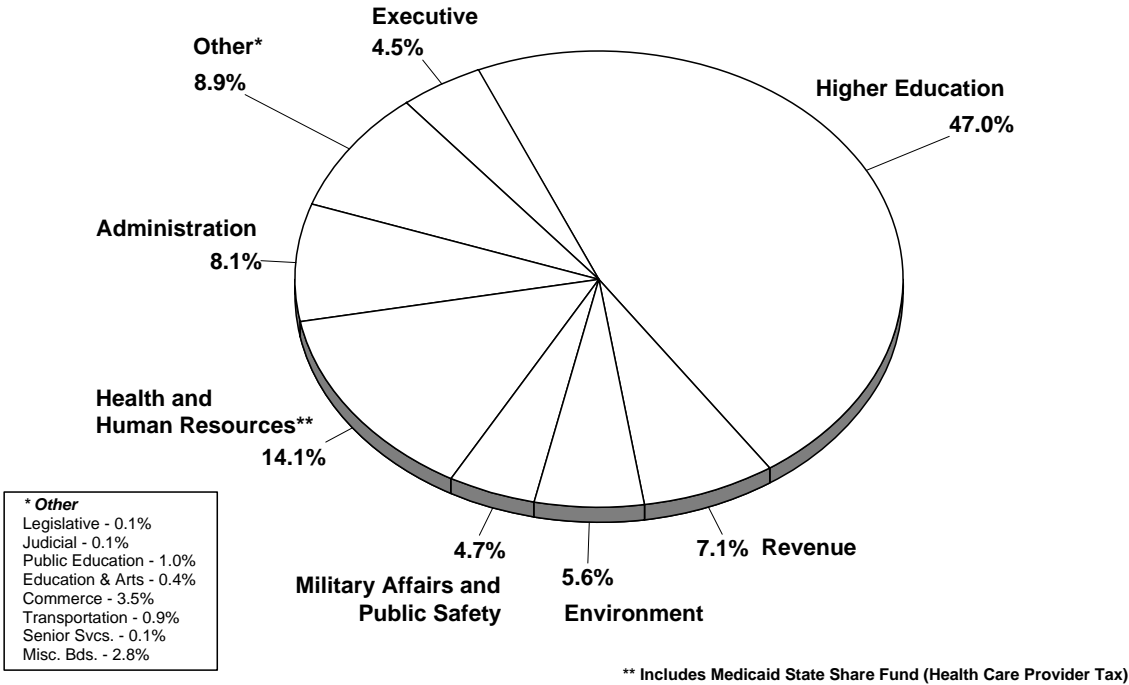


** Expenditures include FY 2008 revenues and beginning balances.
 ***Includes Federal Funds that are appropriated as part of the State Road Fund.

Revenue Sources
Special Revenue Funds

- Does not include:**
- Payments of claims from the Insurance Commissioner Workers' Compensation Trust Funds.
 - Payments of retiree benefits from the Consolidated Public Retirement Board.
 - Payments of claims from the Public Employees Insurance Agency.
 - Appropriated Lottery Funds and State Road Fund which are depicted separately.

Recommended Expenditures
Fiscal Year 2008
\$2.61 Billion



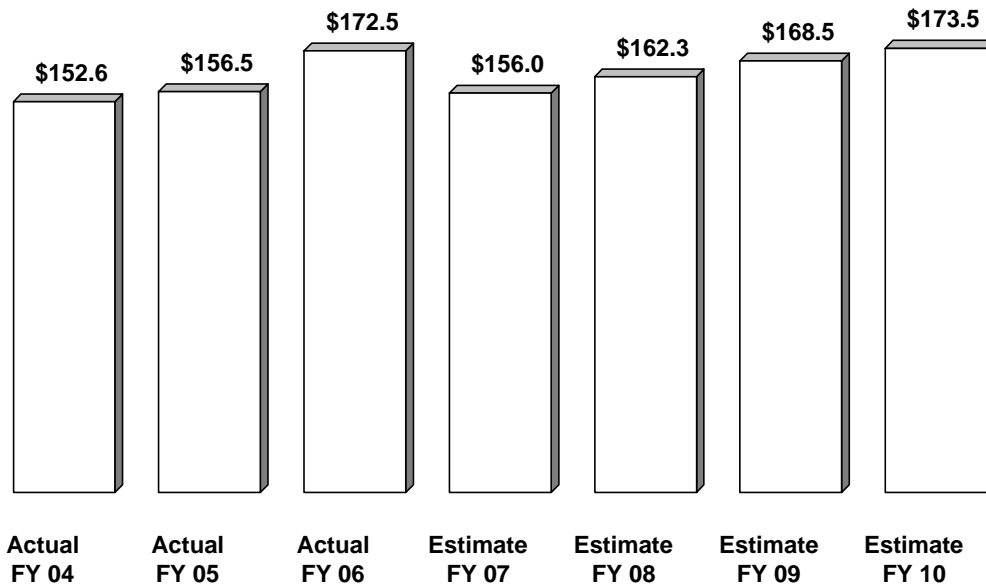
Revenue Sources/Special Revenue Funds
Medicaid State Share Fund

The Medicaid State Share Fund consists of provider taxes, paid by the various health care providers, to be utilized as matching funds for the Federal-State Medicaid Program. The provider taxes were initially enacted in 1993 as a funding mechanism to help supplement the general fund appropriation for the Medicaid Program. The Federal-State Medicaid Program grew significantly from roughly \$300 million in FY 1989 to nearly \$2.13 billion in FY 2006 (based on Legislative Oversight Commission on Health and Human Resources Accountability reports, which do not include prior period adjustments), a rate of growth that was more than two times greater than the growth rate for the State General Revenue Fund. The federal government funds roughly 73% of the Medicaid Program in West Virginia through a match of \$3 per every \$1 of State funds appropriated for the program. In FY 2006, the Medicaid State Share Fund generated nearly \$172.5 million or roughly 28.0% of the State matching funds for the Medicaid Program. Based upon long-term trends, Medicaid Program costs are rising by approximately 7% per year while General Revenue Fund collections are increasing by an average of roughly three to four percent per year.

Legislation enacted in 2001 phases out various individual provider taxes over a ten—year period beginning in FY 2002. The legislative change will eventually reduce total provider tax collections by one-third. However, even with the phase out of tax on certain provider groups, increases in utilization and gross receipts as it relates to other taxed provider groups provides some net growth in overall tax collections which are expected to increase by an average rate of three to four percent per year. However, a recent slowing of medical cost inflation is a contributing factor to a 7.1% decline in year-to-date tax receipts through November 2006.

- **0.70% to 5.95% tax on gross receipts from various medical service providers in West Virginia.**
- **Accounts for 28.0% of State match for Medicaid Program.**

Medicaid State Share Fund
(Expressed in Millions)



Major Reserve/Stabilization Accounts and Other Items

Revenue Shortfall Reserve Fund (Rainy Day Fund)

The State established a Revenue Shortfall Reserve Fund (Rainy Day Fund) that began with surplus funds available at the close of FY 1994. (W.Va. Code §11B-2-20 was passed March 11, 1994.)

The West Virginia Code requires the first 50% of all surplus revenues, if any, accrued during the fiscal year just ended be deposited into the fund with the aggregate amount of the fund not to exceed ten percent of the total appropriations from the general revenue fund.

Originally, the Revenue Shortfall Reserve Fund could be used only to offset a shortfall in revenues that would otherwise require the Governor to impose expenditure reductions in accordance with W.Va. Code §11B-2-20 through 22.

In July 1996, the Code was amended to allow the Legislature to make appropriations from the fund for emergency revenue needs caused by acts of God or natural disasters or for other fiscal needs as determined by the Legislature.

In October 1996, additional legislation was passed that directed the balance of funds in the Broker Litigation Recoveries Fund be transferred to the Rainy Day Fund. The monies in the Broker Litigation Recoveries Fund were generated from proceeds of court actions against brokerage firms responsible for previous investment losses for the state.

During the 2006 Regular Session, legislation was passed to change the aggregate amount of the fund from five percent to ten percent of the General Revenue Fund budget for fiscal year just ended, while still requiring the first 50% of all surplus revenues to be deposited into the fund. The new legislation, which became effective June 9, 2006 also permits the fund to be invested and to retain those earnings. The first \$100 million is invested by the West Virginia Board of Treasury Investments and any amounts over \$100 million is invested by the West Virginia Investment Management Board.

It should be noted the original legislation creating the Rainy Day Fund was contained in W.Va. Code §5A under the Department of Administration. Senate Bill 149 (passed March 13, 2004) moved budget responsibilities from the Department of Administration to the Department of Revenue and incorporated the responsibility for the Rainy Day Fund into the newly created W.Va. Code §11B.

Since the fund was created in 1994, a total of \$365.2 million has been deposited into the fund (including \$23.2 million from the Broker Litigation Recoveries Fund, and \$8.7 million from investment earnings) and \$143.5 million has been appropriated for flood and drought victim assistance, infrastructure, snow removal, and other projects. On December 31, 2006, the balance in the Rainy Day Fund was \$221,692,063.45 (6.1% of FY 2007 General Revenue Budget).

The Legislature also authorized the Governor, by executive order, to borrow funds from the Rainy Day Fund when revenues are inadequate to make timely payments of the state's obligations. The amount borrowed may not exceed 1.5% of the General Revenue Fund estimate for the fiscal year and shall be repaid to the fund within 90 days of its withdrawal.

Because of an expected cash flow shortfall experienced each year in the first quarter of the fiscal year, the Governor has borrowed from the fund each year since August 1996 in order to pay obligations in a timely manner. The loans were repaid before September 30 of each year, all within the 90 day limit allowed by law.

Revenue Sources
Major Reserve/Stabilization Accounts and Other Items

Revenue Shortfall Reserve Fund - Part B (Rainy Day Fund—Part B)

The State established a Revenue Shortfall Reserve Fund—Part B (Rainy Day Fund—Part B) that began with the cash balance of the West Virginia Tobacco Settlement Medical Trust Fund on June 9, 2006 the effective date of the bill. (W.Va. Code §11B-2-20 was passed March 11, 2006.) The fund is invested by the West Virginia Investment Management Board.

The annual repayment toward the \$24 million loan and interest on the loan to the Board of Risk and Insurance Management Physician's Mutual Insurance Company originally made from the West Virginia Tobacco Settlement Medical Trust Fund is to be deposited in the Rainy Day Fund—Part B. As of December 31, 2006 the outstanding balance of the loan was \$19,965,627.

Expenditures may not be made from the Rainy Day Fund—Part B unless all moneys in the Rainy Day Fund have been first expended. After June 30, 2025, interest and other return earned on moneys in the Rainy Day Fund—Part B may be appropriated by the Legislature for continued support of the programs offered by the Public Employees Insurance Agency; funding for expansion of the federal-state Medicaid program; funding for public health program, services, and agencies; funding for any state owned or operated health facilities; or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature.

On December 31, 2006, the balance in the Rainy Day Fund—Part B was \$255,996,557.08. Of the balance \$234,897,671.95 is principal (transferred from West Virginia Tobacco Settlement Medical Trust Fund) and \$21,098,885.13 is cumulative interest earnings/investment returns.

Income Tax Refund Reserve Fund

An Income Tax Refund Reserve Fund was established during FY 1990 (W.Va. Code §11-27-93) to pay personal income tax refunds, interest, and penalties to taxpayers in a timely manner. It may also be used by the Legislature to make appropriations from the fund to address other items as the Legislature so desires.

The state tax commissioner is responsible for determining the balance needed in the fund to ensure timely income tax refunds.

Since the fund was established in March 1990, \$155.8 million has been deposited into it—\$60.4 million has been used to pay income tax refunds and \$58.8 million has been appropriated for flood victim assistance, infrastructure, and other projects (including medical services payments). On December 31, 2006, the balance in the Income Tax Refund Reserve Fund was \$36,619,318.96 which represents 1.01% of the total FY 2007 General Revenue Fund.

Tax Reduction and Federal Funding Increased Compliance (TRAFFIC)

During the 1995 session of the West Virginia Legislature, an initial \$20 million was set aside by appropriation in an account titled Tax Reduction and Federal Funding Increased Compliance (TRAFFIC). This appropriation was made to the Joint Expense account of the Legislative Branch and was intended for possible general state tax reductions, to offset any reductions in federal funding for state programs, or to have funds available for other unanticipated needs. It was not intended as an operational appropriation for expenditure by the Legislature.

Since the inception of the TRAFFIC account \$126.7 million has been deposited into the account—\$81.0 million has been appropriated from the account, mostly for meeting shortfalls in Medicaid match funds, for flood victim assistance, or additional payments to unfunded liabilities in the state retirement systems. As of December 31, 2006, \$45.7 million remains available for use as the Legislature may determine and an additional \$15 million has been requested and recommended for FY 2008.

Revenue Sources
Major Reserve/Stabilization Accounts and Other Items

West Virginia Tobacco Settlement Funds

The Tobacco Settlement Fund and West Virginia Tobacco Settlement Medical Trust Fund were established in June 1999 (W.Va. Code §4-11A-1) to receive moneys from the Master Settlement Agreement. Each receipt of moneys was to be divided and deposited equally between the two funds.

In January 2004, the Legislature (at the request of Governor Manchin) passed SB 1004 allowing for the creation of a workers' compensation mutual company and privatization of the workers' compensation program. As part of the dedicated funding established to reduce the unfunded liability in the "old" Workers' Compensation Fund, SB 1004 dedicated annually the first \$30 million of the Tobacco Master Settlement Agreement annual payments to the Workers' Compensation Debt Reduction Fund beginning July 1, 2005, and the remainder will continue to be deposited into the Tobacco Settlement Fund to be appropriated primarily for the operation of state hospitals and tobacco cessation programs. Also, beginning in FY 2008, all Strategic Compensation Payments from the Tobacco Master Settlement Agreement shall be deposited in the Workers' Compensation Debt Reduction Fund. After July 1, 2005, no additional deposits are to be made to the West Virginia Tobacco Settlement Medical Trust Fund from revenues received in accordance with the Tobacco Master Settlement Agreement.

The **Tobacco Settlement Fund** is available for expenditures of principle and interest by appropriation of the Legislature for the PEIA Reserve Fund; expansion of Medicaid; funding of public health programs, services, and agencies; and funding for any state-owned or state-operated health facilities. Funds have been used for the PEIA Reserve Fund, state-owned and operated health facilities, and in tobacco cessation programs.

As of December 31, 2006, a total of \$206,956,126 in principal and \$2,054,215 in cumulative interest earnings/investment returns have been deposited into the fund. Expenditures from the Tobacco Settlement Fund have totaled \$208,990,757 through FY 2006, with an additional \$25,400,000 appropriated for FY 2007.

The **West Virginia Tobacco Settlement Medical Trust Fund** principal cannot be spent. Only the interest earnings and the returns on investment are available (by appropriation of the Legislature) for the same items identified for expenditure by the Tobacco Settlement Fund. No appropriations have been made from this fund to date. By legislation passed during the 2003 Regular Session, the Medical Trust Fund loaned \$24 million to the Board of Risk and Insurance Management's Physicians Mutual Insurance Company account for use as initial capital and surplus of the Physician's Mutual Insurance Company to be repaid at \$2.5 million per year from Insurance Tax receipts.

In March 2006, the Legislature enacted HB 4015, which dissolved the West Virginia Tobacco Settlement Medical Trust Fund. On June 9, 2006, all moneys in the fund (\$234,897,671.95) were transferred to the Revenue Shortfall Reserve Fund—Part B.

Long-Range Issues

Introduction

At the beginning of the last decade, the state was faced with several major issues that had immediate and long-term implications. The state has been focused on its water and sewer systems, school facilities, correctional facilities; unfunded liabilities in workers' compensation and retirement systems; and the growing cost of health insurance. Those building blocks of West Virginia's economy will require continued attention as we continue through this century.

Infrastructure Projects/Improvements

Safe Roads Amendment of 1996

In November 1996, a constitutional amendment was ratified by the state's citizens to permit the sale of up to \$550 million in highway bonds over the next five years. The final \$110 million in bonds were sold in July 2001, and all funds, including interest earned and federal reimbursement, were expended by June 20, 2004. The total cost of all projects financed with these bonds was \$716,192,664. In FY 2005, the DOH refinanced approximately \$320 million of Safe Road bonds as an advance refunding. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$19,689,000 and resulted in an economic gain of \$18,821,000. Outstanding debt service on June 30, 2006 was \$651,545,584.

Special Obligation Notes

In October 2006, the DOH issued \$75,970,000 in special obligation notes, the proceeds of which are being used to expedite construction on US 35. The notes, which have a final maturity in FY 2016, were issued in accordance with authority granted to the commissioner of highways in W.Va. Code §17-17A of the West Virginia Code. Through two innovative federal financing mechanisms—Grant Anticipation Revenue Vehicle (GARVEE) financing and federal toll credits—DOH will pay the debt service associated with the notes of \$94,007,191 with 100% federal funds. The GARVEE financing mechanism permits the debt service to be paid with future federal-aid highway funds that DOH expects to receive. The agency anticipates issuing approximately another \$125 million in notes in early 2007. The debt service for those notes also will be funded with future federal-aid highway funds. Although the DOH fully anticipates that sufficient future federal-aid highway funding will be available to make all payments, the debt service remains a contingent liability of the State Road Fund. If future federal-aid funds are insufficient, the DOH will be required to commit cash from the State Road Fund to cover any shortfall in debt service funding.

West Virginia Regional Jail and Correction Facility Authority

The West Virginia Regional Jail and Correctional Facility Authority has two fundamental missions—operating the regional jails and constructing the state's secure facilities for not only the authority itself, but for the Division of Corrections and the Division of Juvenile Services, as well.

First, the authority is charged with the responsibility of operating regional jails with management plans that meet or exceed all state and federal jail operational standards. The operational budget for the jails is exclusively funded through per diem collections from counties, municipalities, the West Virginia Division of Corrections, the federal Department of Justice, and other jurisdictions that house inmates in regional jails.

The regional jail facilities were developed as a result of a Master Plan approved in 1989 that outlined ten regions in the state. There are ten regional jails currently in operation (Eastern in Berkeley County, Central in Braxton County, South Central in Kanawha County, Southern in Raleigh County, Northern in Marshall County, Southwestern in Logan County, Potomac Highlands in Hampshire County, North Central in Doddridge County, Western in Cabell County, and Tygart Valley in Randolph County).

Long-Range Issues

The authority's second mission is to acquire, construct, and/or renovate regional jails, correctional facilities, and juvenile detention facilities. The first phase of construction occurred as a result of the 1990 sale of \$118,694,767 of lease revenue bonds by the West Virginia Building Commission. The sale met approximately 50% of the adult correctional construction needs of the State at that time. The original bond was refunded in 1998 to reduce interest cost from 6.92% to 4.97% and to fund the construction of the Tygart Valley Regional Jail from the additional savings realized.

In 1998, the Public Employees Retirement System (PERS), under the direction of the Investment Management Board, invested \$150 million for continued construction of correctional and detention facilities. The Legislature created a special revenue fund (from up to \$20 million per year of current insurance taxes) to repay PERS for the capital invested and investment earnings. The amount of payment was calculated every year by averaging the previous five years' interest returned on PERS' fixed income investments.

Recognizing that a great deal of savings in interest payments could be realized, the Legislature, during its December 2001 Special Session, passed legislation authorizing the issuance of bonds through the Economic Development Authority secured by lease payments; these payments are made from the same special revenue source that was created to repay PERS.

The first two series of these bonds were issued by the Economic Development Authority in January 2002. The first series repaid the balance owed to PERS, funding the construction of the North Central Regional Jail, Potomac Highlands Regional Jail, Eastern Regional Jail, Lakin Correctional Center for Women, Donald R. Kuhn Juvenile Center, Western Regional Jail, Industrial Home for Youth, and the renovation of the Denmar Correctional Center and Pruntytown Correctional Center, including the warden's residence located at the facility. The second series funded the \$6 million Dormitory and Prison Industries construction at the Lakin Correctional Center for Women and the \$6 million James "Tiger" Morton Juvenile Center.

During February 2003, the third series of these bonds were sent to market. This sale funded the \$6.8 million J.M. Chick" Buckbee Juvenile Center, the \$6 million Robert Shell Juvenile Center, the \$6 million Gene Spadaro Juvenile Center, and \$3.1 million for renovations to transform the old Eastern Regional Jail into the Martinsburg Correctional Center, a 120-bed intake center for the Division of Corrections.

In January 2004, the final series of these lease revenue bonds were issued in order to fund the construction of a new Davis Juvenile Center in Tucker County (renamed the Kenneth "Honey" Rubenstein Juvenile Center), renovations and additions to the Eastern Regional Juvenile Detention Center (which will then be reopened as the Vickie V. Douglas Juvenile Center), additions to Huttonsville Correctional Center, additional funds for the Dormitory and Prison Industries construction at the Lakin Correctional Center for Women, and renovations to the Johnston School at the Industrial Home for Youth at Salem.

Infrastructure Improvement Amendment

The Infrastructure and Jobs Development Council reports that approximately \$2.5 billion in projects have been funded to date by leveraging council funds with federal and other sources. Projects approved by the committee range from traditional infrastructure including water, sanitary sewer, storm water facilities, and roadways for industrial parks to revitalization projects that will result in economic development in some of the state's larger cities. The approved projects leverage approximately \$700 million from other sources of funding resulting in close to \$1 billion of investment in the State of West Virginia.

Nineteen million dollars a year from the Excess Lottery Fund has been dedicated to pay debt service for the bond issue. The bond issue closed in January 2004 in the amount of \$249,895,000 which generated funds to cover the entire \$225,855,802 needed to fund the 48 approved projects, \$18,989,900 to the debt service reserve account, \$4,904,054 to fund the cost of issuance, and \$145,244 deposited to the bridge loan fund to be administered by the Council for Community and Economic Development.

Long-Range Issues

School Building Authority

The School Building Authority of West Virginia was created in 1989 to provide state funds for the construction and maintenance of primary and secondary school facilities to meet an estimated \$1.2 billion need.

To meet immediate needs, the Legislature authorized the School Building Authority to issue five series of bonds. These five bond series produced approximately \$436 million for school facility construction, renovation, and repair. The annual debt service requirement of the first four series of bonds is approximately \$23.5 million funded from the General Revenue Fund through the year 2019. The 1994A Series Bonds are secured by dedicated Lottery proceeds and require an annual debt service of approximately \$18 million. The original 1994A series matured in 2004 and has been reissued with a new maturity payable through the year 2014.

In 1994, the West Virginia Legislature initiated a “pay-as-you-go” program to continue funding school construction without continued issuance of debt. The “pay-as-you-go” program was initiated with approximately \$36 million in Budget Surplus funds. Thereafter, the School Building Authority has received annual funding for both new school construction and major improvements for existing facilities. This annual funding, statutorily dedicated from Consumer Sales Tax revenues, began at a level of \$10 million and grew to the maximum allowed of \$22 million from that source. Of this dedicated amount, \$5 million was for major improvements to existing facilities and \$17 million for new construction.

Effective July 1, 1998, the statute was amended to direct any annual difference between FY 1997 actual debt service payments and funds required for the current fiscal year for all previously issued school capital improvement bonds be added to the amount available in the pay-as-you-go program for new construction. Due to this amendment, the amount available for new construction, including the \$17 million mentioned above, was as follows: \$17.81 million in FY 1999, \$20.21 million in FY 2000, \$22.54 million in FY 2001, \$22.76 million in FY 2002, \$24.97 million in FY 2003, and \$25.10 million in FY 2004. The maximum amount of \$27.22 million per year began in FY 2005 and will continue into the future.

During the 2001 Legislative Session, \$25 million in additional annual funding was earmarked from excess lottery revenues for the School Building Authority's Debt Service Fund but stipulated that monies were available for the “pay-as-you-go” program until such bonds were authorized by the Legislature. This amount was reduced to \$19 million beginning in FY 2005 and was subsequently depleted during that budget year to utilize funds for other purposes in the general budget. These funds statutorily returned to the school construction program in FY 2006 and will continue into the future.

Since the inception of the SBA, over \$1.062 billion in state dollars and \$987.5 million in local dollars have been dedicated to West Virginia school facilities. This equates to 32 new high schools, 36 new middle schools, 48 new elementary schools, 80 major school addition/renovation projects and over 1,200 minor renovation projects. Over 80% of West Virginia's students now attend classes in better school facilities than they did in 1990.

Health Care

The State of West Virginia faces many challenges and obstacles in health care. Nationally, medical costs are increasing significantly after having maintained a stable level for several years, and the prices for prescription drugs are increasing even more significantly. An aging population, new, more costly medical technologies, and increasingly expensive “new generation” drugs are all contributing factors to rising health care costs.

In addition to these national trends, West Virginia faces other obstacles unique to the Mountain State. According to a report by the National Center for Health Statistics, West Virginia has one of the least healthy populations in the country. The state has the highest death rate from heart disease and lung disease and the second highest death rate from cancer and diabetes of any state in the United States. West Virginia's

Long-Range Issues

government sponsored health insurance plans (Public Employees Insurance Agency, Children's Health Insurance Program, Medicaid, Workers' Compensation) have begun working together to jointly reduce costs and improve the quality of health care.

Medicaid

West Virginia began its Medicaid program in 1966, one year after it was approved as an amendment to the Social Security Act. Starting in 1988, the federal oversight agency, Health Care Financing Administration (now the Centers for Medicare and Medicaid Services), began requiring states to expand coverage to include new classes of eligible individuals.

The West Virginia Medicaid Program provided insurance coverage to approximately 370,000 West Virginia citizens. Children make up almost half of the beneficiaries at 48%, the blind and disabled approximately 26%, the elderly approximately 8%, with the remaining 18% being adults.

Five types of services account for approximately 71% of expenditures. These services are nursing homes, prescription drugs, inpatient/outpatient hospitals, home and community-based services, and managed care organizations. The largest increases in FY 2006 occurred in pharmacy and nursing home services. Medicaid offers a comprehensive benefit package to the state's poorest and most disabled citizens that includes a pharmacy benefit, as well as a variety of long-term care options, including community-based care, non emergency medical transportation, and other benefits not offered in the private insurance market. Financial support for this program comes from federal and state revenue. Unlike the PEIA program which is financed with all state dollars, the Medicaid program is financed at an approximate 26% state/74% federal match, which means that for every dollar the state invests, we are able to match that with approximately three federal dollars.

Medicaid funding is dependent primarily on four funding sources: General Revenue, Lottery, Medical Services Trust Fund, and Provider Tax. Medicaid funding has increased from approximately \$334 million in 1995 to over \$651 million in 2007.

Since Medicaid operates as an entitlement program for all citizens that meet the eligibility criteria, the cost of the program is determined by the number of eligible individuals, how often they utilize health care services, and the cost of the health care services. Therefore, the state must budget for all program costs that are incurred by the clients. The program costs cannot be controlled through budget restrictions and appropriation caps without changes to the eligibility criteria, the types of services covered, or the rates paid for services.

It is currently estimated that without any program changes the cost for the Medicaid program will increase at a rate of approximately 7% per year. It is also assumed that as the economy continues to improve the federal match will decline by approximately 0.5% per year. Assuming that the provider tax, trust fund, and lottery sources of state match remain relatively constant, the general revenue fund of the state will have to supply the additional funds to cover future increases in cost. However, any future increase or decrease in these sources will impact the amount of general revenue required to cover the total state match cost.

Public Employees Insurance Agency

The Public Employees' Insurance Agency (PEIA) was established by the Legislature in 1971 to provide a program of health, life, and prescription drug insurance for its member agencies. In accordance with the W.Va. Code §5-16, PEIA provides coverage for all State employers, including institutions of higher education. In addition, political subdivisions in the State and certain other charitable and public service organizations may request to be covered by PEIA.

In 1991, a Finance Board was created by the Legislature to bring fiscal stability through the development of an annual financial plan designed to meet the agency's estimated total financial requirements. The annual financial

Long-Range Issues

plan takes into account all projected revenues and apportion costs equitably among participating employers, employees, and retired employees and providers of health care services. The plan has been solvent since FY 1990, ensuring timely payments of PEIA obligations.

Effective January 1, 2000, the Finance Board must submit a prospective financial plan encompassing five fiscal years. Beginning with FY 2002, the finance board must develop annual financial plans that generate revenues sufficient to fund a reserve of at least ten percent of projected total plan costs. The financial plan must be submitted to the Governor and the Legislature by January 1 of the preceding year with an effective date for the financial plan of July 1 of each plan year. Legislation passed in the 2001 session requires that the premium cost-sharing between employer and employee reach 80/20 percent by FY 2008. PEIA continues to adjust rates annually to achieve this ratio. The pending financial plan for FY 2008 does attain the mandated 80/20 percent ratio.

The Legislature passed House Bill 4654 during the 2006 session. This bill created the West Virginia Retiree Health Benefits Trust Fund and charged PEIA with its administration. The fund was created to account for the West Virginia Other Postemployment Benefits (OPEB) and otherwise comply with GASB 43. The State OPEB liability is currently estimated to be \$8 billion.

Rising drug costs, increasing costs of health care costs, state budget constraints, 80/20 percent premium cost sharing, funding of the fund, and the reserve requirement are all issues the PEIA Finance Board must consider in preparing the agency's five-year financial plan. The State is reviewing utilization of a Medicare Advantage Prescription Drug (MAPD) plan to help reduce the State's OPEB liability. It is hoped that the MAPD will reduce the liability by increasing money received from the Centers for Medicare and Medicaid Services. However, the fund must still be subsidized by the active policy premiums. The current rate of subsidization for the fund is 67.4%.

The current financial plan projects positive net assets through FY 2010. PEIA completed FY 2006 with total net assets of \$191 million and total claims expense of \$519 million. Current claim expense trend assumptions for FY 2007 and FY 2008 are as follows:

Eligibility	Medical	Drugs
Non-Medicare	6.5%	12.0%
Medicare	6.0%	12.0%

West Virginia Children's Health Insurance Program (WVCHIP)

WVCHIP provides full-range health insurance coverage to children of working families, with incomes up to 200% of the federal poverty level. At September 30, 2006, 25,519 children were enrolled, an increase of 3.5% over last year. Targeted outreach efforts are focused on the goal of enrolling all eligible children. The West Virginia Children's Health Insurance Board oversees WVCHIP's benefit plan and finances to ensure that funding is sufficient to support the services covered by the insurance program.

Insurance Reform

Auto and Homeowner

At the request of Governor Joe Manchin, the West Virginia Legislature addressed civil justice and insurance reforms that have resulted in lower insurance premiums for both auto and homeowner consumers. West Virginia consumers have benefited by saving \$70,142,637 in auto and homeowners' insurance premiums and have seen a rise in the number of products available. Total rate reductions exceeded the initial pledged reduction by \$20,142,637.

Long-Range Issues

Medical Malpractice

The Board of Risk and Insurance Management (BRIM) provides a comprehensive risk management program for the State and also provides the State's self-insurance fund. BRIM also provides the program to qualifying nonstate entities such as local governments and nonprofit organizations.

In December 2001, the West Virginia Legislature passed House Bill 601 which authorized BRIM to provide medical malpractice and general liability coverage to private health-care providers. This included medical malpractice coverage for private physicians, clinics and hospitals and was known as "BRIM II". House Bill 601 was passed as a result of the medical malpractice insurance crisis which was created when commercial insurance companies began nonrenewing policies for health care providers on a national basis, and in particular, within West Virginia. Many West Virginia physicians began to seek employment in other states, a dilemma that threatened the availability of health care for our citizenry.

During the Legislative session of 2003, House Bill 2122 was passed which provided: (1) a mechanism for those private physicians who were being insured through BRIM II, to become insured through the creation of a West Virginia Physicians' Mutual Insurance Company (WVPMIC) and; (2) significant medical liability reform.

The process of transferring those private physicians to the WVPMIC is called a "novation." On July 1, 2004, BRIM successfully novated approximately 1,300 private physician medical malpractice insurance policies, with the attendant liabilities and assets, to the WVPMIC. The hospitals and clinics that did not novate were nonrenewed by BRIM prior to July 1, 2004. BRIM offered "tail coverage" to the nonrenewed entities and continues to "run-off" the minimal exposure of that tail coverage. At year end June 30, 2006, the House Bill 601 Fund (BRIM II) financial picture showed total retained earnings of \$4,057,325.

The significant areas of medical liability reform included, but was not limited to: (1) a board to study the feasibility of creation of a patient injury compensation fund; (2) enhancement of the "certificate of merit;" (3) limits on third party bad faith; (4) a \$250,000 cap on noneconomic damages; (5) elimination of joint liability; and (6) limit on trauma liability at \$500,000.

As a result of the feasibility study, the patient injury compensation fund (PICF) was created. The revenue appropriated to the PICF is not reflected in BRIM financial statements, but rather in the State financial statements. At year end June 30, 2006, the State financial statements reflect total retained earnings in the PICF at \$3,396,467. There have been no claims assessed against the PICF, and the only FY 2006 expenditure from the PICF was for the annual actuarial study.

The medical professional liability insurance market in West Virginia has stabilized, providing the workers in our healthcare industry with accessibility to appropriate liability coverage. Market stability has been reflected in rate relief for our physicians as three of West Virginia's major medical liability writers, representing over 66% of the market, have filed for rate reductions in 2005. Physician recruitment efforts have improved significantly. The actions of all branches of government, working with private industry to establish the West Virginia Physicians' Mutual Insurance Company, has led to positive change in the medical malpractice liability results of West Virginia.

BRIM management has also worked to eliminate the prior year's reported net asset deficiency. The deficiency in net assets developed due to unanticipated losses and adverse loss development in each of the state agency and Senate Bill 3 (nonprofit) coverages in the areas of general liability and medical malpractice. In FY 2004, BRIM management adopted a financial stability plan which enabled the deficiency in net assets to be eliminated. Consequently, as of June 30, 2005, BRIM eliminated such deficiency reflecting \$527,000 net assets at year end. Management anticipates that the net assets will remain positive and, in fact, continue to increase in growth in years to come.

Long-Range Issues

BRIM financial position continues to improve. At year end June 30, 2006, BRIM total retained earnings are \$44,843,685 which reflects no overall unfunded liability.

Unfunded Liabilities

Workers' Compensation

Prior to January 1, 2006, West Virginia was one of five states operating an exclusive, state-managed workers' compensation insurance system. From 1913 until January 1, 2006, the Workers' Compensation Commission (including its predecessors) was an agency of state government, which operated through the Workers' Compensation Fund, a special revenue fund. Pursuant to the passage of Senate Bill 1004 in January of 2005, the system of providing workers compensation was altered, as the system will eventually move into a private workers' compensation system over the next few years. Specifically, the Workers' Compensation Commission ceased to exist as a state entity that was the sole provider of workers' compensation insurance in the State of West Virginia on December 31, 2005. On January 1, 2006, the West Virginia Employers' Mutual Insurance Company, doing business as BrickStreet Mutual Insurance Company, became the sole provider of workers' compensation insurance coverage and will do so until July 1, 2008. On July 1, 2008, the workers compensation insurance market will be opened to competition, and West Virginia employers may elect to purchase insurance for workers compensation coverage from any private carrier licensed to do such business by the State of West Virginia. BrickStreet assumed all liabilities of the Workers' Compensation Fund for dates of injury on or after July 1, 2005 and continuing until and through the opening of the private market.

The State retained all liabilities prior to that date and those liabilities as well as certain assets were transferred into the Workers' Compensation Old Fund ("Old Fund"). As of June 30, 2006, the fund deficit in the Old Fund was estimated to be \$2.061 billion (liabilities discounted at five percent). With the privatization in Senate Bill 1004 was a plan to address the outstanding deficit formerly in the Workers' Compensation Fund and now in the Old Fund. The custodian of the Old Fund is the Treasurer of the State of West Virginia, and the Offices of the Insurance Commissioner serve as the administrator of the Old Fund. Several sources of revenue were dedicated to pay the existing liabilities of the Old Fund, including the following: (1) a premium surcharge on workers' compensation policies; (2) an assessment to self-insured employers; (3) an increase in severance taxes for extraction industries (coal, natural gas, and timber); (4) certain of the moneys from the tobacco Master Settlement Agreement; (5) excess lottery revenues; and (6) \$45 million in personal income tax collections.

The outstanding deficit attributable to decades of inefficient operations continues to remain an issue for the Old Fund. The privatization of the system and the dedication of new revenues for the Old Fund, however, have provided the State with an opportunity to properly manage and eventually eliminate the deficit currently in the Old Fund.

It is important to note that several steps were previously taken in 2003 when the Legislature enacted major workers' compensation reform that has affected and will continue to affect the actuarially determined estimated liability for unpaid claims. The legislation, approved as Senate Bill 2013:

- Changed the methodology regarding the determination of eligibility for and the computation of disability benefits in order to provide responsible benefit reductions;
- Provided for tighter control on health care expenditures;
- Provided for tighter control of premium dodgers and created an employer violator system; and
- Prohibited premium base rate increases for a period of three years

Long-Range Issues

Senate Bill 2013 also established that the Workers' Compensation Commission Board of Managers were to:

- Ensure the effective administration and financial viability of the commission;
- Review and approve; reject or modify rules that are proposed by the executive director for the operation of the workers' compensation system;
- Establish and monitor performance standards and measurements to ensure the timeliness and accuracy of activities performed under the workers' compensation laws and rules;
- Review and approve, reject or modify all classifications of occupations or industries, premium rates and taxes, administrative charges, rules and systems of rating, rating plans, rate revisions, deficit management and deficit reduction assessments, and merit rating for employers;
- In conjunction with the executive director, initiate, oversee and review all independent financial and actuarial reviews of the commission;
- Approve the allocation of sufficient administrative resources and funding to efficiently operate the workers' compensation system;
- Review and approve, reject or modify the budget for the operation of the commission;
- Approve the designation of health care providers to make decisions for the commission regarding appropriateness of medical services;
- Require the Workers' Compensation Commission to develop, maintain and use an effective program of return-to-work services for employers and workers;
- Require the Workers' Compensation Commission to develop, maintain and use thorough and efficient claims management procedures and processes, and fund management in accordance with the generally accepted practices of the workers' compensation insurance industry;
- Review and approve, reject or modify standards to be considered by the commission in making decisions on all levels of disability awards; and
- Study the feasibility of, provide a plan for, and provide a proposal for a request for proposals from the private sector for, privatizing the workers' compensation system.

On July 1, 2004, the West Virginia Supreme Court upheld a key piece of the legislation in the *Wampler Foods, Inc. v. Workers' Compensation Div.* (602 S.E. 2nd 805, W.Va., Jul 01, 2004) decision affirming that the new law enacted under Senate Bill 2013 will be applied to new awards on or after July 1, 2003, regardless of the effective injury date. As a result of this decision, a \$330 million reduction (due to Senate Bill 2013) recognized in the June 30, 2003, discounted claims liability number was not modified, and an additional \$144 million related to the new law was recognized in the June 30, 2004, financial statements. Prior to privatization, these steps had a significant and positive impact on the ability to operate a solvent fund on a prospective basis.

State Retirement Systems

The Consolidated Public Retirement Board (CPRB) was created by legislation passed in 1990, effective July 1, 1991, to administer all of the state's public retirement plans.

In 1992, CPRB completed actuarial studies on the various retirement systems of the State of West Virginia to determine the amount of the systems' unfunded liabilities. At that time, the Teachers' Retirement System (TRS), the Judges' Retirement System (JRS) and the Public Safety Retirement System (Plan A) were found to have unfunded liabilities of \$2.89 billion, \$23.20 million, and \$107.30 million respectively. The Public Employees' Retirement System (PERS) was found to be well-funded. The State committed to a plan to increase the funding

Long-Range Issues

of the underfunded plans as shown in the chart below. Contributions to the various retirement plans are made in such a manner as to satisfy the unfunded liabilities as follows:

- Teachers' Retirement System—Instituted a 40-year payment plan to be completed by June 30, 2034. The payment plan was revised in 1999 to provide that all improvements be funded over seven years from the improvement date. Effective in 2005, only retiree improvements of not more than one percent of liabilities are allowable and must be amortized over six years;
- Judges' Retirement System—Instituted a 25-year payment plan to be completed by June 30, 2018. Effective in 2005, active improvements are not allowable until after the payment plan is completed and retiree improvements are limited to one percent of liabilities and must be amortized over six years;
- Public Safety Retirement System (Plan A)—Instituted a 30-year payment plan to be completed by June 30, 2025. Effective in 2005, active improvements are not allowable until after the payment plan is completed;

The unfunded actuarial liability for each plan is as follows:

	July 1, 2005 Actuarial Valuation Unfunded Actuarial Liability		2005 Results Projected UAAL to June 30, 2006	
PERS	\$669,734,000	(83.6% funded)*	\$619,514,000	(85.7%)
TRS	\$4,990,353,000	(24.6% funded)*	\$4,742,261,000	(31.4%)
JRS	\$15,771,000	(82.6% funded)*	\$10,209,000	(89.9%)
Public Safety—Plan A	\$124,039,000	(74.4% funded)*	\$50,996,000	(89.9%)
State Police—Plan B	\$753,000	(97.1% funded)*	\$574,000	(98.2%)

*Per plan, funded percentage of plan assets as a percent of actuarial accrued liabilities, including projected salary increases.
Note: Public Safety—Plan B was enacted March 12, 1994.

The 2005 Results Projected to June 30, 2006, project the July 1, 2005, Actuarial Valuation results recognizing actual investment experience, contributions, and distributions for each plans' trust fund as reported by the Investment Management Board for the year ending June 30, 2006. The July 1, 2006, Actuarial Valuations will include the remaining actual experience for each plan when the valuations become available.

During 2005 pension, reform legislation was passed to limit certain benefit improvements and to require adequate funding for any improvements that are granted. In addition to the limitations noted above, PERS and State Police—Plan B may not improve benefits for active members until the funded percentage reaches 85%. Retiree improvements are also limited to one percent of actuarial liabilities. When determining the adequacy of the employer contribution rate to fund these plans, any active member improvements must be amortized over ten years and retiree improvements must be funded over six years.

Long-Range Issues

Summary

Over the last 15 years, the groundwork has been laid for an infrastructure geared toward economic development:

- Imposed fiscal discipline in funding the state's retirement systems, health care plans, and workers' compensation costs
- Performed a statewide overhaul of school facilities and established measurable performance standards for all grade levels
- Replaced an inefficient, costly, and outdated system of county jails with a modern, efficient, and effective system of regional jails, along with the renovation and construction of prisons and juvenile facilities
- Addressed water and sewer project needs through bond financing and cost-sharing with federal grant and loan programs
- Focused state transportation network improvements in areas that leverage the state's proximity to thriving markets such as Columbus, Ohio, and Washington, D.C.

Continued change is needed to achieve greater results faster. West Virginia must make the complete transition to jobs based on technology and education. Improvements to all facets of our infrastructure (roads and schools, workforce, health care systems) are the key to accomplishing that transition. The Governor and Legislature share a commitment to making those improvements.

Debt Summary

West Virginia's commitment to fiscal integrity and economic development should enable it to continue experiencing positive growth and to continue meeting the needs of its citizens. At the same time, the State is committed to maintaining its moderate debt levels and debt management practices.

Ratings and Ratios

The State's general obligation bonds are rated AAB by Standard & Poor's Corporation and Fitch Investors Service. The Moody's Investors Service rating is Aa3. There are twelve other states which carry a Aa3 rating on their general obligation debt from Moody's Investors Service. These states, of course, differ from West Virginia in their fiscal composition, debt issuance practices, population, income levels, and other economic indicators. However, a comparison of debt ratios demonstrates that West Virginia is within the moderate range of these key indicators as shown below.

**Net Tax Supported Debt as a Percentage of Personal Income and Per Capita
of Similarly Rated States (Rated Aa3 by Moody's Investors Service)
(taken from Moody's Investors Service, 2006 State Debt Medians, April 2006)**

% of Personal Income		Per Capita	
Montana	1.4%	Montana	\$377
Oklahoma	1.4%	Oklahoma	\$395
Maine	2.0%	Maine	\$606
Arizona	2.2%	Arizona	\$607
Rhode Island	4.1%	West Virginia	\$1,119
West Virginia	4.4%	Mississippi	\$1,171
Oregon	4.5%	Oregon	\$1,350
Wisconsin	4.5%	Rhode Island	\$1,402
Michigan	4.8%	Wisconsin	\$1,437
Illinois	5.9%	Illinois	\$2,901
New York	6.7%	New York	\$2,569
New Jersey	7.9%	New Jersey	\$3,276
Connecticut	8.5%	Connecticut	\$3,624

Outstanding Debt

At June 30, 2006 and 2005, approximately \$3.0 and \$2.9 billion, respectively, were recorded for the governmental activities on the Statement of Net Assets and detailed in Note 10 of the West Virginia Comprehensive Annual Financial Report. The business type activities recorded approximately \$4.0 billion and \$4.0 billion in outstanding debt at June 30, 2006 and 2005, respectively. Component Units recorded approximately \$1.9 billion and \$1.9 billion in outstanding debt at June 30, 2006 and 2005, respectively.

Future Issuances

During the budget process, all departments/bureaus are required to project capital expenditure needs five years into the future. These needs and funding mechanism options are discussed in general terms at that time. As projects are actually approved, funding plans are completed. The five—year projections allow the state to plan for future capital needs in an orderly fashion with sound financial planning.

Currently the West Virginia Water Development Authority is planning to issue Infrastructure Revenue Bonds in an amount not to exceed \$45 million to meet the funding needs for water, wastewater, and economic development projects. The West Virginia Infrastructure and Jobs Development Council anticipates that the closing for this revenue bond issue will occur in February 2007.

Debt Summary

The DOH anticipates issuing approximately another \$125 million in notes in early 2007. The debt service for those notes will be funded with future federal-aid highway funds. Although the DOH fully anticipates that sufficient future federal-aid highway funding will be available to make all payments, the debt service remains a contingent liability of the State Road Fund. If future federal-aid funds are insufficient, the DOH will be required to commit cash from the State Road Fund to cover any shortfall in debt service funding.

Debt Limits

Neither the West Virginia Constitution nor its statutes establish a general limit on all types of debt. For general obligation bonds, the limits are established in the amendment authorizing the debt. For revenue bonds and mortgages, debt limits are established at the individual issuer level, either by establishing a dollar ceiling on total outstanding principal allowable or setting the amount of the appropriation for debt service. While no limits are placed on the other debt instruments, all agreements for installment purchases or capital leases must be approved in advance by the Department of Administration. That review encompasses the entire transaction, including the repayment ability of the agency.

The existing and any proposed debt is well within acceptable limits and our debt levels are considered moderate. At the present time, the current and planned future bonded debt does not have any adverse impact on the general operating budget of the State.

State of West Virginia Bond Issuing Authorities

Issuing Authority	Debt Limit (Cap)
Governor	Per amendment
Armory Board	Per available revenues
Community Infrastructure Authority	Per available revenues
Division of Natural Resources, Director	Per available revenues
Economic Development Authority	N/A
Education, Board of	Per available revenues
Governing Board of Higher Education	Per available revenues
Hatfield-McCoy Regional Recreation Authority	Per available revenues
Higher Education Policy Commission	Various—Per available revenues
Highway Commissioner	Per available revenues
Hospital Finance Authority	N/A
Housing Development Fund	N/A
Parkway Authority	\$200 million
Public Port Authority	Per revenues
Rail Authority	Per revenues
Regional Jail & Correctional Facilities Authority	Various—per project and available revenues
Solid Waste Management Board	\$100 million
School Building Authority	Per appropriation
Water Development Authority	Per available revenues

Debt Summary
**Summary of Primary Government Long-Term Debt
Outstanding at June 30, 2004 through 2008**
(Expressed in Thousands)

	6/30/04	6/30/05	6/30/06	Estimated 6/30/07	Estimated 6/30/08
General Obligation Debt					
Road Bonds	\$494,430	\$467,915	\$447,995	\$429,845	\$401,190
Infrastructure Bonds	277,449	273,014	294,903	287,147	278,949
SUBTOTAL	771,879	740,929	742,898	716,992	680,139
Revenue Bonds					
School Building Authority	275,950	385,965	365,935	337,040	312,930
EAST Fund	55,855	48,830	41,455	33,675	25,465
Economic Development Authority	249,895	236,005	228,840	221,565	214,125
WV Infrastructure and Jobs Development Council	89,550	88,710	89,020	86,080	83,090
Education	2,186	2,129	2,069	2,008	1,942
SUBTOTAL	673,436	761,639	727,319	680,368	637,552
Capital Leases					
Governmental Funds	287,004	343,779	345,386	331,410	318,000
Internal Service	13,223	10,558	8,614	5,300	5,000
SUBTOTAL	300,227	354,337	354,000	336,710	323,000
TOTAL	\$1,745,542	\$1,856,905	\$1,824,217	\$1,734,070	\$1,640,691

Debt Summary

General Obligation Bonds

General obligation bonds pledging the full faith and credit of the State may be authorized only by constitutional amendment. Each amendment must be approved by two-thirds of both houses of the Legislature before submission to the voters. Enabling legislation is then required for amendments receiving voter approval. At June 30, 2006, \$742,899,000 (net of advance refunded bonds) was outstanding in general obligation bonds.

**General Obligation Bonds Outstanding
June 30, 2006**

Amendment	Principal Outstanding June 30, 2006 (in thousands)	Payable From
Infrastructure Improvement Amendment of 1994	\$294,903	First \$24 million of Severance Tax
Safe Roads Amendment of 1996	(net) \$447,995	Road Fund

**General Obligation Debt
Various Ratios as of June 30, 2006**

Ratio	As of June 30, 2006	Notes (figures listed in thousands)
GO Debt Service as a percent of the General Revenue Fund (GRF)	2.1%	GO Debt Service of \$76,766 GRF of \$3,661,402
GO Debt as a percent of personal income (PI)	1.5%	GO Debt of \$742,898 PI of \$49,445,000
GO Debt per Capita	\$409	GO Debt of \$742,898 Population of 1,817

Issued General Obligation Bonds

1950 Veterans Bonus Amendment

The 1950 amendment authorized general obligation bonds to be issued in an amount not to exceed \$90 million for the purpose of paying a bonus to veterans of World War I and World War II. In 1951 and 1952, \$67.5 million were sold and have been retired.

1956 Korean Veterans Bonus Amendment

The 1956 amendment authorized general obligation bonds to be issued in an amount not to exceed \$90 million for the purpose of paying a bonus to veterans of the Korean Conflict. In 1957 and 1958, \$21.652 million were sold, and \$11 million were refunded in 1962. All outstanding bonds have been retired.

1972 Better School Building Amendment

The 1972 amendment authorized \$200 million in general obligation bonds to be distributed to the county boards of education for the construction, renovation, remodeling, and equipping of elementary and secondary public school buildings or facilities. All outstanding bonds have been retired.

1973 Better Highways Amendment

General obligation bonds were authorized to be issued in an amount not to exceed \$500 million, with \$230 million for bridge replacement and improvement, \$130 million for completion of the Appalachian Highway System, \$50 million for upgrading sections of trunkline and feeder systems, \$50 million for upgrading West

Debt Summary
General Obligation Bonds

Virginia Route 2, \$100 million for upgrading state and local service roads, and \$50 million for construction, reconstruction, improving, and upgrading of U.S. Route 52 between Huntington and Bluefield. All outstanding bonds have been retired.

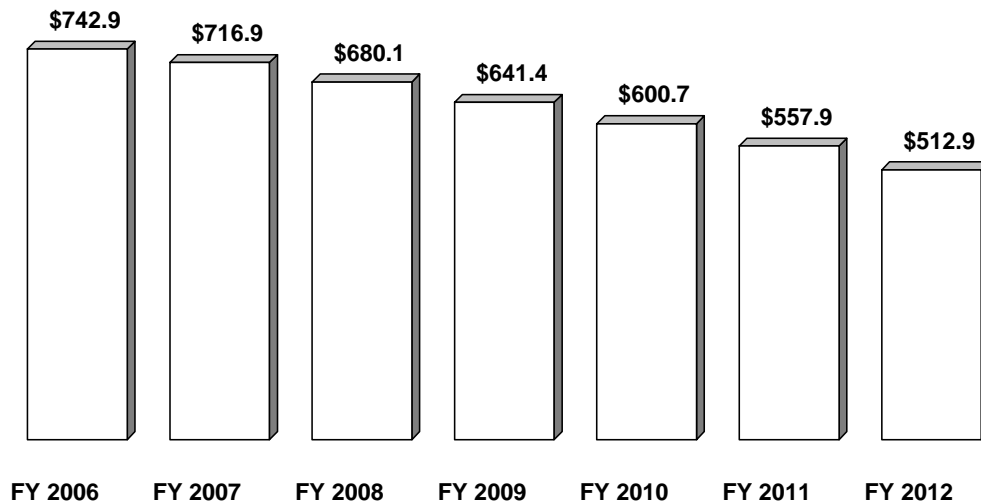
1994 Infrastructure Improvement Amendment

The 1994 amendment authorized \$300 million in general obligation bonds for construction, repair, and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction, and improvement of economic development sites. Severance taxes have been dedicated to fund repayment of the bonds. Enabling legislation was enacted in 1995. Litigation challenging the passage of the amendment was decided on December 14, 1995, by the West Virginia Supreme Court of Appeals validating the amendment. The initial issue of \$60 million was sold May 22, 1996, and the second issue of \$57 million was sold December 10, 1996. An issuance of approximately \$92 million occurred in February 1998. The final issue of approximately \$91 million was issued in May 1999, bringing the aggregate amount of bonds to the authorized \$300 million amount. By structuring one of the issues with capital appreciation bonds to minimize debt service over the next seven years, an additional \$50 million was available for projects; at June 30, 2006, \$294,903,000 remained outstanding. Subsequent to June 30, 2006, the state took advantage of favorable interest rates and refunded more than \$95 million of the bonds by issuing \$94.1 million of refunding bonds. All of the bonds will be fully retired in 2027.

1996 Safe Roads Amendment

The 1996 amendment authorized \$550 million in general obligation bonds to match available federal funds for highway construction and general highway construction or for improvements in each of the 55 counties. The legislation authorizing the amendment specified the bonds to be sold over a five—year period in increments of \$110 million each. The bonds are payable from the State Road Fund. Enabling legislation was passed during the 1997 legislative session. \$220 million in Road Bonds were issued in July 1998 and another \$110 million were

General Obligation Debt Outstanding
Fiscal Years 2006 - 2012 (Projected)
As of June 30, 2006
(Expressed in Millions)



Debt Summary
General Obligation Bonds

issued in July 1999, July 2000, and July 2001, respectively. In May 2005, the State issued \$321.4 million of refunding bonds which refunded approximately \$320 million of the previously issued bonds. At June 30, 2006, \$447,995,000 (net of advance refunded bonds) were outstanding. The bonds will be fully retired by 2025.

Authorized But Unissued General Obligation Bonds

1973 Vietnam Veterans Bonus Amendment

This amendment authorized general obligation bonds to be issued in an amount not to exceed \$40 million to pay a bonus to veterans of the Vietnam Conflict. However, General Revenue Funds were appropriated to pay the bonuses in lieu of the issuance of bonds.

1992 Veterans Bonus Amendment

This amendment authorized general obligation bonds to be issued in an amount not to exceed four million dollars to pay a bonus to veterans who served in conflicts in the Persian Gulf, Lebanon, Grenada, and Panama. However, General Revenue Funds were appropriated to pay the bonuses in lieu of the issuance of the bonds.

2004 Veterans Bonus Amendment

This amendment authorized general obligation bonds to be issued in an amount not to exceed eight million dollars to pay a bonus to veterans who served in Kosovo, Afghanistan, and Iraq. However, General Revenue Funds were appropriated to pay the bonuses in lieu of the issuance of the bonds.

Debt Summary
**General Obligation Debt
Outstanding at June 30, 2006
(Expressed in Thousands)**

	Final Maturity Date	Interest Rate(s) %	06/30/06 Balance
Road Bonds			
(Payable from State Road Fund)			
Issued Under:			
1996 Amendment (net)	2025	3.00 - 5.25	447,995
SUBTOTAL			447,995
 Infrastructure Bonds			
(Payable from dedicated Severance Tax revenues)			
Issued Under:			
1994 Amendment	2027	4.00 - 6.93	294,903
TOTAL			\$742,898

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on general obligation debt at June 30, 2006, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2007	30,660	33,218	63,878
2008	41,218	32,280	73,498
2009	42,696	30,804	73,500
2010	44,242	29,248	73,490
2011	45,889	27,598	73,487
2012-2016	204,240	112,792	317,032
2017-2021	156,125	78,916	235,041
2022-2026	161,038	50,487	211,525
2027	16,790	6,696	23,486
TOTAL	\$742,898	\$402,039	\$1,144,937

Debt Summary

Revenue Bonds

Revenue bonds are issued by various state departments, agencies, and authorities which are part of the primary government pursuant to specific statutory provisions enacted by the Legislature. Principal and interest payments are made from specifically dedicated fees and other revenues. Revenue bonds do not constitute general debt of the State.

Certain revenue bonds have call provisions providing for redemption at the option of the State, beginning ten years following the date of issuance, in whole or in part, in inverse order of maturity, and pay a redemption price not exceeding 103% of par value.

\$727 million in revenue bonds were outstanding at June 30, 2006. The amount is expected to be \$688 million at June 30, 2007. A brief review of each issuer follows.

School Building Authority

The School Building Authority was created to provide funding for the construction and maintenance of public school facilities through the issuance of revenue bonds and use of other available funds. Series 1990B, 1997A, 1997B, and 2002A are secured by a pledge of general revenue funds appropriated by the Legislature and deposited in the Capital Projects Fund held by the trustee. Litigation determined that this funding mechanism violated the West Virginia Constitution and precluded such use of general revenue funds for future issues. However, the court did authorize the existing bonds and their refunding. Subsequent litigation authorized the use of lottery profits as a funding mechanism for certain School Building Authority bonds. At June 30, 2006, \$366 million was outstanding, which includes two original “new money” issues (1990B and 2004A) and three refunding issues (1997A, 1997B, and 2002A). Debt limitations are established by the sum appropriated for debt service for each issue.

Cedar Lakes Conference Center Revenue Bonds

In 1995, the West Virginia Board of Education issued the Cedar Lakes Conference Center Revenue Bonds in the principal amount of \$2,497,500 for the purpose of constructing a lodge. The Rural Economic and Community Development Services (formerly the Farmers Home Administration), part of the USDA, purchased the bonds which bear interest of 5.75% to 6.00%. The bonds will mature October 2, 2025. At June 30, 2006, \$2.0 million were outstanding.

West Virginia Infrastructure and Jobs Development Council

The West Virginia Infrastructure and Jobs Development Council was created to review the preliminary application for waste water facilities, water facilities or combination projects, or infrastructure projects seeking state funding. The council is to make a written recommendation as to the infrastructure project financing in terms of the kind, amount, and source of funding, which the project sponsor should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds. In the alternative, the council may make a determination that the project or infrastructure project is not eligible for funding assistance from any state infrastructure agency or the project or infrastructure project is not otherwise an appropriate or prudent investment of State funds, and make a recommendation that the project sponsor not seek funding from any state infrastructure agency. The primary source of repayment for the revenue bonds is the receipt of repayments of principal and interest on a set of loans, known as defined loans, previously made to projects from general obligation bond proceeds. At June 30, 2006, \$89.0 million was outstanding.

*Debt Summary
Revenue Bonds*

State Building Commission Lottery Revenue Bonds

The State Building Commission issued bonds secured by a pledge of revenues appropriated by the Legislature from certain net profits of the West Virginia Lottery and deposited in the debt service fund. Bond proceeds were used to provide financial support for constructing, equipping, improving, and maintaining capital improvement projects promoting education, arts, sciences, and tourism (EAST Fund) in West Virginia. At June 30, 2006, \$41.4 million were outstanding.

Economic Development Grant Committee/Economic Development Authority

The West Virginia Economic Development Grant Committee was created to issue economic development grants throughout the State of West Virginia. During FY 2004, the Economic Development Authority issued bonds totaling more than \$249.8 million to fund the grants of the committee. The bonds are secured by an annual pledge of \$19 million from the Excess Lottery Fund and, under certain circumstances, from a portion of the moneys on deposit in the State Lottery Fund. At June 30, 2006, \$228.8 million were outstanding.

Debt Summary

Revenue Bonds

Summary of Debt Service Requirements Outstanding at June 30, 2006 (Expressed in Thousands)

	Issue Date	Final Maturity Date	Interest Rate(s) %	Balance
School Building Authority	1990-2004	2022	5.70-7.45	\$365,935
Education	1996	2025	5.75-6.00	2,069
WV Infrastructure and Jobs Development Council	2001	2039	4.50-5.75	89,020
Education, Arts, Sciences, and Tourism Fund	1997	2011	5.00-5.50	41,455
Economic Development Authority	2004	2026	1.20-6.07	<u>228,840</u>
Subtotal				727,319
Less: School Building Authority Debt Service Reserve Fund				(23,021)
Economic Development Authority Debt Service Reserve Fund				(18,990)
Education, Arts, Sciences, and Tourism Debt Service Reserve Fund				<u>(2,620)</u>
Net revenue bonds outstanding				<u><u>\$682,688</u></u>

Summary of Debt Service Requirements

Future amounts required to pay principal and interest on revenue bonds at June 30, 2006, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	38,892	34,992	73,884
2008	41,051	34,472	75,523
2009	43,160	32,502	75,662
2010	45,229	30,418	75,647
2011	45,414	28,166	73,580
2012-2016	189,804	111,580	301,384
2017-2021	169,427	70,619	240,046
2022-2026	101,402	30,641	132,043
2027-2031	21,845	10,205	32,050
2032-2036	18,210	5,689	23,899
2037-2041	12,885	1,216	14,101
	<u>\$727,319</u>	<u>\$390,500</u>	<u>\$1,117,819</u>

Debt Summary
Capital Leases

A capital lease is a lease in which the lessee (entity leasing from another) assumes substantially all the risks and benefits associated with the asset, which must meet one or more of the following criteria:

The lease transfers ownership of the leased asset at the end of the lease term.

The lease terms and conditions contain a bargain purchase option which allows the state to buy the leased asset for substantially less than the estimated value of the leased item.

The term of the lease is 75% or more of the estimated economic life of the leased asset. Estimated economic life is the estimated useful life of the asset for the purpose for which it was intended, regardless of the term of the lease. For example, if a copier with an estimated economic life of ten years were leased for eight years, it would meet this criterion.

The present value of the future minimum lease payments at the beginning of the lease equals or exceeds 90% of the fair value of the asset.

Capital leases have been entered into by numerous state agencies to meet equipment needs, such as telecommunications and postal equipment. The leases are short-term and are subject to annual appropriation and availability of general and special revenues.

The outstanding balance of primary government capital leases was \$354 million at June 30, 2006.

Human Resources

The Division of Personnel was created within the Department of Administration by statute in 1989 to provide leadership in human resource management for the executive operating agencies of state government, including administration of a merit system (i.e., civil service). A comprehensive system of personnel management is achieved through the integration of six functional areas administered by the director of personnel with oversight by a five-member State Personnel Board.

The **Classification and Compensation Section** establishes and maintains class specifications and classification plans based on job analysis and develops and maintains compensation plans that consider responsibility and difficulty of work, labor market competition, and internal equity.

The **Employee Communications Section** provides information to employees and administrators on topics of statewide interest and importance through regular distribution of newsletters and other publications, serves as liaison to the State Personnel Board, and provides administrative and fiscal support services for the division.

The **Employee Information/Payroll Audit Section** establishes and maintains employee information systems and records for all employees and assures compliance with merit system standards and other applicable rules, policies, and procedures through a system of payroll audits.

The **Employee Relations Section** formulates and interprets consistent personnel policies and procedures for employees and employers and provides technical assistance and consultation in grievance and disciplinary matters.

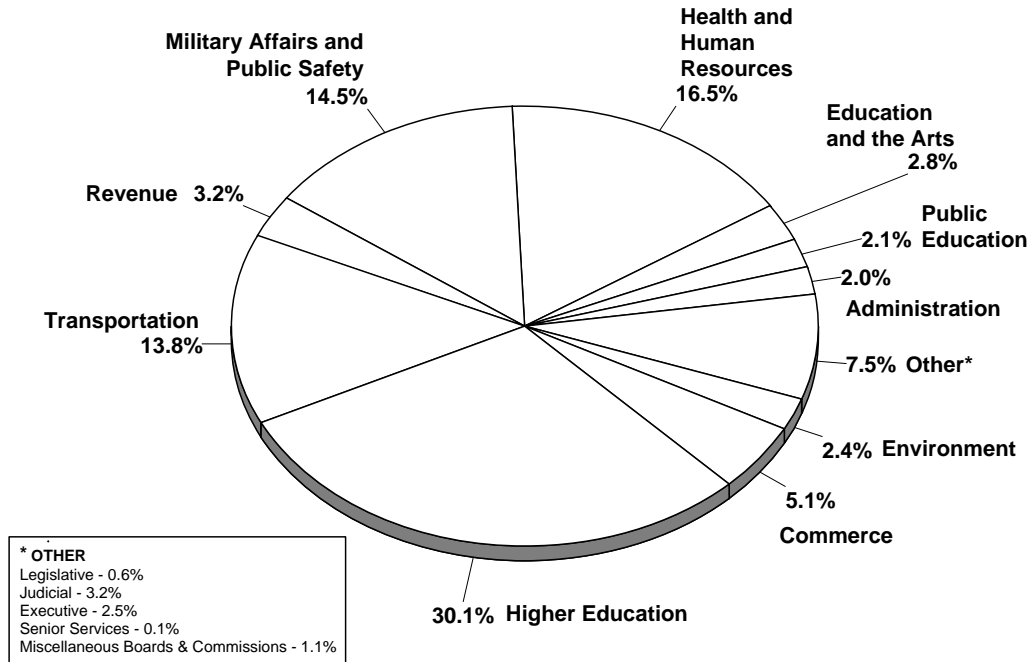
The **Organization and Human Resource Development Section** provides training and development programs for all state employees. It also directs the activities of the Center for Quality Government. In addition to providing technical advice and consulting services for agency-specific training and development programs, the section administers the supervisor/manager training program policy.

The **Staffing Services Section** provides information for individuals seeking employment with the state and conducts an integrated system for recruiting, screening, and referring applicants for merit system and other employment in state government with oversight responsibilities for assurance that promotions and interagency transfers comply with merit system standards as well as responsibility for research and development of job-related employment examination procedures.

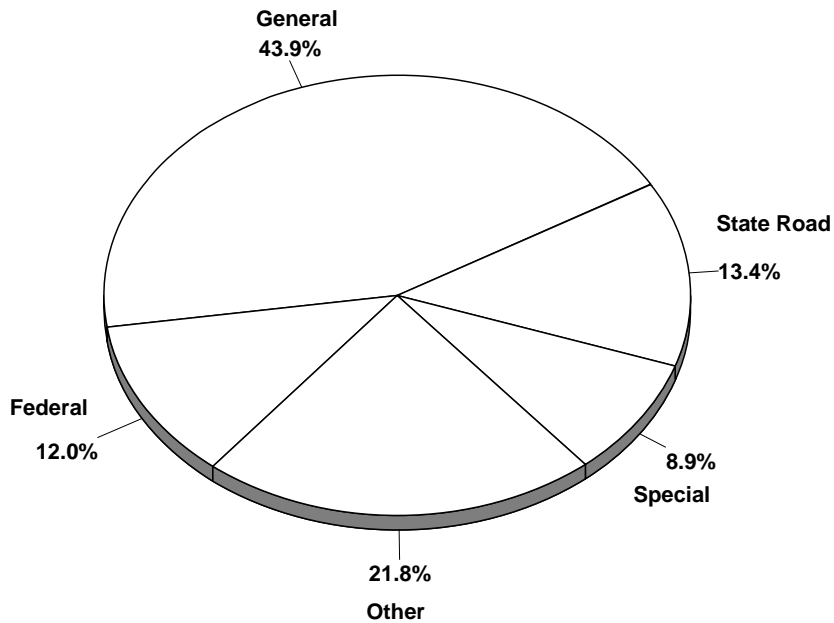
As of November 30, 2006, the State had approximately 35,360 full time equivalent employees, including approximately 10,180 employed by the Higher Education Policy Commission and approximately 842 employed by the Council for Community and Technical College Education. Public school teachers and school service personnel for grades K-12 are not included in these totals, as they are county school board employees.

Schedule of Recommended Budgeted Full-Time Equivalents (FTE) Permanent Positions FY 2008 37,734.77 FTEs

By Department



By Fund



**Schedule of Budgeted Full-Time Equivalents
All Funds
Permanent Positions
FY 2006 through FY 2008**

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
LEGISLATURE			
Senate	51.00	40.00	40.00
House of Delegates	59.00	60.00	60.00
Joint Expenses	118.00	122.00	123.00
TOTAL - LEGISLATURE	228.00	222.00	223.00

TOTAL - JUDICIAL	1,184.50	1,208.25	1,208.25
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EXECUTIVE			
Governor's Office ¹	88.29	91.00	91.50
Auditor's Office	151.00	153.80	150.80
Treasurer's Office	132.25	125.70	124.75
Agriculture, Department of ²	347.44	350.40	348.94
Attorney General's Office	185.82	186.27	185.15
Secretary of State	56.00	56.00	56.00
TOTAL - EXECUTIVE	960.80	963.17	957.14

¹ FY 2008 recommendation includes one FTE for Home Revitalization program.

² FY 2007 includes one FTE for Information Technology Director.

DEPARTMENT OF ADMINISTRATION			
Office of the Secretary ¹	2.13	2.23	9.00
Consolidated Public Retirement Board	68.00	73.00	73.00
Finance, Division of ¹	16.65	16.35	15.60
Information Services & Communications, Division of ^{1,2}	238.09	238.29	236.00
General Services, Division of ^{1,3}	96.95	124.15	123.00
Purchasing, Division of ^{1,4}	69.53	69.63	68.60
Board of Risk and Insurance Management ¹	26.05	25.65	25.60
Education & State Employees' Grievance Board ¹	10.05	10.05	10.00
Ethics Commission ¹	5.55	5.55	5.50
Public Defender Services ¹	13.25	13.25	13.00
Personnel, Division of ¹	67.18	67.10	66.20
Public Employees Insurance Agency ¹	58.60	61.20	39.30
WV Prosecuting Attorneys Institute ¹	8.43	8.43	8.38
Children's Health Insurance Agency	8.60	8.60	8.60
Office of Technology	8.00	8.00	8.00
WV Retiree Health Benefits Trust Fund ⁵	0.00	0.00	21.70
Real Estate Division ⁶	0.00	0.00	5.00
TOTAL - ADMINISTRATION	697.06	731.48	736.48

¹ FY 2008 recommendation moves 6.77 FTEs from various agencies in the Department of Administration to the Office of the Secretary.

² FY 2007 deleted 27 FTEs due to Workers' Compensation privatization.

³ FY 2008 recommendation moves 19 FTEs to General Revenue from nonappropriated Special Revenue.

⁴ FY 2007 includes eight FTEs for purchasing reform initiatives.

⁵ FY 2008 recommendation moves 21.70 FTEs from PEIA.

⁶ FY 2008 recommendation includes five FTEs for new Real Estate Division.

FTE Schedule of All Funds (Continued)

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
DEPARTMENT OF COMMERCE			
Office of the Secretary ¹	4.00	5.00	27.00
Tourism, Division of ¹	70.80	72.30	62.30
Forestry, Division of ¹	122.50	122.75	120.50
Geological and Economic Survey	62.25	62.50	62.50
WV Development Office ^{1, 2}	127.48	112.60	107.60
Labor, Division of ³	106.60	107.00	113.00
Natural Resources, Division of ^{1, 4}	852.55	847.55	849.55
Miners' Health, Safety and Training, Division of ⁵	115.50	119.00	133.00
Board of Coal Mine Health and Safety	2.00	2.00	2.00
Bureau of Employment Programs	504.17	434.01	434.01
Governor's Workforce Investment Office ²	32.00	28.00	28.00
TOTAL - COMMERCE	1,999.85	1,912.71	1,939.46

¹ FY 2008 recommends moving 22 FTEs from agencies within Commerce to a new marketing and communications division in the Office of the Secretary (Five WVDO; Ten Tourism; One Forestry; Six Natural Resources).

² FY 2007 moved 9.88 FTEs for Economic Development Authority to Miscellaneous Boards and Commissions.

³ FY 2008 recommends an additional three FTEs for labor inspectors in the Wage and Hour Program and three FTEs for contractor licensing inspectors.

⁴ FY 2008 recommends an additional eight FTEs to staff Chief Logan Lodge and Conference Center.

⁵ FY 2008 recommends additional four FTEs for mine inspectors; five FTEs for safety instructors; and five FTEs to establish a new Mine Emergency Operations Center.

DEPARTMENT OF EDUCATION			
Education, State Department of ¹	525.08	536.14	541.86
WV Schools for the Deaf & the Blind	217.70	217.70	217.70
State FFA-FHA Camp & Conference Center	39.92	37.86	37.86
School Building Authority	10.00	10.00	10.00
TOTAL - EDUCATION	792.70	801.70	807.42

¹ FY 2008 recommendation includes nine new FTEs for Juvenile Detention Centers. FY 2007 includes two FTEs for Juvenile Detention Centers.

DEPARTMENT OF EDUCATION AND THE ARTS			
Office of the Secretary ¹	25.10	25.10	26.10
Culture and History, Division of ²	115.32	114.67	111.47
Library Commission	57.00	56.00	56.00
Educational Broadcasting Authority	98.50	98.50	98.50
Rehabilitation Services, Division of ³	777.36	752.33	752.33
TOTAL - EDUCATION AND THE ARTS	1,073.28	1,046.60	1,044.40

¹ FY 2008 recommendation includes one FTE for the Center for Professional Development, Advance Placement Professional Development.

² FY 2008 recommendation does not include 3.20 FTEs previously funded with reappropriated funds.

³ FY 2007 decrease from an effort to delete vacant positions.

FTE Schedule of All Funds (Continued)

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Air Quality Board	1.30	1.30	1.30
Environmental Protection, Division of ¹	940.45	925.73	895.43
Environmental Quality Board	1.70	1.70	1.70
Solid Waste Management Board	13.00	13.00	13.00
Oil and Gas Conservation Commission	2.50	2.50	2.50
TOTAL - ENVIRONMENTAL PROTECTION	958.95	944.23	913.93

¹ An overall department effort to delete vacant positions.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES			
Office of the Secretary ¹	1.32	5.42	5.32
Barbers and Cosmetologists, Board of	9.00	9.00	9.00
Health, Division of	2,664.70	2,667.46	2,665.50
Health Care Authority	47.00	49.00	49.00
Human Rights Commission	31.00	31.00	31.00
Human Services, Division of ²	3,472.13	3,485.78	3,482.29
TOTAL - HEALTH AND HUMAN RESOURCES	6,225.15	6,247.66	6,242.11

¹ FY 2007 includes one FTE for the Women's Commission and three FTEs for the Commission for the Deaf and Hard of Hearing moved from Division of Human Services.

² FY 2007 includes five FTEs for Medicaid Fraud Unit.

DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY			
Office of the Secretary ¹	11.00	12.00	12.00
Adjutant General ²	301.00	305.00	304.00
State Armory Board	52.00	50.00	50.00
WV Board of Parole	11.00	15.00	15.00
Homeland Security & Emergency Management	45.50	53.50	54.50
Corrections, Division of ³	1,944.85	1,946.75	1,946.75
WV State Police	1,039.50	1,060.00	1,048.50
Veterans Affairs, Division of (includes Veterans Home) ⁴	93.40	153.40	153.40
Regional Jail and Correctional Facility Authority ⁵	1,010.10	1,013.00	1,012.00
Fire Commission	46.00	42.00	42.00
Criminal Justice, Division of	30.50	30.50	30.50
Juvenile Services ⁶	782.00	787.00	787.00
Division of Protective Services	29.00	30.00	30.00
TOTAL - MILITARY AFFAIRS AND PUBLIC SAFETY	5,395.85	5,498.15	5,485.65

¹ FY 2006 includes five FTEs for grant management of Homeland Security funds.

² FY 2006 includes 44 FTEs for federally funded programs.

³ FY 2006 includes 14 FTEs for Lakin and 85 FTEs for Huttonsville Correctional Centers.

⁴ FY 2007 includes 140 FTEs for the Veterans Nursing Home.

⁵ FY 2006 includes 80 FTEs for Potomac Highland Regional Jail.

⁶ FY 2006 includes 12 FTEs for Eastern Regional Juvenile Center. FY 2007 includes five FTEs for Eastern Juvenile Center and three FTEs due to increased federal funding.

FTE Schedule of All Funds (Continued)

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
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DEPARTMENT OF REVENUE

Office of the Secretary ¹	8.00	8.00	9.00
Tax Division ²	466.00	473.00	473.00
State Budget Office	10.00	10.00	10.00
Insurance Commissioner ³	170.60	404.00	405.00
Lottery Commission	116.00	120.00	120.00
Racing Commission	36.50	36.50	36.00
Alcohol Beverage Control Administration	120.12	120.12	120.12
Office of Tax Appeals	10.00	9.00	9.00
Municipal Bond Commission	4.00	4.00	4.00
Banking, Division of	32.50	33.50	33.50
Athletic Commission	0.00	0.00	0.75
TOTAL - REVENUE	973.72	1,218.12	1,220.37

¹ FY 2008 recommendation includes one new FTE.

² FY 2007 includes three FTEs for Abusive Tax Avoidance Transactions and three FTEs to establish appraisal system.

³ FY 2006 includes 46 FTEs transferred from Workers' Compensation; FY 2007 includes 196 FTEs transferred from Workers' Compensation by Dec. 31, 2005, and 22 new FTEs for Workers' Compensation duties.

DEPARTMENT OF TRANSPORTATION

Motor Vehicles, Division of	608.00	608.00	600.00
Highways, Division of	4,683.50	4,550.50	4,550.50
State Rail Authority	24.00	24.00	24.00
Public Transit, Division of ¹	8.00	10.00	10.00
Public Port Authority	3.00	3.00	3.00
Aeronautics Commission	3.00	3.00	3.00
TOTAL - TRANSPORTATION	5,329.50	5,198.50	5,190.50

¹ FY 2007 includes two FTEs for new programs.

TOTAL - BUREAU OF SENIOR SERVICES	36.30	36.40	36.40
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HIGHER EDUCATION POLICY COMMISSION

HEPC - Administration	57.22	60.35	59.72
West Virginia University ¹	5,904.40	6,065.00	6,310.77
Potomac State College of WVU ¹	0.00	0.00	0.00
Marshall University	1,633.87	1,652.69	1,652.67
Osteopathic School of Medicine	166.25	181.25	181.25
Bluefield State College	221.14	216.37	216.37
Concord University	262.05	263.89	263.89
Fairmont State University ²	426.82	430.49	430.49
Glenville State College	158.48	161.40	161.40
Shepherd University	379.10	383.90	383.90
West Liberty State College	241.26	241.94	241.94

(Continued)

FTE Schedule of All Funds (Continued)

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
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HIGHER EDUCATION POLICY COMMISSION (Continued)			
West Virginia State University	354.69	357.81	357.81
WVU Institute of Technology ¹	226.50	248.50	0.00
WVNET	48.33	48.33	48.33
TOTAL - HIGHER EDUCATION POLICY COMMISSION	10,080.11	10,311.92	10,308.54

¹ Potomac State College of WVU consolidated with WVU July 1, 2005. WVU Institute of Technology is to consolidate with WVU on July 1, 2007.

² Pierpont Community and Technical College became a division of Fairmont State University on July 1, 2006.

COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION			
Council - Administration	6.00	6.00	6.00
Marshall Community and Technical College	69.58	69.75	69.75
New River Community and Technical College	69.00	79.00	79.00
Pierpont Community and Technical College ¹	91.83	89.11	89.11
Blue Ridge Community and Technical College ²	31.50	44.33	44.33
WV State Community and Technical College	51.00	57.00	57.00
Comm. and Tech. College of WVU Institute of Technology	39.30	39.50	39.50
WVU at Parkersburg	191.30	191.30	191.30
Southern West Virginia Community and Technical College	246.49	248.11	248.11
West Virginia Northern Community and Technical College	132.00	138.00	138.00
West Virginia Eastern Community and Technical College	27.20	26.97	26.97
TOTAL - COUNCIL FOR C&T COLLEGE EDUCATION	955.20	989.07	989.07

¹ Name changed from Fairmont State Community and Technical College and became a division of Fairmont State University July 1, 2006.

² Named changed from Shepherd Community and Technical College.

MISCELLANEOUS BOARDS AND COMMISSIONS			
Board of Treasury Investments	0.00	5.00	4.00
Courthouse Facilities Improvement Authority	2.00	2.00	2.00
Hospital Finance Authority	1.00	1.00	1.00
Licensed Practical Nurses	4.00	4.00	4.00
Public Service Commission	328.32	333.67	332.17
Real Estate Commission	5.80	6.00	6.00
Registered Nurses	9.50	9.50	9.50
Water Development Authority	12.00	12.00	12.00
West Virginia Economic Development Authority ¹	0.00	9.88	9.88
Workers' Compensation ²	774.00	0.00	0.00
Other Boards	50.90	51.50	51.50
TOTAL - MISC. BOARDS AND COMMISSIONS	1,187.52	434.55	432.05

¹ Moved from West Virginia Development Office on June 1, 2006.

² Workers' Compensation ceased operation on January 1, 2006; 196 FTEs transferred to Insurance Commissioner.

TOTAL BUDGETED FTE PERMANENT POSITIONS	38,078.49	37,764.51	37,734.77
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Schedule of Budgeted Full-Time Equivalents By Source of Funds Permanent Positions FY 2006 through FY 2008

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
LEGISLATURE			
General	223.00	217.00	217.00
Federal	0.00	0.00	0.00
Special	5.00	5.00	6.00
Nonappropriated Special	0.00	0.00	0.00
TOTAL	228.00	222.00	223.00
JUDICIAL			
General	1,184.50	1,208.25	1,208.25
Federal	0.00	0.00	0.00
Special	0.00	0.00	0.00
Nonappropriated Special	0.00	0.00	0.00
TOTAL	1,184.50	1,208.25	1,208.25
EXECUTIVE			
General	583.22	589.78	584.70
Federal	69.33	57.22	60.22
Special	177.49	181.45	178.45
Nonappropriated Special	130.76	134.72	133.77
TOTAL	960.80	963.17	957.14
DEPARTMENT OF ADMINISTRATION			
General ^{1,2}	84.20	92.36	116.36
Federal	7.85	7.85	7.85
Special	311.11	311.32	311.32
Nonappropriated Special	293.90	319.95	300.95
TOTAL	697.06	731.48	736.48
¹ FY 2008 recommendation moves 6.77 FTEs paid from various agencies to Office of Secretary. ² FY 2008 moves 19 FTEs to General Revenue from Other.			
DEPARTMENT OF COMMERCE			
General ¹	584.40	615.03	658.53
Federal ²	703.60	610.21	597.21
Special ³	465.85	498.82	473.57
Nonappropriated Special ⁴	246.00	188.65	210.15
TOTAL	1,999.85	1,912.71	1,939.46
¹ Added - 14 inspectors/safety instructors for Miners' Health and Safety (OMHS&T); Eight staff positions at Chief Logan Lodge and Conference Center for DNR; Three wage and hour inspectors for Labor. Moved To - 12 OMHS&T FTEs from Special Revenue Penalty and Assessment Fund; 12 FTEs from Forestry Special Revenue Fund due to declining timber severance tax collections. Moved From - Five WVDO, one Forestry, and one DNR to Nonappropriated Special for new Communication and Marketing Division in the department's Office of the Secretary. ² Moved From - Six DNR FTEs for Wildlife Diversity Program and three OMHS&T FTEs to complete Mine Mapping Archive project to Special Revenue; One DNR FTE to Nonappropriated Special for Communications and Marketing Division. ³ Added - Three FTEs for Labor contracting licensing inspectors. Moved To - Six FTEs from Federal DNR; Three FTEs from Federal OMHS&T. Moved From - Ten Tourism and three DNR FTEs to Nonappropriated Special for Communications and Marketing Division. ⁴ Moved - 22 FTEs from General, Federal, and Special for Communications and Marketing Division.			

FTE Schedule by Source of Funds (Continued)

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
DEPARTMENT OF EDUCATION			
General	563.09	573.90	577.60
Federal	116.42	121.02	121.02
Special	72.72	72.40	74.42
Nonappropriated Special	40.47	34.38	34.38
TOTAL	792.70	801.70	807.42
DEPARTMENT OF EDUCATION AND THE ARTS			
General	415.96	430.04	431.04
Federal	596.75	560.34	560.34
Special	24.92	25.12	21.92
Nonappropriated Special	35.65	31.10	31.10
TOTAL	1,073.28	1,046.60	1,044.40
DEPARTMENT OF ENVIRONMENTAL PROTECTION			
General	91.69	99.64	99.14
Federal	350.86	333.78	325.84
Special	303.33	300.88	289.58
Nonappropriated Special	213.07	209.93	199.37
TOTAL	958.95	944.23	913.93
DEPARTMENT OF HEALTH AND HUMAN RESOURCES			
General	2,700.79	2,743.77	3,225.47
Federal	2,152.44	2,171.29	2,173.34
Special ¹	1,164.42	1,126.90	638.30
Nonappropriated Special	207.50	205.70	205.00
TOTAL	6,225.15	6,247.66	6,242.11
¹ Moved 488.6 FTEs from Special Revenue to General Revenue for Tobacco Settlement Fund changes.			
DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY			
General	3,805.10	3,917.69	3,905.19
Federal	358.14	345.86	345.86
Special	110.67	112.50	112.50
Nonappropriated Special	1,121.94	1,122.10	1,122.10
TOTAL	5,395.85	5,498.15	5,485.65
DEPARTMENT OF REVENUE			
General	427.00	432.00	434.25
Federal	0.00	0.00	0.00
Special	384.72	620.12	620.12
Nonappropriated Special	162.00	166.00	166.00
TOTAL	973.72	1,218.12	1,220.37
DEPARTMENT OF TRANSPORTATION			
General	11.50	11.50	11.50
Federal	13.50	16.00	16.00
Special	60.00	60.00	52.00
State Road Fund	5,199.00	5,064.50	5,064.50
Nonappropriated Special	45.50	46.50	46.50
TOTAL	5,329.50	5,198.50	5,190.50

FTE Schedule by Source of Funds (Continued)

Department/Agency	FY 2006 11-30-2005	FY 2007 11-30-2006	FY 2008 Recommended
BUREAU OF SENIOR SERVICES			
General	2.17	0.00	0.00
Federal	17.04	17.11	16.40
Special	0.00	2.30	2.50
Nonappropriated Special	17.09	16.99	17.50
TOTAL	36.30	36.40	36.40
HIGHER EDUCATION POLICY COMMISSION			
General	4,054.04	4,328.84	4,326.25
Federal	247.90	262.61	262.61
Special	294.85	259.48	258.70
Nonappropriated Special	5,483.32	5,460.99	5,460.98
TOTAL	10,080.11	10,311.92	10,308.54
COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION			
General	700.54	763.06	763.06
Federal	11.19	9.19	10.19
Special	1.70	0.00	0.00
Nonappropriated Special	241.77	216.82	215.82
TOTAL	955.20	989.07	989.07
MISCELLANEOUS BOARDS AND COMMISSIONS			
Federal	26.95	27.35	27.35
Special	1,086.53	328.67	327.37
Nonappropriated Special	74.04	78.53	77.33
TOTAL	1,187.52	434.55	432.05
ALL DEPARTMENTS/AGENCIES			
General	15,431.20	16,022.86	16,558.34
Federal	4,671.97	4,539.83	4,524.23
Special	4,463.31	3,904.96	3,608.75
State Road Fund	5,199.00	5,064.50	5,035.50
Nonappropriated Special	8,313.01	8,232.36	8,220.95
TOTAL	38,078.49	37,764.51	37,734.77

ECONOMIC FORECAST



Economic Forecast

Acknowledgement

The Economic Forecast is condensed from the West Virginia Economic Outlook 2007[©] by:

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West Virginia Economic Outlook 2007[®]
Bureau of Business and Economic Research
College of Business and Economics
West Virginia University
West Virginia

Economic Forecast
Executive Summary

The West Virginia economy has added 26,600 jobs from the second quarter of 2003 to the second quarter of 2006, with 7,500 of those jobs coming during the last four quarters. This job growth represents a welcome change from the mild, but lengthy, jobs recession which the state weathered during the 2000 to mid-2003 period. This job growth has been accompanied by both income and population gains, as well as an unemployment rate near the national average. The outlook for the state calls for modest growth during the next five years. Further, the state outlook for 2007 faces important risks, as the national economy decelerates in response to recent increases in interest rates and energy prices.

Particularly striking during the last three years has been the rebound in natural resource and mining job growth. This sector added 5,200 net new jobs from mid-2003 to mid-2006. Both coal mining and other mining (including natural gas extraction) generated job gains during the last three years, as strong energy demand contributed to additional production activity in the state.

Construction jobs have also risen quickly during the last three years, rising by 7.0% per year. The rising levels of construction activity are also evident from the F.W. Dodge data on the value of construction contracts for the state. According to data through the first half of 2006, the total value of construction contracts is up by 11.2% from 2005 and up by 130% from 2001.

In contrast to job gains in natural resources and mining and construction, the manufacturing sector has continued to lose jobs. Indeed, this sector has lost 3,300 jobs during the last 12 quarters, which translates into an annual rate of job loss that's faster than nationally (-0.7% per year) and faster than the state's manufacturing job losses during the 1990s. Job losses have been largest in chemical products, primary metals, and glass products. However, not all manufacturing sectors in the state have lost jobs, as wood products and furniture; fabricated metals; and transportation equipment have each posted employment increases since mid-2003. Transportation equipment includes motor vehicle and parts manufacturing; aircraft and parts; as well as defense munitions.

Most service-providing sectors in West Virginia have added jobs during the mid-2003 to mid-2006 period. Education and health care has added 6,200 jobs, with most of those jobs coming in the health care sector. Trade, transportation, and utilities has added 4,800 jobs, with most of those jobs coming in wholesale and retail trade (up almost 4,000 jobs). Leisure and hospitality employment has also increased significantly during the period (adding 4,100 jobs), with both amusements and recreation (including gaming) and hospitality and food service jobs contributing to the overall growth. Professional and business services is once again adding jobs to the state economy (up 2,400 during the last three years), but the gains are coming at a significantly slower rate than during the 1990s. Finally, other services (including membership organizations and personal services) and government have added 1,300 and 600 jobs, respectively during the last three years.

The outlook for the state, with comparable data for the nation, is briefly summarized in Table 1. The outlook calls for slow state growth during the next five years, at rates well below the national average. State growth is expected to exceed performance during the first half of the decade, but that period included a state recession.

Table 1
W.Va. And U.S. Economic Growth

	West Virginia				Average Annual Growth Rates			
	Actual		Forecast		2000-2005		2006-2011	
	2000	2005	2006	2011	W.Va.	U.S.	W.Va.	U.S.
Total Nonfarm Jobs (000s)	735.8	746.8	754.8	787.6	0.3	0.3	0.9	1.2
Real Per Capita Income (\$2000)	21,899	23,345	24,096	26,913	1.3	0.7	2.2	2.8
Population (000s)	1,807	1,817	1,821	1,830	0.1	1.0	0.1	0.9
Unemployment Rate* (Percent)	5.5	5.0	4.5	5.0	-0.1	0.2	0.1	-0.0

*Growth rate is average annual change.

Economic Forecast/Executive Summary

Job growth is expected to be fastest in service-providing sectors, which add an average of 6,200 jobs per year, but the goods-producing sector contributes as well. Within the goods-producing sector, construction generates most of the annual job growth, even as residential construction activity slows during the forecast. Natural resources and mining jobs stabilize between 27,000 and 28,000 jobs during the period, with other mining employment (including natural gas extraction) expected to add jobs. Coal mining jobs are forecast to stabilize between 17,000 and 19,000 jobs during the period, as coal production hits 159 million tons before stabilizing at 156 million tons by the end of the forecast. Coal production and employment growth slow during the forecast period, as increased production in the northern coal fields (with increased investment in pollution abatement equipment translating into increased demand for higher sulfur coals) is offset by increasingly difficult mining conditions in the state's southern coal fields.

Manufacturing employment continues to fall during the next five years, although at a significantly reduced rate compared to the first half of the decade. Chemical products, primary metals, and glass products are likely to continue to struggle with intense international competition. However, a modest amount of relief may come from a gradually falling value of the U.S. dollar, which is projected to decline by another ten percent during the next five years. Declines in the value of the U.S. dollar tend to make U.S. exports cheaper and foreign-produced goods and services more expensive. However, not all manufacturing sectors are forecast to decline, as employment in wood products, transportation equipment, and plastics are expected to rise during the next five years.

As usual for both the state and the nation, most of the job gains during the next five years come in service-providing sectors, primarily health care; professional and business services; leisure and hospitality; trade, transportation, and utilities; government; and other services (haircuts, laundry, membership organizations). Job growth in professional and business services reflects in part the development of high-technology sectors in the state, but the growth rate falls below expected growth for the nation, as West Virginia continues to post relatively low rates of educational attainment. Leisure and hospitality continues to add jobs, reflecting the development of the tourism sector. This sector includes both traditional resort activity, as well as racetrack gaming establishments and the development of the smaller gaming establishments dispersed across the state. Health care continues to expand in the state, although at about the national rate. Growth in retail trade and government continues during the last half of the decade, but at rates below the national average.

Continued but slow employment increases translate into much the same story for income growth in the state. The forecast calls for real per capita personal income to rise by 2.2% per year during the last half of the decade, compared to 2.8% per year for the nation. This implies that the state's per capita personal income gap with the nation will begin to expand again during the forecast. Indeed, the outlook calls for the per capita personal income gap to rise from 24.5% in 2005 to 26.5% by 2011. Overall, the state is not likely to make much progress in closing the income gap with the nation during the forecast, without fundamental changes in the state's business climate, human capital levels, and underlying macroeconomic growth assumptions.

West Virginia added 9,414 residents during the first half of the decade, with net migration driving that growth. The state's population growth was slowed by natural decrease during the last five years, as West Virginia remains the only state in the nation to post more deaths than births during the period. West Virginia's population growth during the forecast remains dependent on net migration during the next five years. With job and income growth expected to be below the national average during the period, the state is forecast to add just 9,000 residents during the next five years. This translates into a growth rate of just 0.1% per year, which is well below the expected national rate of 0.9% per year.

While the baseline state outlook calls for continued growth, there are risks to the forecast. First is the risk of a national recession. If U.S. economic growth stops, state growth will hit the brakes as well.

Economic Forecast/Executive Summary

State-specific risks to the outlook include the risk of a major slowdown in coal mining activity. The tightening of emission restrictions by the end of the decade has spurred electric power utilities to begin massive investments in emission remediation technology (scrubbers). This spending will eventually translate into increased demand for higher-sulfur coal and may increase demand for coal produced in northern West Virginia. However, it will also likely decrease demand for coal produced in the state's southern coal fields, which are also facing increasingly challenging geologic conditions. Further, concerns about surface mining methods will continue to be a topic of debate and perhaps regulatory action in Appalachia.

The prospect of a housing bust is probably less of a risk for the state as a whole than it is for the metropolitan areas around Washington, D.C. (Washington metropolitan statistical area [MSA], Hagerstown-Martinsburg MSA, Winchester MSA), which have seen single-family house prices roughly double since 2000. Even so, continued strong job and population growth should help to moderate (but not eliminate) the slow down. However, a major economic downturn in the Washington MSA would reduce population and job growth in the state's Eastern Panhandle.

In addition, West Virginia's manufacturing sector remains exposed to intense international competitive pressures. This pressure has been particularly intense for the chemical and steel sectors, which have also had to cope with rising energy and input prices during the last three years. The risk of a major plant shut down remains a concern both for the manufacturing sector, but also for overall job growth in the state.

Finally, while the state's tourism sector has continued to post significant job growth, it too faces risks in the near future. These risks pertain to the gaming sector of the tourism industry, particularly the slot gaming activity at racetracks in the Northern Panhandle and Eastern Panhandle. Pennsylvania has already legalized this type of gaming while Maryland continues to consider the issue. Increased activity in Pennsylvania and eventually Maryland will place significant competitive pressure on racetracks in West Virginia.

Economic Forecast
West Virginia Outlook

Recent Developments

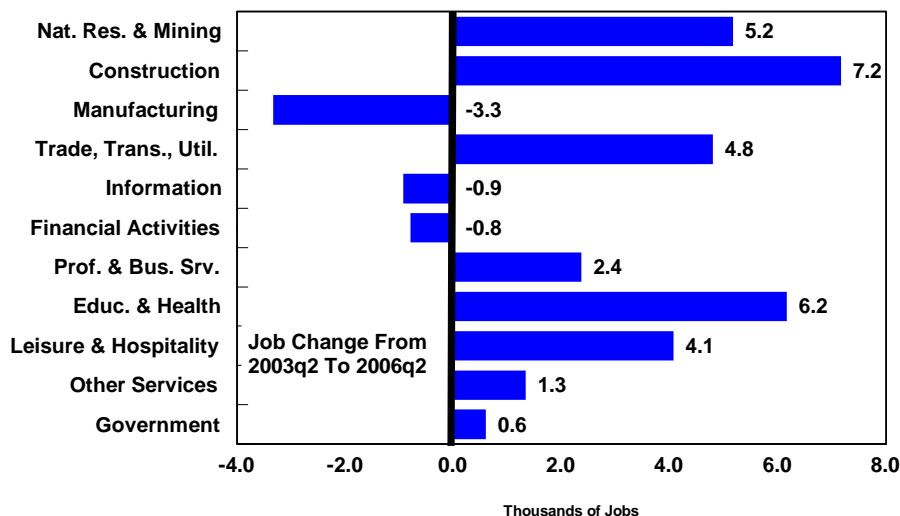
Goods-Producing Jobs Boost Performance

The West Virginia economy has added 26,600 jobs during the last 12 quarters, which translates into an annual growth rate of 1.2% per year. This job growth represents a welcome change from the mild, but lengthy, jobs recession which the state weathered during the 2000 to mid-2003 period. According to preliminary seasonally-adjusted estimates, the state recorded 753,800 nonfarm payroll jobs in the second quarter of 2006, which is an all time high according to the latest estimates from Workforce West Virginia.

While the sustained job gains during the last three years are certainly welcome, the rate of job growth is slower than the average job growth posted by the state during the 1990s (1.6% per year) and just below the national rate during the last three years (1.3%).

As Figure 1 shows, both the goods and service producing sectors have contributed to job growth during the last three years. In particular, the state added 9,000 goods-producing jobs (natural resources and mining; construction; manufacturing) and 17,600 service-producing jobs during the last three years.¹ Thus, the goods-producing sector generated 33.8% of total new nonfarm jobs in West Virginia since mid-2003. This is far better than the national performance of the goods-producing sector, which generated just 11.2% of U.S. nonfarm job gains.

Figure 1
Both The Goods And Service Producing Sectors Have Added Jobs

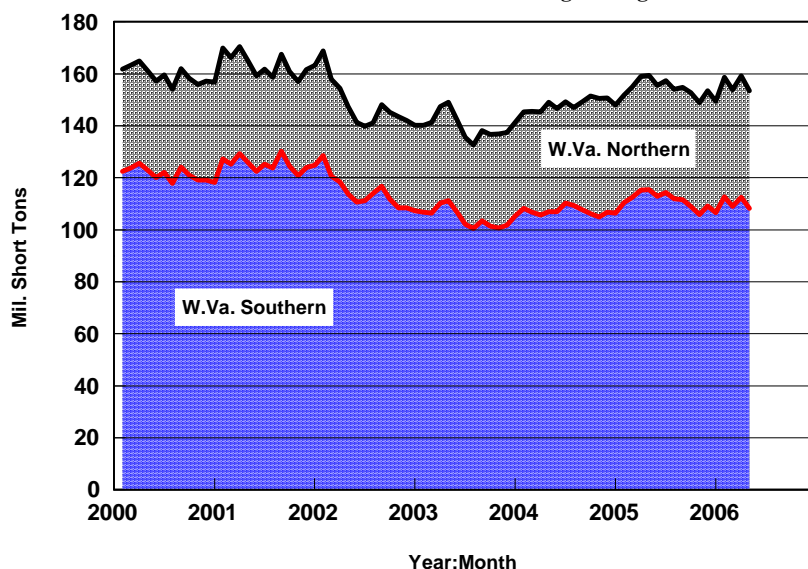


¹ Summing data in the figure produces slightly different results due to rounding.

Particularly striking during the last three years has been the rebound in natural resource and mining job growth. This sector added 5,200 net new jobs from mid-2003 to mid-2006, which translates into an annual rate of growth of 7.3% per year. That's above the national rate of growth of 5.7% per year and far exceeds the annual rate of job loss during the 1990s of -4.5% per year (a total of 12,700 jobs). Both coal mining and other mining (including natural

gas extraction) generated job gains during the last three years, as strong energy demand contributed to additional production activity in the state. Indeed, as Figure 2 shows, nonseasonally-adjusted coal production has risen from 144.7 million tons during the first half of 2003 to 156.1 million tons during the first half of 2006, an increase of 7.9%. Nationally, coal production is up 9.2% during the same period. Within the state, the increased coal production has been concentrated in the northern coal fields, which produced 28.1% more coal during the first half of 2006 than in the first half of 2003. Southern coal production is up during the same period as well, but only by 1.3%. Coal producers in the southern fields have begun to point to increasingly challenging mining conditions as obstacles to quickly increasing output.

Figure 2
W.Va. Coal Production By Region
 Monthly Data Annualized, Non-seasonally Adjusted
 Three Month Centered Moving Average

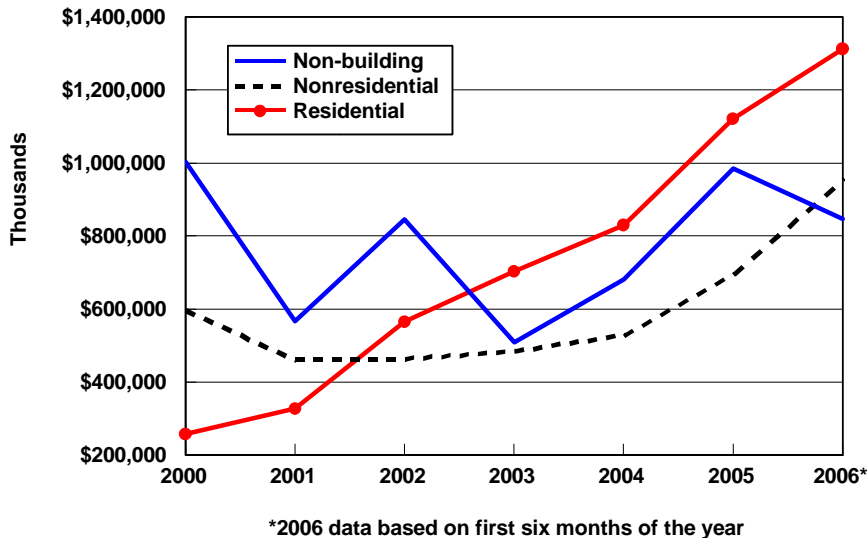


Construction jobs have also risen quickly during the last three years, rising by 7.0% per year. That rate of growth is nearly double the comparable national rate. West Virginia's construction job gains have been fairly evenly split across construction of buildings (NAICS 236) and specialty trade contractors (NAICS 238), which reflects the surging residential and nonresidential construction activity in the state during the period.

The rising levels of construction activity are also evident from the F.W. Dodge data on the value of construction contracts for the state. According to data through the first half of 2006, the total value of construction contracts is on pace to hit \$3.114 billion for the year. That's up by 11.2% from 2005 and up by 130% from 2001. As Figure 3 shows, the value of construction contracts is up significantly for all three major components of activity: residential, nonresidential, and nonbuilding (infrastructure).

The value of residential construction contracts has increased dramatically in the state since 2001, rising from \$326.9 million to \$1.121 billion in 2005, an increase of 243%. Residential contracts are on pace to hit \$1.313 billion in 2006. Residential construction activity has been disproportionately concentrated in the Eastern Panhandle Region (Berkeley, Jefferson, and Morgan counties) during the period. Indeed, the value of residential contracts in the

Figure 3
West Virginia
Value of Construction Starts by Type
 F.W. Dodge



Eastern Panhandle Region in 2005 accounted for 52.1% of the value of all residential contracts in the state. Surging residential activity in the region reflects low mortgage interest rates during the period, as well as strong population gains in the Eastern Panhandle Region. Indeed, the Eastern Panhandle Region added 24,718 residents from July 2000 to July 2005, far outstripping the 9,414 residents added at the state level. The Eastern Panhandle Region has been a popular migration destination for individuals working in the Hagerstown and Washington metropolitan areas.

The high levels of residential construction spending in the Eastern Panhandle are reflected in strong housing unit growth. Indeed, of the 26,093 new West Virginia housing units created during the first half of the decade, 39.3% (10,247 units) were built in the Eastern Panhandle Region. Monongalia and Kanawha counties each also added more than 900 units during the period. Overall, growth in housing units in West Virginia averaged 0.6% per year during the first half of the decade, less than half the national rate of 1.4% per year. This is related to the slow overall population growth in the state.

According to data from the Office of Federal Housing Enterprise Oversight, house price appreciation in the state has begun to decelerate during the last year, as Table 2 shows. Indeed, house price appreciation for single-family detached properties in the state was 7.4% in the second quarter of 2006 (on a same-quarter-year-ago basis). This is down from the 10.3% rate posted the previous year. The deceleration in single-family house prices was evident in most MSAs with component counties in the state and for each of West Virginia's neighboring states.

Table 2
House Price Appreciation In
West Virginia Metropolitan Statistical Areas (MSA)*
 Office of Federal Housing Enterprise Oversight

	Annual Percent Change			
	2002Q2- 2003Q2	2003Q2- 2004Q2	2004Q2- 2005Q2	2005Q2- 2006Q2
Charleston MSA	4.0	3.1	4.2	5.5
Cumberland MSA	6.0	6.6	13.1	16.9
Hagerstown-Martinsburg MSA	7.9	15.9	25.5	15.7
Huntington-Ashland MSA	4.2	4.0	7.2	6.3
Morgantown MSA	5.2	9.1	13.8	7.8
Parkersburg-Marietta MSA	1.3	2.4	8.0	4.3
Wash.-Arl.-Alex. MSA	9.2	17.5	27.3	15.7
Weirton-Steubenville MSA	5.2	4.2	5.4	1.7
Wheeling MSA	6.2	7.5	2.3	5.3
Winchester MSA	9.2	17.4	27.7	17.0
Kentucky	3.8	4.6	6.0	5.3
Maryland	9.4	16.7	23.8	16.2
Ohio	3.4	3.6	4.8	2.1
Pennsylvania	6.4	9.8	13.5	10.7
Virginia	7.2	13.2	21.8	14.2
W.Va.	4.4	5.7	10.3	7.4
U.S.	6.5	9.8	14.0	10.1

*MSAs with at least one West Virginia county.

These data cover repeat transactions on single-family detached properties for which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae. The use of repeat transactions on the same physical property helps to control for differences in the quality of the houses comprising the sample used for statistical estimation. <<http://www.ofheo.gov/>>

The possibility of a house price bust is real, but the risks vary by region/MSA. The metropolitan areas most at risk are those that have seen the strongest house price increases, namely the Washington, Hagerstown-Martinsburg, and Winchester MSAs. Indeed, these metropolitan areas have seen single-family house prices roughly double from the second quarter of 2001 to the second quarter of 2006. Most of the other metropolitan areas in the state have seen significantly slower house price appreciation. The spectre of rising mortgage interest rates may slow demand for housing nationally. If this is compounded by a local economic downturn and unchecked local building growth, then the odds of a house price bust are likely to rise significantly.

In contrast to job gains in natural resources and mining and construction, the manufacturing sector has continued to lose jobs. Indeed, this sector has lost 3,300 jobs during the last 12 quarters, which translates into an annual rate of job loss of -1.7% per year. That's a faster rate of job loss than nationally (-0.7% per year) and faster than the state's manufacturing job losses during the 1990s (-0.8% per year). The state's job losses have been concentrated in the nondurable manufacturing sector, which has lost 2,000 jobs. Chemical products employment has fallen by 1,300

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jobs during the last 12 quarters, as this sector copes with intense international competition and rising input costs, particularly natural gas. Durable manufacturing has lost 1,300 jobs during the period, with those losses concentrated in primary metals (-2,100 jobs) and glass products (-500 jobs). Here again, intense international competition plays a key role. However, not all manufacturing sectors in the state have lost jobs, as wood products and furniture; fabricated metals; and transportation equipment have each posted employment increases since mid-2003. Transportation equipment includes motor vehicle and parts manufacture; aircraft and parts; as well as defense munitions.

Most service-providing sectors in West Virginia have added jobs during the mid-2003 to mid-2006 period, with the sector as a whole generating 17,600 new jobs. Both information (print and broadcast media as well as telecommunications) and financial activities (banking, real estate, insurance) sectors have lost jobs during the last three years, as each sector has struggled to adapt to increasing competition. Education and health care has added 6,200 jobs, with most of those jobs coming in the health care sector. Trade, transportation, and utilities have added 4,800 jobs, with most of those jobs coming in wholesale and retail trade (up almost 4,000 jobs). Leisure and hospitality employment has also increased significantly during the period (adding 4,100 jobs), with both amusements and recreation (including gaming) and hospitality and food service jobs contributing to the overall growth. Professional and business services is once again adding jobs to the state economy (up 2,400 during the last three years), but the gains are coming at a significantly slower rate than during the 1990s (1.3% per year currently versus 5.5% per year during the 1990s). Administrative and support services (including call centers and employment agencies) drove job gains during the 1990s, but have not been a force during the last three years. In contrast, the bulk of the job gains in professional and business services sector have come in professional and technical services (which include many of the high-tech and higher paid occupations in this sector). Finally, other services (including membership organizations and personal services) and government have added 1,300 and 600 jobs, respectively during the last three years.

Unemployment Is Down, Labor Force Participation Is Low

Rebounding job gains during the last three years have helped drive the state unemployment rate down from 6.0% in 2003 to 5.0% in 2005. This has roughly tracked the national trend and the state rate in 2005 was very close to the national rate of 5.1%. By this measure, state labor market performance has been close to the national level so far this decade. However, it's important to remember that the unemployment rate reflects the activities of noninstitutionalized residents age 16 and older that are actively participating in the labor market. This includes employed residents as well as unemployed residents that are actively seeking work. Unemployed residents that are not actively seeking work are not counted as unemployed and thus do not appear in unemployment rate calculations.

A more comprehensive measure of labor market performance is the labor force participation rate, which is calculated as the ratio of a state's labor force (employed and unemployed) to its noninstitutionalized population age 16 and older. According to the latest estimates from the U.S. Bureau of Labor Statistics for 2004 suggest that West Virginia's labor force participation rate is 54.7%. That is the lowest participation rate of any state in the nation and is also well below the 66.0% rate posted by the nation. West Virginia's low labor force participation rates are connected to the state's restructuring from goods-producing to service-providing sectors during the last 25 years, as well as its relatively high disability rates, high share of population age 65 and older, and cultural factors related to rural living.

Income Grows Faster Than The National Average

West Virginia's per capita personal income has grown from \$21,899 in 2000 to \$26,029 in 2005, according to the latest annual estimates from the U.S. Bureau of Economic Analysis. That translates into an annual rate of growth of 3.5% per year, which exceeds the national growth rate of 2.9% per year and the U.S. inflation rate of 2.5% per

Economic Forecast/West Virginia Outlook

year. Further, the state per capita personal income gap has fallen from 26.6% in 2000 to 24.5% by 2005. Thus, the state's per capita income growth has exceeded inflation, which implies additional purchasing power on average, and the state has made progress in closing the income gap with the nation.

During the last five years, West Virginia has posted increases in net earnings from work (including wages, fringe benefits, adjusted for commuting and social insurance taxes) and transfer income (for example Social Security, Medicare, Medicaid, welfare), while income from dividends, interest, and rent has declined. Of the increase in personal income during the period, 69.2% came from increased earnings, 40.6% came from increased transfers. Dividends, interest, and rent accounts for the residual -9.8%. Earnings from work were boosted by gains in the goods-producing sectors (especially mining and construction), as well as by government; health care; professional and business services; and trade, transportation, and utilities.

Transfer payments accounted for 26.3% of West Virginia personal income in 2005, far above the national share of 14.7%. Social security and medical benefits (including Medicare and Medicaid) together accounted for just over 80% of state transfer income. Further, this income component has risen at an average annual rate of 6.0% per year so far this decade, far outpacing the rate of growth of net income from work (4.2% per year). Further, this growth has been dominated by gains in medical benefits (Medicare and Medicaid) as well as retirement and disability benefits.

Population Growth Driven By Migration Into Eastern Panhandle

The state added 9,414 residents from 2000 to 2005, according to the latest population estimates from the U.S. Census Bureau. This is welcome, but slow population growth, which translates into an annual rate of change of 0.1% per year. That's far below the national rate of 1.0% per year and below all states except for North Dakota (-0.1% per year).

West Virginia is the only state in the nation posting more deaths than births during the April 2000 to July 2005 period. That means that population growth in the state is driven by net migration, which has been positive during the period. Economic migration tends to be connected to local employment and income opportunities in the state relative to other states. Thus, in order for the state to attract more economic migrants than it loses to other states, we expect that economic growth in West Virginia will need to exceed the national average. Overall, during the first half of the decade, West Virginia's job and income growth have been close to or a bit above the national average, and this fits with the modest positive net migration into the state during the same period.

Further, the state's population growth has been disproportionately concentrated in the Eastern Panhandle Region. Indeed, without the high rates of migration into Berkeley, Jefferson, and Morgan counties during the decade so far, the state as a whole would have posted negative net migration and overall population losses. Migration into the Eastern Panhandle is influenced by its tight integration (through commuting) with larger metropolitan areas located nearby.

Exports Contribute To Growth

West Virginia commodity exports fell slightly last year, from \$3.261 billion in 2004 to \$3.146 billion in 2005. State commodity exports are on track to fall again in 2006, as exports through the first half of the year are running 2.7% below 2005 levels. The state's largest commodity export destinations so far in 2006 are Canada, Belgium, Japan, China, and the United Kingdom. Together these five accounted for 58.6% of total state commodity exports during the first two quarters of 2006. Chemicals, minerals and ores, transportation equipment, machinery, and primary metals are the top five export commodities thus far in 2006. The slowdown in commodity exports during 2005 and

into 2006 is related to a large decline in the export of computer and electronic products (NAICS 334) to Mexico, after a huge surge of these exports in 2004.

The competitiveness of West Virginia commodity exports depends in part on the value of the U.S. dollar. As the U.S. dollar appreciates, it tends to make domestically produced goods more expensive abroad, and thus U.S. exports fall, other things equal. As the U.S. dollar depreciates, it tends to make domestically produced goods less expensive abroad, and thus, U.S. exports rise, other things equal. The effective value of the U.S. dollar, weighted to reflect the export markets most important for West Virginia, has depreciated significantly since 2002. Indeed, by this measure, the value of the dollar has fallen by 18.5% from 2002 to 2005. This has contributed to the increase in state commodity exports during the period.

West Virginia Forecast

Economic growth in West Virginia depends in part on the growth of our trading partners, including those located in other states around the country and other countries around the world. In the same way, the outlook for the state economy depends in part on a forecast for the national and international economies. The forecast for the U.S. and world economies on which the state outlook is based is summarized in detail in the National Outlook section of this report.

In short, the national forecast calls for continued, but slower, national growth. This reflects the adjustment of the U.S. economy to higher energy prices and long-term interest rates, as well as a cooler housing market. Sustained, slower national growth sets the stage for a similar pattern in West Virginia. Overall, the forecast calls for the state to continue adding jobs, residents, and inflation-adjusted per capita personal income during the next five years. However, growth is not expected to keep pace with the national economy. Tables 3 and 4 summarize the state forecast.

As Figure 4 shows, West Virginia job growth is forecast to average 0.9% per year during the next five years, which translates into 6,600 jobs per year. That's faster growth than the state posted during the 2000-2005 period, but that period includes a jobs recession. Average annual growth of 0.9% is slower than the state's growth rate last year (1.3%) and slower than growth expected for the U.S. during the 2006-2011 period (1.2%).

Job growth is expected to be fastest in service-providing sectors, which add an average of 6,200 jobs per year, but the goods-producing sector contributes as well. Within the goods-producing sector, construction generates most of the annual job growth, even as residential construction activity slows during the forecast. Natural resources and mining jobs stabilize between 27,000 and 28,000 jobs during the period, with other mining employment (including natural gas extraction) expected to add jobs. Coal mining jobs are forecast to stabilize between 17,000 and 19,000 jobs during the period, as coal production hits 159 million tons before stabilizing at 156 million tons by the end of the forecast. Coal production and employment growth slow during the forecast period, as increased production in the northern coal fields (with increased investment in pollution abatement equipment translating into increased demand for higher sulfur coals) is offset by increasingly difficult mining conditions in the state's southern coal fields.

Construction continues to add jobs during the 2006-2011 period, but the growth rate decelerates. This is driven by slowing residential construction activity, which reflects rising mortgage interest rates during the period. Global Insight expects 30-year conventional mortgage interest rates to rise from 5.86% in 2005 to 7.2% in 2009, before stabilizing in that neighborhood for the remainder of the forecast. Overall, the construction outlook calls for a slowdown, but for the state to avoid an outright housing bust during the next five years.

**Table 3
West Virginia Employment, Labor Force, and Unemployment Rate Forecasts
(Thousands)**

Indicator	Actual				Quarters*				Annual Forecast				Annual Growth					
	2006:2		2006:3		2006:4		2007:1		2007		2008		2009		2010	2011	W.Va. 2006-2011**	U.S. (%) 2006-2011**
	2006:2	2006:3	2006:4	2007:1	2007:2	2007	2008	2009	2010	2011	2006-2011**	2006-2011**	2006-2011**	2006-2011**	2006-2011**	2006-2011**		
Wage Payroll Employment By Industry																		
Total Jobs	753.8	756.0	758.2	760.5	762.1	746.8	754.8	762.5	769.1	775.0	781.2	787.6	6.6	0.9	1.2			
Goods Producing	127.9	129.6	129.6	129.9	129.4	124.6	128.2	129.4	129.0	129.0	129.6	130.0	0.4	0.3	-0.0			
Natural Res. & Mining	27.2	27.7	27.9	27.9	27.8	25.9	27.4	27.8	27.6	27.6	27.6	27.5	0.0	0.1	-1.5			
Coal Mining	26.5	26.9	27.1	27.2	27.1	24.7	26.5	27.0	26.9	27.0	26.9	26.8	0.1	0.3	-1.5			
Other Mining	18.5	18.8	19.0	19.0	18.9	17.3	18.5	18.8	18.5	18.2	18.0	17.8	-0.1	-0.8	n/a			
Natural Resources	8.0	8.0	8.1	8.1	8.2	7.4	8.0	8.2	8.4	8.7	8.9	9.1	0.2	2.5	n/a			
Construction	0.7	0.8	0.8	0.8	0.8	1.2	0.9	0.8	0.7	0.7	0.7	0.7	-0.0	-0.0	-5.6			
Manufacturing	39.3	40.6	40.5	40.4	40.3	36.9	39.4	40.3	40.4	40.4	41.0	41.5	0.4	1.1	0.9			
Durable Mfg.	61.4	61.3	61.3	61.5	61.3	61.9	61.4	61.3	61.0	60.9	61.0	60.9	-0.1	-0.1	-0.5			
Non-Durable Mfg.	38.5	38.4	38.3	38.6	38.4	38.8	38.4	38.6	38.6	38.8	39.1	39.3	0.2	0.5	-0.3			
Wood Products	8.7	8.6	8.6	8.8	8.8	8.5	8.6	8.8	9.0	9.3	9.6	9.9	0.3	2.9	-0.9			
Nonmetallic Minerals	4.0	3.9	4.0	4.0	4.0	4.1	4.0	4.1	4.3	4.1	4.0	3.9	-0.0	-0.6	-0.1			
Primary Metals	6.0	6.1	6.1	6.2	6.1	6.6	6.1	6.1	5.8	5.6	5.7	5.6	-0.1	-1.8	-1.3			
Fabricated Metals	6.8	6.8	6.9	6.9	6.9	6.7	6.8	6.9	6.9	7.0	7.0	7.0	0.0	0.6	1.3			
Trans. Equip.	5.2	5.2	5.0	5.0	4.9	5.0	5.1	5.0	5.1	5.4	5.6	5.8	0.1	2.5	0.6			
Other Dur.	7.8	7.8	7.8	7.7	7.6	7.9	7.7	7.6	7.4	7.3	7.2	7.1	-0.1	-1.8	-1.3			
Non-Durable Mfg.	22.9	23.0	22.9	22.9	22.8	23.0	23.0	22.8	22.5	22.2	21.9	21.6	-0.3	-1.2	-0.6			
Food Products	3.7	3.7	3.8	3.8	3.8	3.7	3.7	3.8	3.8	3.8	3.8	3.8	0.0	0.2	1.2			
Chemicals	10.3	10.3	10.3	10.2	10.1	10.3	10.3	10.1	9.7	9.4	9.1	8.8	-0.3	-3.1	-0.6			
Plastics & Rubber	4.2	4.3	4.3	4.4	4.4	4.2	4.3	4.4	4.6	4.7	4.9	5.0	0.2	3.3	-1.0			
Other Non-Dur.	4.6	4.6	4.6	4.6	4.5	4.8	4.7	4.5	4.4	4.2	4.1	4.0	-0.1	-3.0	-1.9			
Service Producing	625.9	626.4	628.6	630.6	632.7	622.2	626.6	633.1	640.1	646.0	651.7	657.7	6.2	1.0	1.5			
Trade, Trans., & Utilities	140.4	140.8	140.8	140.9	141.1	139.4	140.7	141.3	142.7	143.4	143.8	144.5	0.8	0.5	1.1			
Wholesale Trade	25.1	25.0	25.0	25.0	25.0	24.2	25.0	25.0	25.0	25.1	25.3	25.6	0.1	0.4	0.9			
Retail Trade	89.4	89.8	89.9	90.1	90.3	89.4	89.7	90.4	91.5	91.8	92.0	92.5	0.6	0.6	0.7			
Utilities	6.0	6.0	6.0	5.9	5.9	6.1	6.0	5.9	5.9	5.9	5.9	5.8	-0.0	-0.5	-1.3			
Transportation & Warehousing	19.9	19.9	19.9	20.0	20.0	19.7	20.0	20.0	20.3	20.5	20.6	20.5	0.1	0.5	2.7			
Information	11.7	11.5	11.5	11.4	11.4	11.6	11.6	11.4	11.2	11.2	11.1	11.1	-0.1	-1.0	0.5			
Financial Activities	30.1	29.8	29.9	29.9	30.0	29.8	30.0	30.1	30.4	30.7	30.9	31.2	0.2	0.8	1.1			
Profess. & Business Services	58.8	58.1	58.3	58.5	58.7	58.8	58.7	58.9	60.5	62.3	64.2	65.9	1.4	2.4	3.4			
Educational & Health Services	114.7	115.5	115.9	117.2	117.2	113.5	115.1	117.6	119.9	123.6	123.6	124.9	2.0	1.6	1.4			
Educational Services	11.0	11.2	11.2	11.3	11.4	11.2	11.1	11.4	11.6	11.9	12.0	12.1	0.2	1.8	0.2			
Health Care & Social Assist.	103.6	104.3	104.7	105.9	105.9	102.3	104.0	106.2	108.3	110.5	111.5	112.8	1.7	1.6	1.6			
Leisure & Hospitality	70.3	70.6	70.8	71.1	71.5	69.4	70.3	71.6	72.8	73.8	74.8	75.6	1.1	1.5	1.4			
Other Services	56.6	56.4	56.8	56.8	57.1	55.9	56.3	57.2	57.3	57.0	57.2	58.1	0.4	0.6	0.6			
Government	143.3	143.7	144.5	144.8	144.9	143.7	143.7	145.0	145.3	146.4	146.4	146.4	0.5	0.3	1.0			
Federal Civilian	22.0	22.5	22.5	22.5	22.6	21.9	22.2	22.6	22.6	22.6	22.8	22.8	0.1	0.3	0.1			
State & Local	121.3	121.2	122.0	122.2	122.3	121.7	121.7	122.4	122.8	122.9	123.3	123.8	0.4	0.3	0.3			
Force, Employment, and Unemployment Rate																		
Labor Force	815.0	817.4	820.1	822.6	824.5	800.4	815.4	825.2	830.6	833.2	836.4	839.6	4.8	0.6	1.0			
Employed	777.5	779.0	780.4	781.9	783.2	760.6	778.5	783.6	788.1	791.4	794.7	797.8	3.9	0.5	1.0			
Unemployment Rate(%)	4.6	4.7	4.8	4.9	5.0	5.0	4.5	5.0	5.1	5.0	5.0	5.0	0.1	1.9	-0.7			

* Quarterly data are seasonally adjusted.

** These columns contain the average yearly changes during the 2006-2011 period

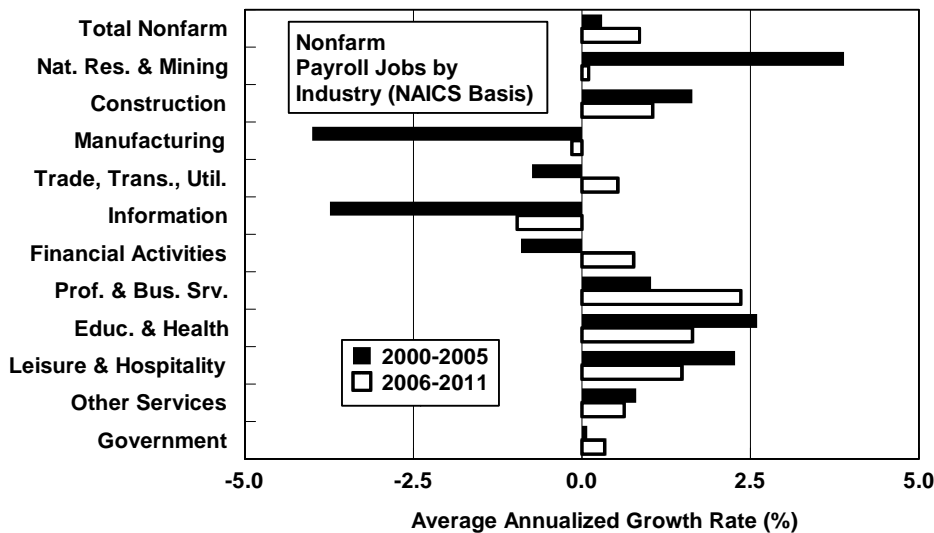
**Table 4
West Virginia Population And Income Forecasts**

Indicator	Quarters*		Years				Annual Growth		U.S. (%)				
	Actual	Forecast	Actual	Forecast	2006-2011**	W.Va. (%)	2006-2011**						
Total Population													
Age 0-17	1,819	1,820	1,821	1,822	1,823	1,817	1,828	1,829	1,830	1,830	1.7	0.1	0.9
Age 18-44	387	386	385	385	384	385	381	378	376	373	-2.3	-0.6	n/a
Age 45-64	654	653	653	652	651	652	648	647	645	643	-1.8	-0.3	n/a
Age 65 and up	500	502	504	506	508	502	517	521	524	525	4.0	0.8	n/a
	279	279	279	279	280	279	282	283	286	288	1.8	0.6	n/a
Population (Thousands)													
	1,819	1,820	1,821	1,822	1,823	1,817	1,828	1,829	1,830	1,830	1.7	0.1	0.9
	387	386	385	385	384	385	381	378	376	373	-2.3	-0.6	n/a
	654	653	653	652	651	652	648	647	645	643	-1.8	-0.3	n/a
	500	502	504	506	508	502	517	521	524	525	4.0	0.8	n/a
	279	279	279	279	280	279	282	283	286	288	1.8	0.6	n/a
Real Personal Income (Millions of 2000 Dollars)													
Total Real Income	43,670	44,176	44,345	44,687	44,914	42,415	46,006	47,072	48,168	49,255	1,073.0	2.3	3.7
Wage and Salary	21,415	21,474	21,572	21,656	21,735	20,631	22,081	22,387	22,701	23,023	319.1	1.4	3.1
Other Labor Income	6,413	6,472	6,487	6,503	6,518	6,240	6,560	6,619	6,719	6,820	76.2	1.2	2.4
Proprietors' Income	3,041	3,026	3,038	3,046	3,056	2,986	3,146	3,239	3,334	3,417	76.4	2.4	4.0
Div., Int., Rent	5,520	5,515	5,523	5,539	5,561	5,313	5,614	5,768	5,889	5,981	97.1	1.7	5.8
Transfer Income	11,360	11,516	11,526	11,724	11,809	11,138	12,301	12,721	13,184	13,671	447.6	3.6	4.2
Real Per Capita Personal Income (2000 Dollars)													
Real Per Capita Income	23,981	24,247	24,327	24,502	24,615	23,345	25,170	25,733	26,324	26,913	563.4	2.2	2.8
Wage and Salary	11,760	11,786	11,834	11,874	11,912	11,355	12,080	12,238	12,406	12,580	163.2	1.4	2.2
Other Labor Income	3,521	3,552	3,559	3,566	3,572	3,435	3,589	3,618	3,672	3,726	38.3	1.1	1.5
Proprietors' Income	1,670	1,661	1,667	1,670	1,675	1,644	1,721	1,770	1,822	1,867	40.1	2.3	3.1
Div., Int., Rent	3,031	3,027	3,030	3,037	3,048	2,924	3,072	3,153	3,218	3,268	50.2	1.6	4.8
Transfer Income	6,239	6,321	6,323	6,428	6,472	6,130	6,730	6,954	7,205	7,470	238.6	3.5	3.3
Coal Production (Mill. Tons)													
	151	156	159	161	159	154	158	157	157	156	0.2	0.1	1.9

* Quarterly data are seasonally adjusted.

** These columns contain the average yearly change during the 2006-2011 period.

Figure 4
W.Va. Job Growth Improves
During The Forecast

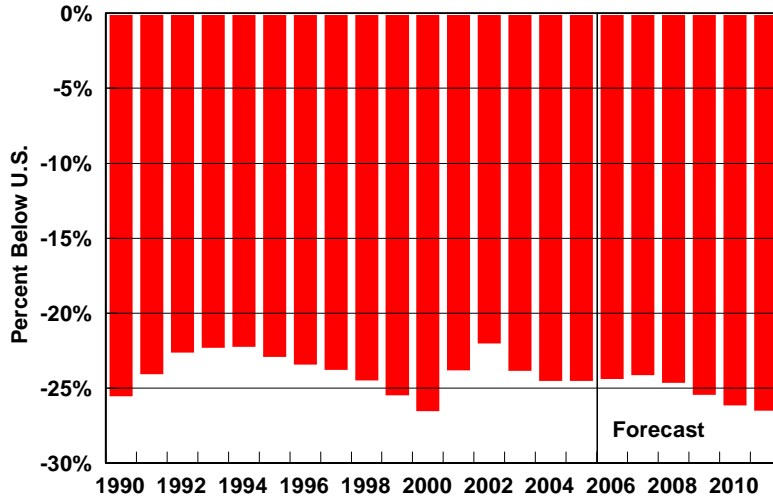


Manufacturing employment continues to fall during the next five years, although at a significantly reduced rate compared to the first half of the decade. Chemical products, primary metals, and glass products are likely to continue to struggle with intense international competition. However, a modest amount of relief may come from a gradually falling value of the U.S. dollar, which is projected to decline by another ten percent during the next five years. Declines in the value of the U.S. dollar tend to make U.S. exports cheaper and foreign-produced goods and services more expensive. However, not all manufacturing sectors are forecast to decline, as employment in wood products, transportation equipment, and plastics are expected to rise during the next five years.

As usual for both the state and the nation, most of the job gains during the next five years come in service-providing sectors, primarily health care; professional and business services; leisure and hospitality; trade, transportation, and utilities; government; and other services (haircuts, laundry, membership organizations). Job growth in professional and business service reflects in part the development of high-technology sectors in the state, but the growth rate falls below expected growth for the nation, as West Virginia continues to post relatively low rates of educational attainment. Leisure and hospitality continues to add jobs, reflecting the development of the tourism sector. This sector includes both traditional resort activity, as well as racetrack gaming establishments and the development of the smaller gaming establishments dispersed across the state. Health care continues to expand in the state, although at about the national rate. Growth in retail trade and government continue during the last half of the decade, but at rates below the national average.

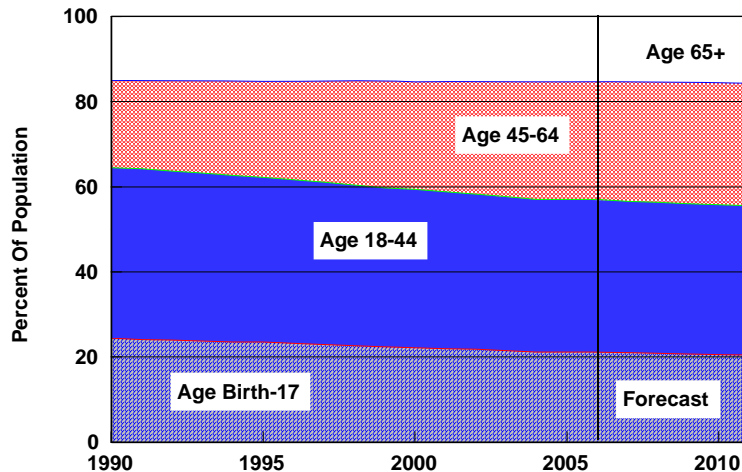
Continued but slow employment increases translate into much the same story for income growth in the state. The forecast calls for real per capita personal income to rise by 2.2% per year during the last half of the decade, compared to 2.8% per year for the nation. This implies, as Figure 5 shows, that the state's per capita personal income gap with the nation will begin to expand again during the forecast. Indeed, the outlook calls for the per capita personal income gap to rise from 24.5% in 2005 to 26.5% by 2011. Overall, the state is not likely to make much progress in closing the income gap with the nation during the forecast without fundamental changes in the state's business climate, human capital levels, and underlying macroeconomic growth assumptions.

Figure 5
W.Va. Per Capita Personal Income Gap Creeps Up During The Forecast



West Virginia added 9,414 residents during the first half of the decade, with net migration driving that growth. The state's population growth was slowed by natural decrease during the last five years, as West Virginia remains the only state in the nation to post more deaths than births during the period. West Virginia's population growth during the forecast remains dependent on net migration during the next five years. With job and income growth expected to be below the national average during the period, the state is forecast to add just 9,000 residents during the next five years. This translates into a growth rate of just 0.1% per year, which is well below the expected national rate of growth of 0.9% per year.

Figure 6
W.Va. Population Grows Fastest In The 45-64 Age Group During Forecast



Economic Forecast/West Virginia Outlook

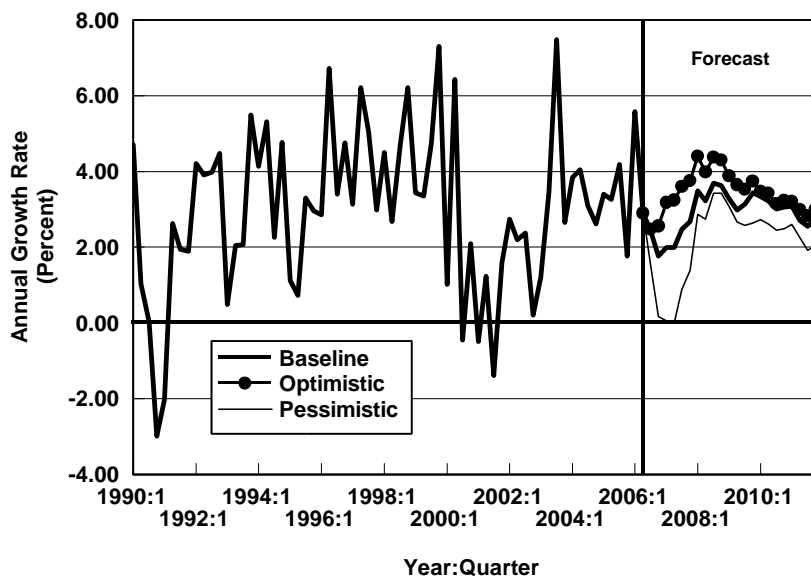
As Figure 6 shows, this sets the stage for continued aging in the state's demographic mix, with continuing population losses in the birth-17 age group. Indeed, this age group is forecast to decline by 12,000 residents. Most of the population gains during the next five years come in the 46-64 age group. Indeed, this group raises its share of the state's population from 27.6% in 2005 to 28.7% by 2011. The population share for the age 65-and-older group rises slowly during the forecast period, with 9,000 additional residents by 2011. Baby boomers, those born between 1946-1964, will begin to transition into the 65-and-older age group at the end of the forecast period. According to the Long-Term Forecast Update 2006, this age group becomes the fastest growing in the state after 2011, rising by 27,000 residents from 2011 to 2016.

Risks

The baseline forecast for the national economy, summarized in the National Outlook section, calls for U.S. growth to slow significantly next year, but for the nation to avoid recession. This outlook underpins the state forecast for continued growth. This section examines alternative scenarios for state and national growth. Global Insight explores two alternative scenarios for the U.S. economy: one optimistic and one pessimistic.

Under the optimistic scenario, summarized in Figure 7 below, real GDP growth is stronger than under baseline assumptions. Indeed, growth rises to over 4.0% by 2008, before descending back to the 3.0% range (about trend growth) by 2011. The optimistic scenario rests on a set of assumptions that call for stronger productivity growth, which allows the Federal Reserve to keep interest rates lower than under baseline assumptions, stronger international growth, which supports U.S. exports, stronger business investment, stronger housing activity, and lower than baseline oil prices.

Figure 7
U.S. Real GDP Growth
Baseline And Alternatives
 Forecasts from Global Insight September 2006



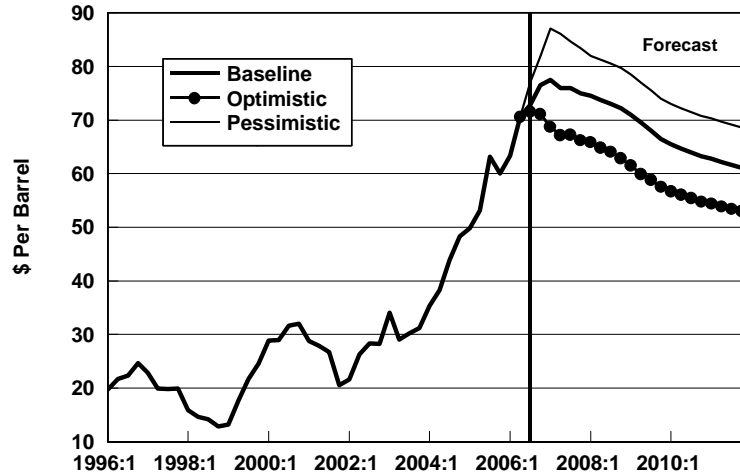
The pessimistic scenario calls for the U.S. economy to flirt with recession during 2007, with real GDP growth stopping entirely in the second quarter of 2007. This scenario assumes that inflationary pressures dominate during the next year, with rising oil prices, a falling dollar, and years of accommodative monetary policy finally translating into accelerating price increases. Combined with slower than baseline productivity growth, the Federal Reserve elects to ramp up interest rates, with the federal funds rate hitting 7.8% by mid-2007.

In turn, 30-year mortgage rates hit 8.2% by the second quarter of 2007, driving U.S. housing activity further down, with housing starts falling to 1.4 million by mid-2007, compared to 1.6 million in the baseline and 1.8 million in the optimistic scenario.

In addition, oil prices are assumed to remain higher in the pessimistic scenario, as Figure 8 shows, with the West Texas Intermediate (a benchmark oil price) forecast to hit \$87.1/barrel by mid-2007 under pessimistic assumptions, compared to \$76.0/barrel in the baseline and \$67.2/barrel under optimistic assumptions.

Figure 8
West Texas Intermediate Oil Price
Baseline And Alternatives

Forecasts From Global Insight September 2006



Higher oil prices and interest rates in the pessimistic scenario also translate into significantly slower growth in real consumer spending, which posts no growth by mid-2007. Since consumer spending accounts for 70% of GDP, this contributes significantly to slower growth. Combined with declining residential fixed investment (housing activity), it is enough to stop real GDP growth in its tracks.

West Virginia's economic growth depends on national and international trends. If national growth accelerates next year according to the optimistic scenario, then that will contribute to stronger state growth as well. If national growth stops next year, then West Virginia's growth will follow suit.

However, there are state-specific risks to the outlook. These are concentrated on the state's largest industries, including coal mining. This sector has seen strong growth since 2003, but prices for both Central Appalachian and Northern Appalachian coals have declined recently. This is partly related to slowing U.S. economic growth in 2006. If that growth slows further in 2007 or becomes an outright U.S. recession, coal mining production and employment will likely stop growing and may decline.

Further, the tightening of emission restrictions by the end of the decade has spurred electric power utilities to begin massive investments in emission remediation technology (scrubbers). This spending will eventually translate into increased demand for higher-sulfur coal and may increase demand for coal produced in northern West Virginia. However, it will also likely decrease demand for coal produced in the state's southern coal fields, which are also facing increasingly challenging geologic conditions. Further, concerns about surface mining methods will continue to be a topic of debate and perhaps regulatory action in Appalachia.

Economic Forecast/Risks

The prospect of a housing bust is probably less of a risk for the state as a whole than it is for the metropolitan areas around Washington, D.C. (Washington MSA, Hagerstown-Martinsburg MSA, Winchester MSA), which have seen single-family house prices roughly double since 2000. Even so, continued strong job and population growth should help to moderate (but not eliminate) the slow down. However, a major economic downturn in the Washington MSA would reduce population and job growth in the state's Eastern Panhandle.

In addition, West Virginia's manufacturing sector remains exposed to intense international competitive pressures. This pressure has been particularly intense for the chemical and steel sectors, which have also had to cope with rising energy and input prices during the last three years. The risk of a major plant shut down remains a concern both for the manufacturing sector, but also for overall job growth in the state.

While the state's tourism sector has continued to post significant job growth, it too faces risks in the near future. These risks pertain to the gaming sector of the tourism industry, particularly the slot gaming activity at racetracks in the Northern Panhandle and Eastern Panhandle. Pennsylvania has already legalized this type of gaming while Maryland continues to consider the issue. Increased activity in Pennsylvania and eventually Maryland will place significant competitive pressure on racetracks in West Virginia.

Economic Forecast
National Outlook

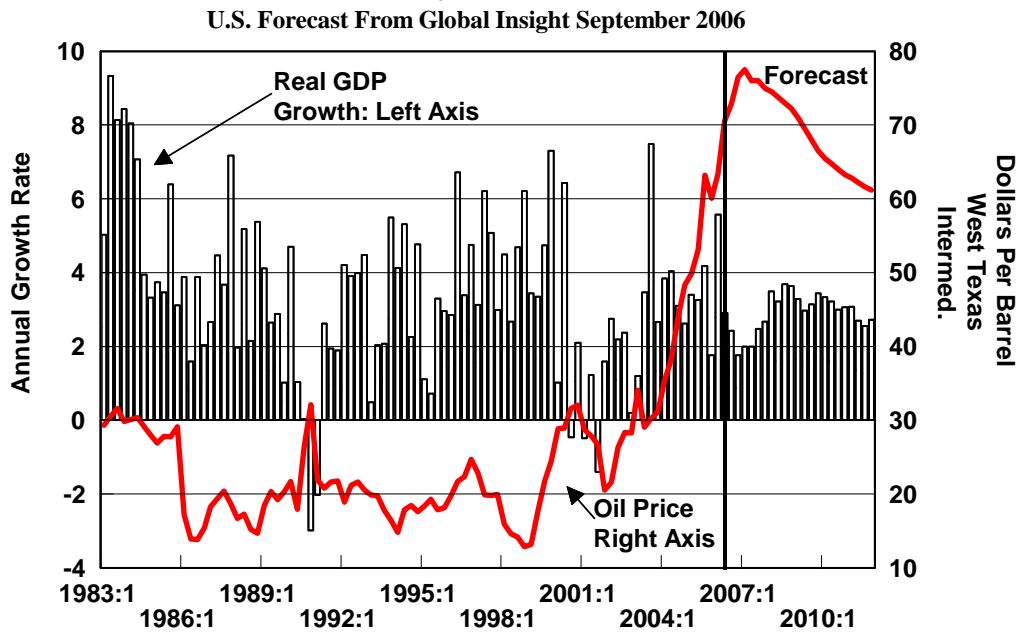
George W. Hammond, Research Associate Professor
Scott Murdoch, Graduate Research Assistant

Trade is an important component of any state economy. After all, no state produces all of the goods and services desired by its residents. Thus, state and regional economies are connected to the economic and political events taking place in the U.S. and around the world. This also implies that the future performance of any single state depends, at least to some extent, on the aggregate performance of all states and the world economy in general. Likewise, the forecast for the West Virginia economy depends on a forecast for the U.S. and world economies. This forecast, which comes from Global Insight, Inc. (a worldwide consulting and forecasting group), is summarized in this section.

Recent Developments

Real gross domestic product (GDP) growth was 3.2% during 2005 and reached 5.6% during the first quarter of 2006. The boost in economic growth during 2006 can be contributed to the reconstruction efforts from Hurricane Katrina. Recent real GDP growth has slowed to 2.9% during the second quarter of 2006. Figure 9 displays real GDP growth along with the West Texas Intermediate oil price. The WTI oil price has increase significantly from \$29 per barrel in the second quarter of 2003 to approximately \$71 per barrel during the second quarter of 2006.

Figure 9
Real GDP Growth Slows As Oil Prices Rise To \$71 Per Barrel

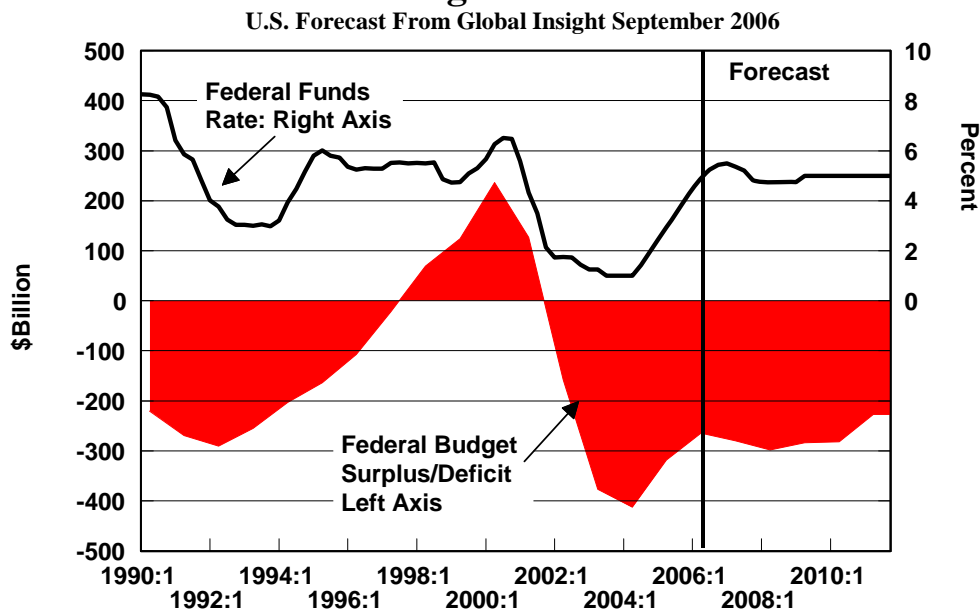


Nonfarm payroll employment increased by 1.5% during 2005, and continued to grow at an annual rate of 1.7% and 1.2% during the first and second quarters of 2006, respectively. The recent increase in nonfarm payroll has caused the unemployment rate to decrease from an annual rate of 5.1% during 2005 to 4.6% during the second quarter of 2006. Conversely, inflation rose to 5.0% during the second quarter of 2006. However, inflation falls to 3.5% when the price of food and energy are excluded.

Despite the relatively good news about the unemployment and nonfarm payroll employment, GDP growth remains a concern with housing activity slowing dramatically. In July 2006, sales of existing homes dropped 11% from the previous year, while sales of new homes dropped 22%. Single-family housing starts went from 1.7 million during the second quarter of 2005 to 1.5 million during the second quarter of 2006. The downturn in the housing market has caused an increase in housing inventories which has led home builder confidence to drop to a 15-year low.

The Federal Reserve decided not to raise interest rates during their October meeting due to moderating inflation concerns and signs of the housing downturn. The Federal Reserve increased the federal funds rate at each meeting since early 2004, as shown in Figure 10.

Figure 10
Monetary and Fiscal Policy Stabilize
During the Forecast



The U.S. has been running a twin deficit, the current account and federal budget, since 2002. The federal budget balance went from \$127.3 billion in 2001 to -\$412.8 billion in 2004, thereafter the federal budget deficit narrowed to -\$318.5 billion in 2005. The current account balance as a percentage of GDP went from -3.9% in the second quarter of 2001 to -6.5% in the second quarter of 2006.

National Forecast

Table 5 displays Global Insight's national forecast, which calls for real GDP growth to increase from 3.2% in 2005 to 3.4% in 2006. However, the forecast also calls for real GDP growth to only reach 2.2% during 2007. The slow in growth is due to two primary factors, a decline in the housing market and a decrease in consumer confidence. The forecast calls for sales of new homes to decline by 13% during 2007 and for the average sales price of existing homes to fall by 1.2%. Single-family housing starts are expected to decrease every quarter until the last quarter of 2007 reaching approximately 1.3 million, as shown in Figure 11. The forecast calls for single-family housing starts to rebound after the fourth quarter of 2007 until the second quarter of 2011 attaining 1.4 million. Conversely, mortgage rates are expected to decline from 6.6% in the second quarter of 2006 to 6.4% during the second quarter of 2007. Following the second quarter of 2007, mortgage rates are expected to increase until the second quarter of 2009 reaching 7.2%, and are expected to remain constant until the end of the forecast period, the fourth quarter of 2011.

Table 5
U.S. Forecast
Global Insight September 2006

	Years						
	Actual 2005	Forecast					
	2006	2007	2008	2009	2010	2011	
			Annual Percent Change				
Real Gross Domestic Product	3.2	3.4	2.2	3.1	3.3	3.2	2.9
Industrial Production	3.2	4.3	2.3	2.1	2.4	2.4	2.6
Nonfarm Employment	1.5	1.4	1.0	1.3	1.5	1.3	1.0
Nominal Personal Income	5.2	7.0	5.3	5.6	6.1	5.9	5.5
Personal Consumption Deflator	2.9	3.0	2.4	1.9	1.7	1.7	1.9
Real Export Growth (GDP Basis)	6.8	8.9	8.9	8.8	8.2	7.0	6.9
Real Import Growth (GDP Basis)	6.1	5.9	3.7	4.4	6.4	6.2	5.7
			Percent				
Unemployment Rate	5.1	4.7	5.0	5.0	4.8	4.6	4.6
Federal Funds Rate	3.21	5.01	5.23	4.75	4.94	5.00	5.00
30-Year Fixed Mortgage Rate	5.86	6.51	6.52	6.90	7.20	7.24	7.24
			Billions of Dollars (FY)				
Federal Budget Surplus (Unified Basis)	-318	-264	-280	-298	-284	-282	-227
			Key Prices				
Trd.Wtd. Value of U.S. \$ vs Major Trading Partners (2000=1.000)	0.825	0.808	0.749	0.721	0.730	0.738	0.735
Oil - West Texas Intermediate (\$ per barrel)	56.56	70.82	76.13	73.38	68.75	64.37	61.97

The decline in the housing market affects consumer confidence as well. The real price of housing has increased by 80% since 1997. The increase in housing prices has permitted consumers to spend beyond their disposable income, causing a negative rate of saving for over a year. The downturn in the housing market has dampened growth in prices, making consumption beyond real income no longer feasible. The forecast calls for real growth in consumer spending to decline from 3.2% in 2006 to 2.5% in 2007. Global Insight also expects employment growth to decline to 1.0% in 2007 then increase back to 1.5% by 2009.

Figure 11
Housing Market Cools As
Mortgage Rates Rise

U.S. Forecast From Global Insight September 2006

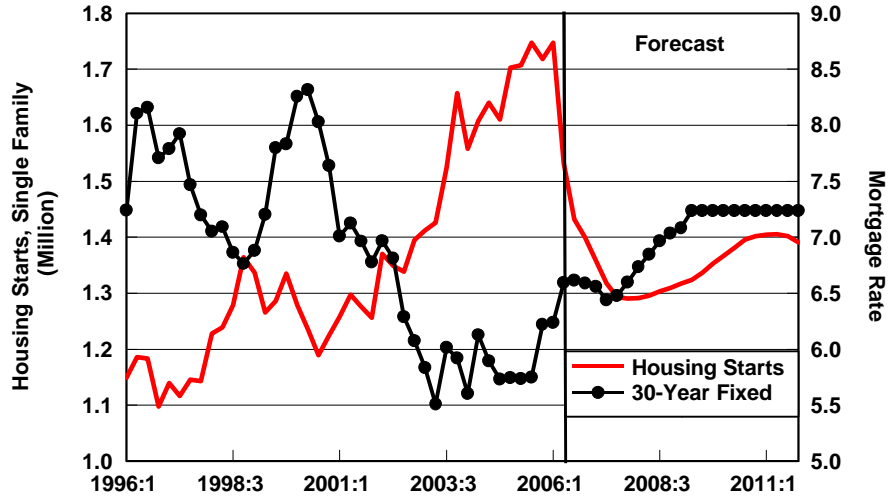
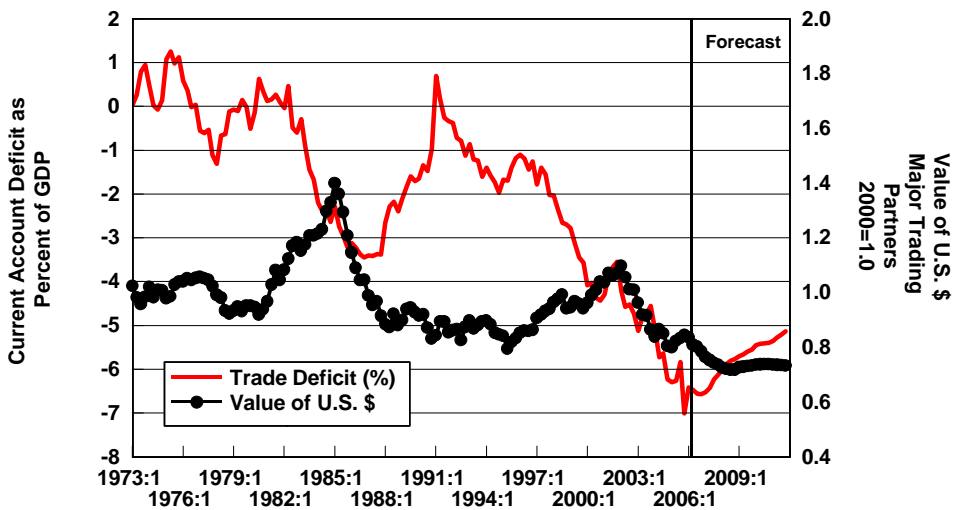


Figure 9 shows that Global Insight expects that the WTI oil price will reach \$76.1 per barrel during 2007. The WTI oil price is expected to decrease every year after 2007 until 2010 at approximately \$64.4 per barrel.

Figure 12
Current Account Deficit Stops Growing
As The U.S. Dollar Depreciates

U.S. Forecast From Global Insight September 2006



Economic Forecast/National Outlook

Looking back at Figure 10, Global Insight expects the federal budget deficit to widen until 2008, reaching -\$298.9 billion. The federal budget deficit is expected to narrow for the 2008 to 2011 period, reaching -\$227.1 billion at the end of the period. The federal funds rate is expected to remain relatively stable throughout the forecast period, starting with 5.4% in the fourth quarter of 2006 and ending with 5.0% in the fourth quarter of 2011.

As shown in Figure 12, the trade deficit on goods and services is expected to improve from \$620.5 billion in 2006 to \$573.5 billion by 2011. The declining trade deficit reflects continued devaluation in the value of the U.S. dollar (which makes U.S. exports cheaper and imports of foreign goods more expensive) and improved economic performance by our major trading partners (which causes them to purchase more U.S. produced goods and services).

Economic Forecast
Appendix

General Information And Data Sources

The West Virginia forecast uses seasonally adjusted quarterly data and most series are forecast from the third quarter of 2006 to the fourth quarter of 2011.

Seasonally adjusted quarterly establishment and resident employment data for West Virginia are the average of monthly seasonally adjusted estimates supplied by Research, Information and Analysis Division, Workforce West Virginia. All employment data are forecast from the third quarter of 2006 to the fourth quarter of 2011.

Historical seasonally adjusted national employment data used in most tables and figures can be found at the Bureau of Labor Statistics Web site <<http://www.bls.gov/>>. Workforce West Virginia offers a wealth of labor market data for the state and its regions on-line at <<http://www.workforcewv.org>>

Seasonally adjusted historical nominal personal income data for West Virginia and the U.S. from 1969 to the second quarter of 2006 come from Personal Income by Major Source, Regional Economic Information System, Bureau of Economic Analysis. These estimates are also available free on the Internet through the Bureau of Economic Analysis Web site <<http://www.bea.doc.gov/>>. West Virginia data are forecast from the third quarter of 2006 through the fourth quarter of 2011.

Quarterly West Virginia population estimates are derived from annual data for the 1969 to 2005 period. These data are available through the Bureau of the Census Web site at <<http://www.census.gov/>>. West Virginia population is forecast from the first quarter of 2006 to the fourth quarter of 2011.

All U.S. forecast data come from the Review of the U.S. Economy, September 2006, Global Insight. All forecast data for West Virginia, except where otherwise noted, come from the West Virginia State Econometric Model, Bureau of Business and Economic Research, West Virginia University.

Frequently Used Terms

Annual Growth Rates between consecutive years are calculated as:

Annual Growth Rate in Percent

$$= \left[\left(\frac{X_t}{X_{t-1}} \right) - 1 \right] \times 100,$$

where X denotes the time series for which the growth rate is being calculated, t denotes the reference time period and t-1 denotes the previous time period.

Average Annual Growth Rates are compound annual growth rates. For annual data the formula is:

Average Annual Growth Rate in percent

$$= \left[\left(\frac{X_{t+N}}{X_t} \right)^{1/N} - 1 \right] \times 100,$$

where X denotes the time series for which the growth rate is being calculated, t denotes the beginning year and N denotes the number of years over which the growth rate is calculated.

Civilian Labor Force includes noninstitutionalized civilian residents, aged 16 and older, who are either employed or unemployed.

Consumer Price Index (CPI) is an index of retail prices of a representative basket of goods and services purchased by consumers. Percentage change is commonly used as a measure of inflation. Incorrectly referred to as cost-of-living index. The Consumer Price Index used here is for all urban consumers.

Dividends, Interest, and Rent is income from the three sources mentioned. Dividend income is the dividend income received by individuals. Interest income is the monetary interest received by individuals. Rental income is the income from the rental of real property and royalties. In 2005, income from dividends, interest, and rent accounted for 12.5% of West Virginia total personal income.

Federal Funds Rate is the interest rate on Federal Funds, which are reserves borrowed and lent by member institutions to one another, usually overnight. Reserves are deposits at member institutions (e.g. commercial banks, savings and loans, and credit unions) which have not been converted into loans to customers. Member institutions must hold a fraction of deposits as reserves.

Gross Domestic Product (GDP) is the market value of all final goods and services produced by labor and property located in the United States.

Gross State Product (GSP) is the market value of goods and services produced by labor and property located in a state. For more, see the Winter 1998 West Virginia Business and Economic Review. Industrial Production is an index that measures output from manufacturing, mining, and electric and gas utilities industries. The industrial production index's base year is 1992=100.

Nonfarm Payroll Employment includes persons on establishment payrolls who received pay for any part of the pay period which includes the 12th of the month. Nonfarm payroll employment does not include proprietors, the self-employed, unpaid volunteer or family workers, farm workers, domestic workers, or military personnel. Nonfarm payroll employment is a count of jobs not people.

Other Labor Income includes payments by employers to private benefit plans for employees and employer contributions for social insurance. Private benefit plans include pension and profit-sharing plans, private group health and life insurance, supplemental unemployment benefit plans, and payments by employers to privately administered workers' compensation plans. In 2005, other labor income accounted for 14.7% of West Virginia total personal income.

Personal Income is income received by residents before income taxes. It includes wages and salaries, proprietors' income, other labor income, dividends, interest, rental income, and transfer payments. For more, see the Spring 1997 West Virginia Business and Economic Review.

Population is the number of persons whose usual place of residence was within the state (nation) at the time the census was taken. It is also referred to as resident population. Persons in the military or institutionalized are counted where the military base or institution is located, as long as that is within the U.S.

Proprietors' Income is the income of sole proprietorships and partnerships and of tax-exempt cooperatives. A sole proprietorship is an unincorporated business owned by a person. A partnership is an unincorporated business with two or more partners. In 2005, proprietors' income accounted for 7.0% of West Virginia total personal income.

Real (Constant) Dollar figures have been adjusted for inflation. Using real figures eliminates the year-to-year changes in price and gives a clearer picture of the true changes in purchasing power, production, etc. Real GDP (or GSP) gives a more accurate measure of increased production than nominal GDP, which is given at current price levels.

Resident Employment includes all those employed for pay during the week including the 12th of the month, or who worked more than 15 hours unpaid in a family business, and those who were temporarily absent from their regular job. A person may only be counted as employed once using this measure.

Seasonal Adjustment is a statistical procedure designed to remove regularly occurring seasonal fluctuations in time series data. It is designed to account for the fact that some economic time series tend to rise (or fall) in the same month or quarter every year. Typical examples are strong gains in retail sales (and retail trade employment) before Christmas and gains in construction employment in the spring followed by similar losses in the winter.

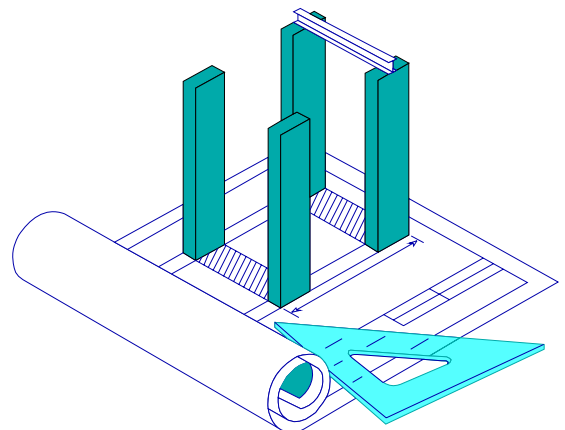
Ten-Year Treasury Note Yield is the yield on a ten-year treasury note. The yield (interest rate) is expressed as an annualized rate.

Transfer Income is income not related to participation in current production. It includes income from Old Age Survivors and Disability Insurance, Medicare, Medicaid, unemployment and workers' compensation, Aid to Families with Dependent Children, and food stamps, in addition to various other sources. In 2005, transfer income accounted for 26.3% of West Virginia total personal income.

Unemployment Rate is the percent of the civilian labor force that is unemployed. The civilian labor force is comprised of noninstitutionalized persons 16 years of age or over who are employed or unemployed. A resident is considered to be unemployed for the month if that person is at least 16 years old and is not currently employed but is available and actively looking for work during the survey week (the week including the 12th of the month).

Wage and Salary Income is payments to employees for participation in current production. They are measured before deductions for Social Security and union dues and reflect the wages and salaries disbursed, not necessarily earned during the period. In 2005, wages and salaries accounted for 48.6% of West Virginia total personal income.

CAPITAL PROJECTS



Capital Projects

A capital expenditure project is defined as any major construction, land acquisition, or renovation activity that adds value to a government's physical assets or significantly increases the useful life. Projects must be listed if they have either a minimum cost of \$100,000 or if they have equipment purchases over \$50,000. Capital expenditures may be financed through regular annual revenues and appropriations. Note: Financing sources may be used over a period of several years; therefore, the total funding from these sources is not reflected in the individual capital projects listed for FY 2008 in the next section.

For a discussion of the different types of revenue sources, refer to the Revenue Sources in the "Budget Planning" section of this book.

Special Funding Sources for Capital Expenditures

In addition to regular annual revenues and appropriations there are major funding sources such as bond issues and loan funds that provide large amounts of capital funding and are dedicated to financing capital expenditures. The following is a brief summary of the major sources of capital funds and their intended uses.

State Building Commission—Lottery Revenue Bonds (Education, Arts, Sciences, and Tourism (EAST) Fund)

Senate Bill 449 (passed in 1996) required the State Building Commission to issue up to \$100 million in revenue bonds with a maximum maturity of 25 years, and payable solely from a fund created to receive lottery profits in an amount needed to pay debt service, but not to exceed \$10 million annually. Funding for the debt service on these bonds is a second priority in lottery funding after the School Building Authority debt service requirements of up to \$18 million annually. Proceeds from the revenue bonds are being used to fund \$25 million of higher education capital improvement projects; up to \$26 million for development, maintenance, and promotion of arts and sciences; and the remaining balance for projects at State parks, the capitol complex, or other tourism sites. The commission issued the full \$100 million in January 1997.

Infrastructure Improvements Amendment

The Infrastructure Improvement Amendment to the West Virginia Constitution was ratified at the general election held on November 8, 1994. This amendment authorized the issuance of general obligation bonds in an amount not to exceed \$300 million for the purpose of construction, extension, expansion, rehabilitation, repair, and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction, and improvement of economic development sites. While the bonds are direct and general obligations of the State and the full faith and credit of the State is pledged to secure repayment of the bonds, the amendment irrevocably dedicates an annual amount of Severance Taxes for their repayment.

Severance Taxes have been dedicated for repayment of the bonds, pursuant to the enabling legislation authorizing issuance of the bonds. In 1996, \$117 million in bonds were issued pursuant to the amendment. An additional \$92 million of bonds were sold in early 1998, bringing the total bonds issued to \$209 million. An additional \$8 million of Severance Tax was approved during the 1998 legislative session to be dedicated to bond repayment, thereby allowing issuance of the remaining \$91 million of bonds that occurred in May 1999. The projects funded by these bonds are typically small, local projects and are too numerous to list. The projects are the property of local entities upon completion, and therefore do not increase the capital assets of the State.

Division of Highways

In November 1996, a constitutional amendment was ratified by the state's citizens to permit the sale of up to \$550 million in highway bonds over the next five years. The final \$110 million in bonds were sold in July 2001, and all funds, including interest earned and federal reimbursement, were expended by June 20, 2004. The total cost of all projects financed with these bonds was \$716,192,664. In FY 2005, the DOH refinanced approximately \$320 million of Safe Road bonds as an advance refunding. This advance refunding was undertaken to reduce total debt service

Capital Projects

payments over the next 20 years by \$19,689,000 and resulted in an economic gain of \$18,821,000. Outstanding debt service on June 30, 2006 was \$651,545,584.

Special Obligation Notes

In October 2006, the DOH issued \$75,970,000 in special obligation notes, the proceeds of which are being used to expedite construction on US 35. The notes, which have a final maturity in FY 2016, were issued in accordance with authority granted to the Commissioner of Highways in §17-17A of the West Virginia Code. Through two innovative federal financing mechanisms - Grant Anticipation Revenue Vehicle (GARVEE) financing and federal toll credits - DOH will pay the debt service associated with the notes (\$94,007,191) with 100% federal funds. The GARVEE financing mechanism permits the debt service to be paid with future federal-aid highway funds that DOH expects to receive. The agency anticipates issuing approximately another \$125 million in notes in early 2007. The debt service for those notes also will be funded with future federal-aid highway funds. Although the DOH fully anticipates that sufficient future federal-aid highway funding will be available to make all payments, the debt service remains a contingent liability of the State Road Fund. If future federal-aid funds are insufficient, the DOH will be required to commit cash from the State Road Fund to cover any shortfall in debt service funding.

Department of Education

West Virginia School Building Authority*

The School Building Authority has awarded approximately \$61,616,902 Major Needs Projects to 24 county school systems for new construction and additions/renovations for FY 2007.

- * Cabell County, Martha Middle School
- * Fayette County, Oak Hill Elementary School
- * Hardy County, Moorefield Intermediate School
- * Putnam County, Teays Valley Elementary School
- * Raleigh County, Fairdale Elementary School
- * Summers County, Talcott Elementary School
- * Webster County, Hacker Valley PK-8 School

Renovation projects funded by the School Building Authority include:

- * Berkeley County, renovations at Martinsburg South Middle School
- * Grant County, renovations and an addition at Petersburg High School
- * Jefferson County, renovations at three elementary schools
- * Lewis County, renovations at Robert L. Bland Middle School
- * Lincoln County, renovations at Hamlin PK-8 School
- * Marion County, renovations at Jayenne School
- * Marshall County, renovations at five schools
- * Mason County, renovations at Career Center
- * Mercer County, renovations at Princeton Middle School
- * Mineral County, renovations at Frankfort High School
- * Monroe County, renovations at Technical Center
- * Ohio County, renovations at Bridge Street Middle School HVAC
- * Pendleton County, renovations at Brandywine Elementary School
- * Pleasants County, renovations at Pleasants County Middle School
- * Preston County, renovations at Rowlesburg Elementary/Middle School
- * Upshur County, renovations to two schools
- * Wyoming County, renovations to Berlin McKinney Elementary School

* These projects are not considered to add to the state's capital assets as they will become the property of local entities.

Listing of Individual Capital Projects

The following is a list of recommended capital expenditures for FY 2008 from all funding sources. This list is not intended to include all capital expenditures of the state, but instead outlines major projects, defined as construction, renovation, and acquisition projects that exceed \$100,000 total cost or equipment purchases over \$50,000.

The following recommendations are for FY 2008 only. The total cost of the project, estimated project length, and impact on operating budget follow the recommendation.

Department of Administration

Office of the Secretary

Lease Rental Payments. The Governor recommends a General Revenue expenditure of \$16 million for lease rental payments to provide financing for the acquisition, construction and equipping of the following adult or juvenile correctional centers and jails: Huttonsville, Southwestern Regional Jail, Potomac Highlands, North Central Regional Jail, Lakin Facility for Women, "Tiger" Morton, Chick Buckbee, Mt. Hope, Western, and Martinsburg.

Total Project Cost: \$448,000,000 Project Length: January 2002 to June 2029

Impact on operating budget: No impact on the Department of Administration, although each facility is 100% State funded for operational expenses with the Department of Military Affairs and Public Safety.

Division of Information Services and Communications

Fire Suppression in Computer Room. \$250,000 from the division's nonappropriated Special Revenue budget will be used to install non-liquid fire suppression into the computer room and tape storage area.

Total Project Cost: \$250,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Control Management Software. The Governor recommends a Special Revenue expenditure of \$500,000 to be used to provide a software tool to track changes made to development programs to assist in a more timely and cost-effective method of maintaining the application with new features.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Change Control Monitoring Tool. \$500,000 from the division's nonappropriated Special Revenue budget will be used to provide a software tool to track changes made to programs while they are in development in order to identify problems and speed completion.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Upgrade Printing System to Use Color Highlighting. The Governor recommends a Special Revenue expenditure of \$250,000 that will be used to provide highlight color printing to our users to minimize, and/or eliminate, the need for more costly preprinted forms as well as the added expense of storing and inventorying the forms.

Total Project Cost: \$250,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Division of General Services

Debt Service. The Division of General Services will make debt service payments from its nonappropriated Special Revenue budget for various facilities around the state. These are as follows:

- \$122,130 for the P&G Building in Charleston
Total Project Cost: \$1,465,561 Project Length: July 1997 to June 2009
- \$189,075 for the office building at 4th Avenue and 11th Street in Huntington
Total Project Cost: \$2,024,932 Project Length: November 1988 to December 2008
- \$390,993 for the JC Penney property on Neville Street in Beckley
Total Project Cost: \$4,549,636 Project Length: June 1988 to April 2009

Impact on operating budget: No immediate impact, although significant savings will be realized after the total debt service has been paid.

Parking Garage Debt Service. \$456,896 of the division's nonappropriated Special Revenue will be used to pay debt service for a parking garage that provides parking for employees on the capitol complex.

Total Project Cost: \$11,462,018 Project Length: September 1998 to May 2024

Impact on operating budget: None.

Weirton Building. \$298,550 of the division's nonappropriated Special Revenue will be used to expand available office space for DHHR, West Virginia Association of Rehabilitation Facilities, Lottery, DMV, BEP, and the Workforce Investment Board.

Total Project Cost: \$10,357,538 Project Length: July 2005 to June 2034

Impact on operating budget: None.

One Davis Square. \$261,385 of the division's nonappropriated Special Revenue will be used for the acquisition and renovation of a Charleston building used by IS&C and DHHR.

Total Project Cost: \$5,242,655 Project Length: July 2004 to June 2024

Impact on operating budget: None.

Dome Access System Debt Service. \$33,351 of the division's nonappropriated Special Revenue will be used to install an access system to the exterior of the capitol dome that will allow for repairs to gilding and future routine maintenance and cleaning of the capitol dome.

Total Project Cost: \$333,510 Project Length: April 1999 to March 2009

Impact on operating budget: None.

Debt Service—Education, Arts, Sciences, and Tourism. The Governor recommends a Special Revenue Appropriation of \$10 million from Lottery funds to pay debt service on the \$100 million in revenue bonds that were issued in January 1997 for higher education facilities, arts and sciences facilities, and state parks and capitol complex projects.

Total Project Cost: \$38,056,494 Project Length: July 1996 to June 2012

Impact on operating budget: None.

Regional Jail Debt Service. \$9,000,000 of the division's nonappropriated Special Revenue will be used to provide funding for the first phase of construction of regional jails and the improvement of correctional facilities.

Total Project Cost: \$203,942,973 Project Length: July 1999 to June 2021

Impact on operating budget: None.

Howard Property. \$71,682 of the division's nonappropriated Special Revenue will be used to pay debt service on a building, allowing expansion of available office space on the capitol complex for state agencies.

Total Project Cost: \$1,426,187 Project Length: January 2003 to September 2022

Impact on operating budget: None.

Listing of Individual Capital Projects

Huntington #2 Debt Service. \$671,843 of the division's nonappropriated Special Revenue will be used to pay debt service on a building, expanding available office space for state agencies and maintaining financial credit for the State.

Total Project Cost: \$17,240,258 Project Length: July 2003 to June 2026

Impact on operating budget: None.

Energy Savings Plan Capitol Complex. \$2,000,000 of the division's nonappropriated Special Revenue will be used for the energy savings plan.

Total Project Cost: \$10,000,000 Project Length: July 2007 to Ongoing

Impact on operating budget: None.

Buildings #5, #6, and #7 Sidewalk Repairs. \$1,200,000 of the division's nonappropriated Special Revenue will be used to repair sidewalks adjacent to the buildings.

Total Project Cost: \$1,700,000 Project Length: July 2007 to June 2010

Impact on operating budget: None.

Building #21 Fairmont Building Renovations. \$165,000 of the division's nonappropriated Special Revenue will be used for repair and renovations to building #21.

Total Project Cost: \$345,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Building #24 Clarksburg Building Refurbishment. \$5,500,000 of the division's nonappropriated Special Revenue will be used to do major refurbishment on building #24.

Total Project Cost: \$7,500,000 Project Length: July 2007 to June 2009

Impact on operating budget: None.

Building #10 Holly Grove Refurbishment. \$1,700,000 of the division's nonappropriated Special Revenue will be used to refurbish the Holly Grove building.

Total Project Cost: \$3,500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Division of Purchasing

Fleet Management. \$4,820,000 from the division's nonappropriated Special Revenue budget will be used to purchase new vehicles and pay debt service on the state vehicle fleet, providing service to most state agencies.

Total Project Cost: \$4,820,000 annually Project Length: Ongoing

Impact on operating budget: None, billing rates are adjusted to ensure that expenses are covered.

Office of Technology

Technology Obsolescence Refresh. The Governor recommends a \$1,200,000 Special Revenue appropriation from Surplus Excess Lottery funds to refresh the State's technology infrastructure.

Total Project Cost: \$1,200,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Remote Management Tools. The Governor recommends a \$300,000 Special Revenue appropriation from Surplus Excess Lottery funds to upgrade personal computers, laptops, services and phones remotely from a central site.

Total Project Cost: \$300,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Network, Storage, and Server Utilization Tools. The Governor recommends a \$400,000 Special Revenue appropriation from Surplus Excess Lottery funds for utilization tools for network, storage and servers.

Total Project Cost: \$400,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Public Education Training. The Governor recommends a \$100,000 Special Revenue appropriation from Surplus Excess Lottery funds to create a statewide education portal so citizens will easily be able to search for specific training.

Total Project Cost: \$100,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Department of Commerce

Division of Forestry

Vehicle Replacement Program. The Governor recommends a Special Revenue expenditure of \$200,000 for ongoing vehicle replacement of 15 vehicles each year to provide for reliable transportation for agency Foresters.

Total Project Cost: Ongoing Project Length: Ongoing

Impact on operating budget: Savings of \$37,500 in maintenance (approximately \$2,500 per vehicle).

Workforce West Virginia

Scheduled Equipment Replacement. The Governor recommends an expenditure of \$1,400,000 from the agency's Federal Revenue budget to implement a routine five-year replacement plan for all computer equipment. This ensures that the agency maintains current technology necessary for electronic data systems are stable and reliable.

Total Project Cost: \$1,400,000 Project Length: July 2007 to June 2008

Impact on operating budget: None, the routine replacement strategy will spread the impact of purchases equally across the years which will have less impact on employer rates.

Division of Natural Resources

Bear Rock Lake Dam Improvements. The Governor recommends an expenditure of \$350,000 from the agency's nonappropriated Special Revenue to bring the three dams classified as high hazard, unsafe dams into compliance with Division of Environmental Protection regulations.

Total Project Cost: \$600,000 Project Length: January 2007 to January 2010

Impact on operating budget: None.

Department of Education

State Department of Education

Technology Infrastructure Network. The Governor recommends a Special Revenue expenditure of \$5,700,000 from Lottery funds to provide hardware and software to improve the basic skills using technology.

Total Project Cost: \$5,700,000/year Project Length: June 2006 to Ongoing

Impact on operating budget: None.

West Virginia Education Information System. The Governor recommends a General Revenue expenditure of \$2,000,000 for computer equipment for the West Virginia Education Information System, a regional information processing service for all schools and county boards of education.

Total Project Cost: \$2,000,000/year Project Length: June 2006 to Ongoing

Impact on operating budget: None.

Listing of Individual Capital Projects

Department of Education and the Arts

Division of Culture and History

Cultural Center Life Safety Code Compliance. The Governor recommends a General Revenue improvement expenditure of \$2,599,000 to bring the Cultural Center into compliance with the current life safety code to protect division staff, visitors to the facility, and irreplaceable museum artifacts and archival materials. Required improvements include upgrades to the facility's fire detection and fire suppression systems, installation of fire doors, rewiring of the electrical system and installation of handrails. These improvements will enable the division to meet mandates of the State Fire Marshall, Board of Risk Management, and Legislative Performance Evaluation and Research Division. Failure to make the improvements could eventually result in the closure of the Cultural Center, including the West Virginia State Museum, West Virginia State Archives and Library, and West Virginia Library Commission.

Total Project Cost: \$2,599,000 Project Length: July 2007 to June 2008

Impact on operating budget: None, funds are recommended from a dedicated source.

Independence Hall Air Conditioning System. The Governor recommends a General Revenue improvement expenditure of \$748,000 to replace the air conditioning system to help the division to protect this National Historic Landmark, properly maintain exhibits and contribute to the comfort and health of visitors from wide fluctuations in temperature and humidity caused by the current ineffective air conditioning system that is damaging the historic structure and its exhibits.

Total Project Cost: \$748,000 Project Length: July 2007 to June 2008

Impact on operating budget: None, funds are recommended from a dedicated source.

Independence Hall Civil War Battle Flag. The Governor recommends a General Revenue improvement expenditure of \$499,000 to exhibit flags displayed in special pressure-mounted frames, as well as historic photos and documents about individual soldiers and regiments. The display will include interactive displays and state-of-the-art, motion-activated lighting system to help protect the flags. The rarity of the flags will increase tourism in the Wheeling area by attracting Civil War enthusiast, genealogist, students and other travelers to Independence Hall and engage visitors in the stories of the Civil War and West Virginia statehood.

Total Project Cost: \$2,599,000 Project Length: July 2007 to June 2008

Impact on operating budget: None, funds are recommended from a dedicated source.

Educational Broadcasting Authority

Digital and Broadcast Coverage Upgrade. The Governor recommends a General Revenue expenditure of \$525,000, a Federal Revenue expenditure of \$1,500,000 and a Special Revenue expenditure of \$565,000 to continue upgrades of radio analog production and master control equipment to digital and to add radio repeaters, transmitter, and/or translators to deliver radio signal to unserved areas and improve signal where it is inadequate. Upgrade analog television production equipment to digital and high definition. Purchase of studio and field cameras, video recorders and editing equipment. Ensure the reliability of the digital microwave distribution system by installing emergency generators, uninterruptible power systems, fencing, encoders and computer upgrades.

Total Project Cost: \$8,930,218 Project Length: July 2004 to June 2009

Impact on operating budget: \$20,000 increase in utilities for electricity usage partially offset with lower maintenance costs.

Department of Health and Human Resources

New Computer System (VISTA). The Governor recommends a Special Revenue expenditure of \$1,500,000 for a standardized computer system for all seven state-owned hospitals.

Total Project Cost: \$7,500,000 Project Length: July 2003 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Record Imaging for State Hospitals. The Governor recommends a Special Revenue expenditure of \$500,000 for record imaging equipment that will transfer medical records to an electronic or scanned format enabling the facilities to move away from retaining and storing medical records in paper format and make the information more readily accessible for staff.

Total Project Cost: \$2,500,000 Project Length: July 2003 to June 2008

Impact on operating budget: None.

William R. Sharpe, Jr. Hospital Debt Service. The Governor recommends a Special Revenue expenditure of \$2,409,038 for debt service for a new facility for the treatment of the mentally ill to replace the old Weston facility.

Total Project Cost: \$28,667,358 Project Length: August 1989 to July 2009

Impact on operating budget: None.

Chief Medical Examiner's Office Debt Service. The Governor recommends a Special Revenue expenditure of \$249,990 for debt service for the construction of a new facility.

Total Project Cost: \$2,715,000 Project Length: April 2005 to June 2020

Impact on operating budget: None.

Maintenance-Hospitals and Other Department of Health and Human Resources Owned Facilities. The Governor recommends a General Revenue expenditure of \$3,000,000 for required maintenance, hospital facility maintenance needs, safety upgrades, and aesthetic improvements to Department of Health and Human Resources owned facilities.

Total Project Cost: \$3,000,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Department Of Military Affairs and Public Safety

Adjutant General/Armory Board

Buckhannon Readiness Center. The Governor recommends a General Revenue expenditure of \$435,750 and a Federal Revenue expenditure of \$1,307,250 to expand the existing Buckhannon facility due to consolidation of the 119th Engineer Company.

Total Project Cost: \$32,740,000 Project Length: July 2005 to September 2012

Impact on operating budget: Maintenance costs and benefits will be increased.

Asbestos Abatement Headquarters. The Governor recommends a General Revenue expenditure of \$300,000 and a Federal Revenue expenditure of \$200,000 for asbestos abatement.

Total Project Cost: \$900,000 Project Length: July 2008 to October 2009

Impact on operating budget: Maintenance costs will increase.

Fairmont Readiness Center. The Governor recommends a Federal Revenue expenditure of \$1,950,000 to conform to Department of Defense armory closure and consolidation recommendations.

Total Project Cost: \$22,950,000 Project Length: January 2006 to September 2010

Impact on operating budget: Operating costs will be 100% federally supported.

Joint – Interagency Special Operations Training Facility. The Governor recommends a Federal Revenue expenditure of \$1,000,000 for the finalization of the Joint Integrated Special Operations Training Facility.

Total Project Cost: \$165,000,000 Project Length: October 2005 to October 2012

Impact on operating budget: Operating costs will be 100% federally supported.

Clarksburg ADA Facility. The Governor recommends a Special Revenue expenditure of \$120,000 to convert existing armory to an ADA compliant facility.

Total Project Cost: \$120,000 Project Length: July 2007 to September 2008

Impact on operating budget: Operating costs will be 100% federally supported.

Listing of Individual Capital Projects

Huntington Unit Motor Pool Parking. The Governor recommends a General Revenue expenditure of \$150,000 and a Federal Revenue expenditure of \$150,000 to buy property and renovate it into a parking lot.
Total Project Cost: \$350,000 Project Length: July 2006 to September 2008
Impact on operating budget: Operating costs will increase.

Camp Dawson Multipurpose Building. The Governor recommends a Federal Revenue Expenditure of \$4,900,000 to upgrade existing site and accommodate facility with a recreational building.
Total Project Cost: \$4,900,000 Project Length: July 2007 to October 2009
Impact on operating budget: Operating costs will be 100% federally supported.

Camp Dawson Weapons Ranges. The Governor recommends a Federal Revenue Expenditure of \$1,500,000 to upgrade existing small arms ranges.
Total Project Cost: \$1,500,000 Project Length: July 2002 to July 2007
Impact on operating budget: Operating costs will be 100% federally supported.

Camp Dawson Modified Rifle Range. The Governor recommends a Federal Revenue Expenditure of \$400,000 to provide a U.S. Army standard qualification range for Camp Dawson.
Total Project Cost: \$4,800,000 Project Length: July 2006 to September 2009
Impact on operating budget: Operating costs will be 100% federally supported.

Camp Dawson Floodwall. The Governor recommends a Federal Revenue Expenditure of \$1,500,000 to construct a floodwall to protect Camp Dawson against the Cheat River cresting at the 100 year flood stage.
Total Project Cost: \$4,550,000 Project Length: October 2006 to September 2009
Impact on operating budget: Operating costs will be 100% federally supported.

Camp Dawson Frontgate. The Governor recommends a Federal Revenue Expenditure of \$75,000 to upgrade security entrance gates and other areas at Camp Dawson due to new security standards.
Total Project Cost: \$75,000 Project Length: September 2006 to September 2008
Impact on operating budget: Operating costs will be 100% federally supported.

Camp Dawson Range Development. The Governor recommends a Federal Revenue Expenditure of \$500,000 to develop urban assault and mount ranges for tactical training.
Total Project Cost: \$2,100,000 Project Length: September 2006 to July 2009
Impact on operating budget: Operating costs will be 100% federally supported.

Division of Engineering and Facilities. The Governor recommends a General Revenue expenditure of \$1,645,000 and a Federal Revenue expenditure of \$300,000 for the expansion of existing Division of Engineering and Facilities building that will consolidate staff under one roof.
Total Project Cost: \$2,945,000 Project Length: January 2007 to September 2009
Impact on operating budget: Maintenance costs will be increased.

Logan Readiness Center. The Governor recommends a General Revenue expenditure of \$232,125 and a Federal Revenue expenditure of \$696,375 for the construction of a new National Guard readiness center.
Total Project Cost: \$16,403,500 Project Length: January 2008 to September 2010
Impact on operating budget: Operating costs will be 100% state supported.

Huntington Unit Motor Pool Parking Expansion. The Governor recommends a General Revenue expenditure of \$150,000 and a Federal Revenue expenditure of \$150,000 to expand reorganized military unit in Huntington.
Total Project Cost: \$350,000 Project Length: July 2006 to September 2008
Impact on operating budget: Operating costs will be 100% state supported.

Listing of Individual Capital Projects

Moorefield Readiness Center. The Governor recommends a General Revenue expenditure of \$344,000 and a Federal Revenue expenditure of \$600,000 for the construction of a new National Guard readiness center.
Total Project Cost: \$22,744,000 Project Length: January 2008 to September 2010
Impact on operating budget: Operating costs will be 100% state supported.

Morgantown Readiness Center. The Governor recommends a General Revenue expenditure of \$303,000 and a Federal Revenue expenditure of \$909,000 for the construction of a new National Guard readiness center.
Total Project Cost: \$21,412,000 Project Length: January 2006 to September 2010
Impact on operating budget: Additional caretakers are needed for this facility.

Camp Dawson Quarters. The Governor recommends a General Revenue expenditure of \$1,476,000 for staff quarters.
Total Project Cost: \$1,640,000 Project Length: July 2002 to September 2008
Impact on operating budget: Operating costs will be 100% state supported.

Gassaway Armory Expansion. The Governor recommends a Federal Revenue expenditure of \$1,500,000 for construction of new headquarters.
Total Project Cost: \$1,600,000 Project Length: January 2007 to September 2008
Impact on operating budget: Operating costs will be 100% federally supported.

Army Aviation Support Facility Taxi/Ramp Repair. The Governor recommends a Federal Revenue expenditure of \$2,800,000 for repair of asphalt taxiway and improved aircraft parking.
Total Project Cost: \$2,800,000 Project Length: January 2007 to September 2008
Impact on operating budget: Operating costs will be 100% federally supported.

Eleanor Phase 4 Construction. The Governor recommends a Federal Revenue expenditure of \$4,000,000 to upgrade existing facility with a paint booth wash point, security protection and an access road.
Total Project Cost: \$4,000,000 Project Length: July 2007 to October 2009
Impact on operating budget: Operating costs will be 100% federally supported.

Kingwood Armed Forces Reserve Center. The Governor recommends a Federal Revenue expenditure of \$500,000 for increase operating cost of the current armories will be applied to the new readiness center.
Total Project Cost: \$2,500,000 Project Length: July 2007 to October 2010
Impact on operating budget: Operating costs will be 100% federally supported.

Mountaineer Challenge Academy Facility. The Governor recommends a Federal Revenue expenditure of \$6,800,000 to consolidate into one location and provide more space for offices and student work areas.
Total Project Cost: \$12,000,000 Project Length: July 2007 to October 2009
Impact on operating budget: Operating costs will be 100% federally supported.

Charleston Complex Electrical Upgrades. The Governor recommends a General Revenue expenditure of \$300,000 and a Federal Revenue expenditure of \$300,000 to increase the size of the power supply.
Total Project Cost: \$600,000 Project Length: September 2007 to September 2008
Impact on operating budget: Maintenance costs will increase.

Security Upgrades Statewide. The Governor recommends a Federal Revenue expenditure of \$1,000,000 to upgrade current security controls at Armory locations.
Total Project Cost: \$2,000,000 Project Length: January 2004 to September 2008
Impact on operating budget: Maintenance costs will increase.

Listing of Individual Capital Projects

Run Time Infrastructure Expansion. The Governor recommends a Federal Revenue expenditure of \$22,750,000 for additional space for increased usage at the Joint Forces Training site to meet expanded mission requirements. Total Project Cost: \$48,025,000 Project Length: July 2005 to September 2009
Impact on operating budget: Maintenance costs will increase.

Clarksburg Reserve Center Improvements. The Governor recommends a Federal Revenue expenditure of \$400,000 to renovate the building transferred from U.S. Army reserve that is in need of repairs to its roof, HVAC, and utilities. Total Project Cost: \$525,000 Project Length: January 2006 to September 2008
Impact on operating budget: Maintenance costs will increase.

State Police

Vehicle Replacement Program. The Governor recommends a General Revenue appropriation of \$3,060,200, an expenditure of \$1,150,000, a Special Revenue expenditure of \$307,645 and a \$226,878 nonappropriated Special Revenue expenditure for ongoing vehicle replacement. Total Project Cost: \$2,534,523 annually Project Length: Ongoing
Impact on operating budget: None.

Radio Communications Upgrade. The Governor recommends a General Revenue expenditure of \$538,500 and a Special Revenue expenditure of \$900,000 to maintain state-of-the-art radio communications. Total Project Cost: \$1,438,500 annually Project Length: Ongoing Continuous Program
Impact on operating budget: None.

Analytical Equipment for Forensic Laboratory. The Governor recommends a General Revenue expenditure of \$60,000 and a Special Revenue expenditure of \$145,000 to replace and upgrade analytical equipment for the forensic laboratory. Total Project Cost: \$80,000 annually Project Length: Ongoing
Impact on operating budget: None.

Facilities Improvement Program. The Governor recommends a General Revenue expenditure of \$500,000 for renovation or replacement of division-owned facilities. Total Project Cost: \$500,000 annually Project Length: Ongoing
Impact on operating budget: Maintenance costs will be reduced.

Automated Fingerprint Identification System Upgrade. The Governor recommends a General Revenue appropriation of \$3,000,000 for new hardware and software for a new automated fingerprint ID system. Total Project Cost: \$3,000,000 Project Length: July 2007 to June 2008
Impact on operating budget: Maintenance costs will decrease by \$448,193.

Debt Service for Facilities Improvement. The Governor recommends a General Revenue expenditure of \$440,088 for land acquisition, design fees, and building costs associated with Facilities Improvement Program. Total Project Cost: \$440,088 annually Project Length: Ongoing Continuous Program
Impact on operating budget: None.

Veterans' Affairs

Veterans Nursing Home. The Governor recommends a Federal Revenue expenditure of \$8,750,000 to complete construction of facility in Clarksburg, West Virginia. Total Project Cost: \$22,000,000 Project Length: April 2004 to May 2008
Impact on operating budget: Operating costs to be funded by General Revenue, Veterans Administration per diem, and resident contribution.

Listing of Individual Capital Projects

Department of Revenue

Tax Division

Integrated Tax System. The Governor recommends a General Revenue expenditure of \$4,899,200 to replace the current tax system with a more efficient integrated tax system.

Total Project Cost: \$21,030,000 Project Length: July 2007 to December 2010

Impact on operating budget: None.

West Virginia Lottery Commission

Revenue Building. The Governor recommends a Special Revenue expenditure of \$20,000,000 to construct a revenue building in the capitol complex.

Total Project Cost: \$60,000,000 Project Length: July 2007 to July 2010

Impact on operating budget: None.

Department of Transportation

Division of Highways

Debt Service—1996 Bond Amendments. The Governor recommends debt service payments on bond amendment from funds set aside for that purpose in the State Road Special Revenue Fund. 1996 Bond Amendment for various road and bridge projects—\$49,993,482.

Total Project Cost: \$393,106,243 Project Length: July 1998 to Ongoing

Impact on operating budget: None.

Class Eight Equipment. The Governor recommends a Special Revenue expenditure of \$4,560,000 for purchases and replacement of equipment used by Division of Highways maintenance forces.

Total Project Cost: Ongoing Project Length: Ongoing

Impact on operating budget: Overall maintenance costs are reduced.

Small Capital Improvements. The Governor recommends a Special Revenue expenditure of \$1,945,000 for repair and renovation of existing facilities, such as new roofs, HVAC systems, doors, and windows.

Total Project Cost: \$14,378,000 Project Length: Ongoing

Impact on operating budget: Maintenance costs will be lower.

Roadway Maintenance Equipment. The Governor recommends a Special Revenue expenditure of \$4,544,527 for replacement or additional purchase of equipment for use by Division of Highways maintenance forces.

Total Project Cost: Ongoing Project Length: Ongoing

Impact on operating budget: Overall maintenance costs are reduced.

District One Headquarters. The Governor recommends a Special Revenue expenditure of \$1,600,000 to construct a new district headquarters.

Total Project Cost: \$2,000,000 Project Length: July 2006 to June 2009

Impact on operating budget: Overall maintenance costs are reduced.

District Six Multipurpose Building. The Governor recommends a Special Revenue expenditure of \$700,000 for construction of a multi-purpose building to house district support crews now housed in remote locations.

Total Project Cost: \$700,000 Project Length: July 2006 to June 2008

Impact on operating budget: Overall maintenance costs are reduced.

Listing of Individual Capital Projects

Support Equipment. The Governor recommends a Special Revenue expenditure of \$50,000 for additional and replacement support equipment.

Total Project Cost: Ongoing Project Length: Ongoing
Impact on operating budget: Unknown at this time.

I-68 Headquarters. The Governor recommends a Special Revenue expenditure of \$815,000 for the construction of a new interstate maintenance facility.

Total Project Cost: \$815,000 Project Length: July 2007 to June 2008
Impact on operating budget: Improve effectiveness of operations.

Boone County Seth Substation. The Governor recommends a Special Revenue expenditure of \$200,000 for the construction of a new county maintenance substation.

Total Project Cost: \$400,000 Project Length: July 2006 to June 2009
Impact on operating budget: Lower utility and maintenance costs.

Morgan County Headquarters. The Governor recommends a Special Revenue expenditure of \$350,000 for the construction of a new county maintenance headquarters.

Total Project Cost: \$600,000 Project Length: July 2005 to June 2009
Impact on operating budget: Lower utility and maintenance costs.

Mercer County Flat Top Substation Headquarters. The Governor recommends a Special Revenue expenditure of \$50,000 for the construction of a new county maintenance sub-headquarters facility.

Total Project Cost: \$250,000 Project Length: December 2004 to June 2008
Impact on operating budget: Lower utility and maintenance costs.

Logan County Headquarters. The Governor recommends a Special Revenue expenditure of \$440,000 for the construction of a new county maintenance facility.

Total Project Cost: \$1,000,000 Project Length: June 2006 June 2011
Impact on operating budget: Lower utility and maintenance costs.

Lincoln County Headquarters. The Governor recommends a Special Revenue expenditure of \$350,000 for the construction of a new maintenance facility.

Total Project Cost: \$800,000 Project Length: July 2005 to June 2009
Impact on operating budget: Utilities and maintenance costs will be reduced.

Radio Equipment. The Governor recommends a Special Revenue expenditure of \$25,000 for purchases and replacement of existing radios.

Total Project Cost: Ongoing Project Length: Ongoing
Impact on operating budget: Overall maintenance costs will be reduced.

Mowing Equipment. The Governor recommends a Special Revenue expenditure of \$2,254,830 for new purchases and replacement of existing mowing equipment.

Total Project Cost: Ongoing Project Length: Ongoing
Impact on operating budget: Overall maintenance costs will be reduced.

Transportation Equipment. The Governor recommends a Special Revenue expenditure of \$3,362,700 for new transportation equipment and replacement of existing equipment.

Total Project Cost: Ongoing Project Length: Ongoing
Impact on operating budget: Overall maintenance costs will be reduced.

Listing of Individual Capital Projects

Webster County Headquarters. The Governor recommends a Special Revenue expenditure of \$500,000 for a new county maintenance facility.

Total Project Cost: \$1,010,000 Project Length: July 2005 to June 2008

Impact on operating budget: Overall maintenance costs will be reduced.

Wetzel County Headquarters and Property. The Governor recommends a Special Revenue expenditure of \$50,000 to construct a new county headquarters.

Total Project Cost: \$800,000 Project Length: July 2007 to December 2009

Impact on operating budget: Lower utility and maintenance costs.

Technology Improvements. The Governor recommends a Special Revenue expenditure of \$1,700,000 to upgrade a portion of its older equipment.

Total Project Cost: Ongoing Project Length: Ongoing

Impact on operating budget: No impact.

District Eight Shop. The Governor recommends a Special Revenue expenditure of \$300,000 for the construction of a new equipment complex and repair shop.

Total Project Cost: \$3,000,000 Project Length: July 2005 to July 2007

Impact on operating budget: Utilities, maintenance, and rental costs will be reduced.

Capital Expenditures—Infrastructure. Capital expenditures for highway and bridge infrastructure include only new construction. Renovation, bridge repair, and resurfacing projects are not considered capital expenditures.

Infrastructure capital expenditures during FY2007 and FY2008 will total approximately \$734 million. Of that amount, roughly \$668 million will be for federal-aid projects and \$66 million will be for 100% state funded work.

Roadway projects will total \$508 million and include WV Route 9 in the eastern panhandle, Corridor H in eastern WV, Fairmont Connector in Marion County, Coalfields Expressway and King Coal Highway in southern West Virginia, WV Route 10 in Logan County, widening of additional sections of Interstate 79, Mon/Fay Expressway in Monongalia County, upgrading of US 35 in Putnam County and additional work on the upgrading of WV Route 2 in Wood County.

\$175 million will be expended over the two-year period for numerous bridge replacements. Included are major crossings on the Interstate System, Ashford Truss in Boone County, Chesapeake Bridge in Kanawha County, Osage Girder in Monongalia County, and Jakes Run Bridge in Monongalia County, as well as many other projects of varying size, ranging from several million dollars to as little as \$50,000.

About \$51 million will be used for a variety of traffic engineering improvements, such as the installation of various turn lanes, signs and signals throughout the State.

State Rail Authority

Rehabilitation of South Branch Valley Railroad (SBVR). The Governor recommends a General Revenue expenditure of \$500,000 for the renovation and repair of the South Branch Valley Railroad.

Total Project Cost: \$13,526,249 Project Length: July 2000 to June 2008

Impact on operating budget: Maintenance costs will decrease.

Upgrade Railroad Equipment. The Governor recommends a General Revenue expenditure of \$200,000 for the upgrades of railroad equipment.

Total Project Cost: \$1,215,000 Project Length: July 2002 to June 2008

Impact on operating budget: Maintenance costs will decrease.

Listing of Individual Capital Projects

Public Transit

Section 5309 Capital Discretionary Grant. The Governor recommends a General Revenue expenditure of \$1,265,000, a Federal Revenue expenditure of \$7,572,683 and \$825,464 of the division's nonappropriated Special Revenue budget to purchase ADA compliant transit vehicles, construct new administrative/maintenance facilities, and make renovations to current facilities.

Total Project Cost: Ongoing Project Length: July 1998 to Ongoing

Impact on operating budget: None.

Section 5311 Capital Purchases. The Governor recommends a Federal Revenue expenditure of \$751,862 and \$395,836 of the division's nonappropriated Special Revenue budget to purchase ADA compliant transit vehicles at respective transit systems across the state.

Total Project Cost: Ongoing Project Length: Ongoing

Impact on operating budget: None.

Section 5310 Van Purchases. The Governor recommends a Federal Revenue expenditure of \$818,350 and \$320,746 of the division's nonappropriated Special Revenue budget to purchase approximately 22 ADA compliant vans to be awarded to private nonprofit organizations through an application process.

Total Project Cost: Ongoing Project Length: Ongoing

Impact on operating budget: None.

Higher Education

Higher Education Policy Commission

Bluefield State College

ADA Projects (Library/Conley/Hatter). \$300,000 from the school's nonappropriated Special Revenue budget will be used to enable much easier, user friendly access to all three buildings with better sidewalk and parking improvements. This project will greatly enhance the institution to be more cognizant of disabled individuals.

Total Project Cost: \$2,000,000 Project Length: September 2002 to July 2007

Impact on operating budget: Increased lighting and snow removal.

Mahood Hall Electrical/Mechanical Upgrade and Renovations. \$750,000 from the school's nonappropriated Special Revenue budget will be used for renovation of electrical and environmental systems to upgrade air conditioning and expand electrical capacity.

Total Project Cost: \$850,000 Project Length: November 2006 to June 2008

Impact on operating budget: \$15,000 additional for utilities for the addition of air conditioning.

Institutional Energy Assessment/Phase I Electrical Evaluation. \$1,000,000 from the school's nonappropriated Special Revenue budget will be used to exam various buildings for alternative energy consumption and electrical needs in Basic Science Building.

Total Project Cost: \$1,000,000 Project Length: July 2007 to June 2011

Impact on operating budget: A savings after upfront cost of control units.

Basic Science Food Court Assessment I Implementation. \$350,000 from the school's nonappropriated Special Revenue budget will be for centralized food services to better serve our student population at a central campus location for better accessibility, easier access, and more timely access for campus constituents.

Total Project Cost: \$350,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Elevator Assessment and Upgrade (Mahood Hall). \$250,000 from the school's nonappropriated Special Revenue budget will be used to repair elevator and bring into ADA compliance for greater access.

Total Project Cost: \$500,000 Project Length: July 2002 to June 2009

Impact on operating budget: None, possible reduction due to elimination of on-going repairs.

Athletic Fields Upgrade. \$200,000 from the school's Special Revenue budget will be used to upgrade baseball and softball field so students will have a permanent home field and better playing surface. Project will allow more collaboration and support of our communities.

Total Project Cost: \$400,000 Project Length: July 2002 to June 2008

Impact on operating budget: Additional cost for utilities (lighting) of \$1,000.

Equipment/Lab/Electronic Classroom Needs. \$200,000 from the school's Federal Revenue budget will be used to add electronic classrooms to comply with College mission to serve the needs of students in southern West Virginia.

Total Project Cost: \$400,000 Project Length: July 2004 to June 2009

Impact on operating budget: Additional budget for technology lines and staff to coordinate.

Concord University

Towers Sprinklers. \$1,000,000 from the university's nonappropriated Special Revenue budget will be used to reduce fire hazard and meet federal mandate.

Total Project Cost: \$2,000,000 Project Length: May 2007 to August 2009

Impact on operating budget: \$41,000 for increased water usage.

Marsh Hall Roof Replacement. \$150,000 from the university's nonappropriated Special Revenue budget will be used to replace roof that is beyond useful life and leaking to have dry classrooms.

Total Project Cost: \$150,000 Project Length: June 2007 to August 2008

Impact on operating budget: None.

Marsh Hall Floor Replacement. \$150,000 from the university's nonappropriated Special Revenue budget will be used to level floor, eliminate tripping hazards and asbestos tile problems for a safer building.

Total Project Cost: \$150,000 Project Length: June 2008 to August 2008

Impact on operating budget: None.

Courts Parking. \$250,000 from the university's nonappropriated Special Revenue budget will be used to eliminate high risk unsafe parking by demolishing old inefficient structures and replacing them with safer parking to eliminate risk to students.

Total Project Cost: \$500,000 Project Length: May 2006 to August 2007

Impact on operating budget: None.

Rahall Tech Center. \$500,000 from the university's nonappropriated Special Revenue expenditure budget will be used toward the construction of a state of the art academic science and technology center. The on campus facility will provide high technology classroom space and campus computer, technology center and business incubator space. This project remedies numerous ADA, fire safety and BRIM issues. The technological synergy is expected to generate small business start ups and more technology advanced students.

Total Project Cost: \$11,815,488 Project Length: June 2005 January 2008

Impact on operating budget: None.

Towers Renovation. \$1,250,000 from the university's nonappropriated Special Revenue budget will be used to refurbish 30 year old dormitories for safer, modern, code compliant, more secure student housing.

Total Project Cost: \$2,000,000 Project Length: November 2006 to August 2008

Impact on operating budget: None

Listing of Individual Capital Projects

Heating Plant Renovations. \$2,000,000 from the university's nonappropriated Special Revenue budget will be used to replace the heating plant with more efficient equipment to lower utility expenses.
Total Project Cost: \$3,000,000 Project Length: January 2000 to January 2008
Impact on operating budget: Reduction of \$300,000 annual for utilities.

Interfaith Chapel and Alumni Center. \$1,500,000 from the university's nonappropriated Special Revenue budget will be used to provide a small interfaith chapel, regional electronic archive and alumni center in one building.
Total Project Cost: \$3,000,000 Project Length: January 2000 to January 2008
Impact on operating budget: None.

Fairmont State University

James Hall Roof Renewal. \$300,000 from the university's nonappropriated Special Revenue budget will be used for roof replacement to protect building from damage due to aged roofing.
Total Project Cost: \$300,000 Project Length: February 2007 to August 2007
Impact on operating budget: None.

Kennedy Barn Renovation. \$100,000 from the university's nonappropriated Special Revenue budget will be used to renovate Kennedy Barn to be the Folklore Center and renovate historic structures for campus use. Provide additional space for functions on campus and provide a focus for growing program in folk life studies.
Total Project Cost: \$550,000 Project Length: March 2007 to June 2010
Impact on operating budget: None.

Music Library Lighting Upgrade and Interior Painting. \$300,000 from the university's nonappropriated Special Revenue budget will be used to upgrade lighting due to changes in the library function to save on utilities due to upgraded light fixtures and improve overall level of lighting for library patrons.
Total Project Cost: \$300,000 Project Length: February 2007 to August 2007
Impact on operating budget: None.

Infrastructure-Inner Campus Landscaping/ADA Accessibility. \$300,000 from the university's nonappropriated Special Revenue budget will be used to improve inner campus landscaping and ADA access to inner campus building by contouring and realigning sidewalks and building entrances for four buildings in the center of campus that provides better movement from one area of campus to the other.
Total Project Cost: \$900,000 Project Length: June 2008 to August 2009
Impact on operating budget: None.

Byrd Center Roof Renewal. \$400,000 from the university's nonappropriated Special Revenue budget will be for roof replacement to protect building from damage due to aged roofing.
Total Project Cost: \$400,000 Project Length: March 2007 to August 2008
Impact on operating budget: None.

Colebank Hall – IT Expansion. \$400,000 from the university's nonappropriated Special Revenue budget will be used to upgrade information technology to better serve the campus needs. Addressing electrical and HVAC changes to deal with issues of reliability and power failure.
Total Project Cost: \$2,000,000 Project Length: January 2006 to June 2012
Impact on operating budget: None.

Education Building Roof Renewal. \$300,000 from the university's nonappropriated Special Revenue budget will be used for roof replacement to protect building from damage due to aged roofing.
Total Project Cost: \$300,000 Project Length: January 2007 to August 2007
Impact on operating budget: None.

Listing of Individual Capital Projects

Hardway Hall Renovations. \$250,000 from the university's nonappropriated Special Revenue budget will be used to update one of the older buildings on campus, including HVAC and fire suppression, to have a more modern efficient building and to extend useful life of building.

Total Project Cost: \$4,000,000 Project Length: January 2007 to June 2010

Impact on operating budget: None.

Wallman Hall Renovations. \$250,000 from the university's nonappropriated Special Revenue budget will be used for renovations of an older building, including HVAC upgrade, to have more efficient heating/cooling in a modern building.

Total Project Cost: \$4,000,000 Project Length: February 2008 to July 2012

Impact on operating budget: None.

Land Acquisition – Caperton Center Parking Expansion. \$500,000 from the university's nonappropriated Special Revenue budget will be used for additional parking needed at the Caperton Center in Clarksburg to provide adequate and convenient parking for students attending the Caperton Center.

Total Project Cost: \$500,000 Project Length: March 2007 to August 2008

Impact on operating budget: None.

Athletic Fields – Upper Practice Field Expansion. \$125,000 from the university's nonappropriated Special Revenue budget will be used to provide adequate practice area for athletics and intramurals to reduce risk of injuries due to poor surface and increase the number of events that can occur on the field by providing additional space for student activities.

Total Project Cost: \$125,000 Project Length: March 2007 to July 2008

Impact on operating budget: None.

College Apartments - Carpeting. \$40,000 from the university's nonappropriated Special Revenue budget will be used to replace carpeting to make the apartments more attractive to recruit students.

Total Project Cost: \$200,000 Project Length: March 2007 to December 2012

Impact on operating budget: None.

Marrow Hall Renovations. \$200,000 from the university's nonappropriated Special Revenue budget will be used to update the oldest residence hall on campus to be more modern and attractive to students to serve as a better recruiting tool for students residing in residence halls.

Total Project Cost: \$4,000,000 Project Length: June 2008 to August 2012

Impact on operating budget: None.

Marshall University

Biotechnology Development Center and Applied Engineering. \$10,000,000 from the university's nonappropriated Special Revenue budget will be used for a development center component that will enable the university to provide research scientists, entrepreneurs and existing industries with the practical expertise and support in technology transfer, business development and intellectual property rights necessary to create new regional business. The building will support academic programs and provide technical capabilities designed to support the operations of high-end engineering. All programs, departments and colleges housed in the facility will benefit from a learning environment that enhances a dynamic team approach to teaching innovation, scholarly activity and intellectual property commercialization, leadership, collaborative educational partnerships and service to the community.

Total Project Cost: \$42,715,000 Project Length: December 2005 to December 2009

Impact on operating budget: None. Research dollars will assist in funding of increased operating costs.

Listing of Individual Capital Projects

Student Health and Wellness Center. \$32,700,000 from the university's nonappropriated Special Revenue budget will be used to meet demands on growing student population by building a new health and wellness center to aid in student recruitment and retention.

Total Project Cost: \$36,700,000 Project Length: January 2007 to December 2008

Impact on operating budget: None. Additional operating costs should be offset by student fees.

Residence Halls. \$37,000,000 from the university's nonappropriated Special Revenue budget will be used for a new 700 plus bed residence hall to provide updated facilities for incoming students closer to campus and aid in recruitment and retention.

Total Project Cost: \$37,000,000 Project Length: January 2007 to August 2008

Impact on operating budget: None. Fees should cover expenses.

Smith Hall Repairs. \$2,500,000 from the university's nonappropriated Special Revenue budget will be used for building upgrades such as HVAC system, new windows, ADA upgrades and many other repairs documented in the facilities assessment. Project will result in energy savings, a cleaner environment and upgrades to be ADA compliant.

Total Project Cost: \$10,950,000 Project Length: May 2000 to August 2011

Impact on operating budget: A significant energy saving should be realized.

Teays Center. \$4,000,000 from the university's nonappropriated Special Revenue budget will be used for a teaching facility to accommodate expanded education through distance learning and resource technologies. The facility will provide academic support, classrooms and computer labs for Putnam County and surrounding area.

Total Project Cost: \$7,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: None, increased revenues in student fees should offset most increased operating costs.

Medical Education Building Renovation (Phase II). \$1,750,000 from the university's nonappropriated Special Revenue budget will be used for renovation of 25 plus year old education facility. Renovations will extend useful life of facility for at least twenty years and will achieve more functional utilities as well as decreased on-going operating and maintenance costs.

Total Project Cost: \$2,400,000 Project Length: July 2005 to June 2008

Impact on operating budget: A savings of one FTE position and related salary and employee benefits \$30,000, a \$50,000 reduction in utilities and \$50,000 reduction in maintenance.

Admissions Center. \$500,000 from the university's nonappropriated Special Revenue budget will be used to install a new elevator, upgrades for HVAC system and ADA upgrades in recently acquired property to have the recruiting services under one roof and at the same time enhance recruitment efforts.

Total Project Cost: \$500,000 Project Length: September 2006 to September 2007

Impact on operating budget: Additional utility costs may be incurred; however, increased enrollment would assist in funding operating costs.

Memorial Student Center. \$1,500,000 from the university's Special Revenue budget will be used for renovation and repairs such as a new HVAC, ADA upgrades and renovation to provide additional space for a growing population. New energy efficient HVAC and lighting should provide a cost savings and aid in the recruitment and retention of students.

Total Project Cost: \$4,450,000 Project Length: December 2006 to June 2009

Impact on operating budget: Repairs and upgrades should result in cost savings.

Henderson Center Repair/Upgrade. \$500,000 from the university's nonappropriated Special Revenue budget will be used to renovate and upgrade athletics facility with new boilers, lighting, ADA upgrades, fire alarm system and electrical services. Project will extend the useful life of the building and provide more efficient energy usage that will decrease operating costs.

Total Project Cost: \$1,350,000 Project Length: June 2007 to June 2010

Impact on operating budget: Repairs and upgrades should result in energy savings.

Listing of Individual Capital Projects

Old Main Repairs/Upgrade. \$2,500,000 from the university's nonappropriated Special Revenue budget will be used for renovations consisting of HVAC upgrade, roof replacement, interior renovations, and ADA upgrades. Project will extend the useful life of building and decrease operating and maintenance costs.

Total Project Cost: \$9,000,000 Project Length: January 2000 to June 2010

Impact on operating budget: None, renovations to existing facilities should not impact operating budget.

Smith Music Hall Repairs/Upgrade. \$800,000 from the university's nonappropriated Special Revenue budget will be used for repairs such as new windows, elevator, HVAC and other repairs. Project will provide a cleaner, more energy efficient environment and help extend useful life of the building.

Total Project Cost: \$1,600,000 Project Length: July 2007 to June 2010

Impact on operating budget: Repairs should result in energy savings.

Cancer Center Translational Research Build-Out. \$4,000,000 from the university's nonappropriated Special Revenue will be used to complete third floor for a translational cancer research center.

Total Project Cost: \$4,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: None. Additional operating costs will be supported through external grant funding.

Rural Health and Residency Education Center(s). \$12,750,000 from the university's nonappropriated Federal Revenue budget will be used to construct up to three Rural Health and Residency Education Centers to extend the School of Medicine's rural health outreach programs and its primary care residency programs more directly to the rural areas of the state.

Total Project Cost: \$12,750,000 Project Length: July 2007 to June 2008

Impact on operating budget: Four additional FTEs, and related salary and employee benefits of \$370,000, \$90,000 in increased utilities, \$30,000 for maintenance and \$60,000 for other expenses.

Smith Communication Repairs/Upgrades. \$900,000 from the university's nonappropriated Special Revenue budget will be used for repairs to prevent further deterioration, prevent premature failure or to prolong the useful expected life. Repairs include new HVAC units, emergency lighting, fire alarm systems and ADA upgrades. The project will provide a cleaner, more energy efficient environment and help to extend the useful life of the building.

Total Project Cost: \$1,900,000 Project Length: July 2007 to June 2010

Impact on operating budget: Repairs should result in energy savings.

Gullickson Repairs. \$1,000,000 from the university's nonappropriated Special Revenue budget will be used to improve the functionality and reduce building maintenance costs.

Total Project Cost: \$5,500,000 Project Length: July 2007 to June 2010

Impact on operating budget: Repairs should result in energy savings.

Jenkins Hall Repairs. \$500,000 from the university's nonappropriated Special Revenue budget will be used to prolong the useful life of the building. The project will provide a clean environment.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Prichard Hall. \$400,000 from the university's nonappropriated Special Revenue budget will be used for repairs and upgrades that include repairs for the HVAC system and various ADA upgrades. Project will result in a cleaner environment and ADA upgrades will provide a safer and useful environment for those with physical disabilities.

Total Project Cost: \$800,000 Project Length: July 2007 to June 2009

Impact on operating budget: None.

Listing of Individual Capital Projects

Corbly Hall. \$660,000 from the university's nonappropriated Special Revenue budget will be used to repair HVAC system, electrical, plumbing and ADA repairs to prolong the useful life of the building.

Total Project Cost: \$1,260,000 Project Length: June 2007 to June 2009

Impact on operating budget: None.

Performing Arts Center Repairs/Upgrade. \$400,000 from the university's nonappropriated Special Revenue budget will be used to install dehumidification equipment in the HVAC system.

Total Project Cost: \$400,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Forensic Science Center Building Addition. \$500,000 from nonappropriated Federal Revenue and \$2,500,000 from the university's nonappropriated Special Revenue budget will be used to construct an addition to house the national training academy in DNA-based forensic science technologies. The project will provide training laboratories for genetic purposes and genomic identification technologies.

Total Project Cost: \$3,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: Any additional operating costs will be offset by federal support, technical assistance charges and user fees.

Community College Repairs. \$200,000 from the university's nonappropriated Special Revenue budget will be used for new lighting, a fire alarm system and ADA upgrades to building and elevator.

Total Project Cost: \$200,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Visual Arts. \$1,000,000 from the university's nonappropriated Special Revenue budget will be used consolidate numerous locations throughout campus under one roof to provide more cohesive academic space and make it more attractive to prospective and current students.

Total Project Cost: \$16,100,000 Project Length: July 2007 to June 2010

Impact on operating budget: Undetermined at this time.

Land Purchase. \$1,000,000 from the university's nonappropriated Special Revenue budget will be used to purchase land for parking for students, faculty and staff.

Total Project Cost: \$3,000,000 Project Length: July 2007 to September 2010

Impact on operating budget: None. Cost to maintain lots are supported from parking fees.

Marching Band Building. \$300,000 from the university's nonappropriated Special Revenue budget will be used to provide a 50' x 120' building for instrument storage and dressing facilities.

Total Project Cost: \$300,000 Project Length: July 2007 to September 2008

Impact on operating budget: \$50,000 additional in utilities and maintenance.

Indoor Practice Facility. \$2,500,000 from the university's nonappropriated Special Revenue budget will be used to provide indoor/year-round practice facilities for all sports.

Total Project Cost: \$5,000,000 Project Length: July 2007 to June 2009

Impact on operating budget: Increased utility costs could impact operating budget.

South Charleston Facility. \$1,900,000 from the university's nonappropriated Special Revenue budget will be used to provide a facility for needed instructional space to enhance instructional programs offered in South Charleston and provide an attractive environment for prospective students.

Total Project Cost: \$2,900,000 Project Length: July 2007 to June 2009

Impact on operating budget: \$300,000 increase in utilities and maintenance.

Listing of Individual Capital Projects

Tennis Courts. \$225,000 from the university's nonappropriated Special Revenue budget will be used for a facility to support all sport venues and all students.

Total Project Cost: \$225,000 Project Length: July 2007 to June 2008

Impact on operating budget: Student fees would support most increases.

Parking Garage. \$8,000,000 from the university's nonappropriated Special Revenue budget will be used for construction located near new residence halls and would provide additional parking for students.

Total Project Cost: \$8,000,000 Project Length: June 2008 to June 2009

Impact on operating budget: Parking fees would cover maintenance of facility.

Baseball Field. \$4,700,000 from the university's nonappropriated Special Revenue budget will be used to update field to be in line with National Collegiate Athletic Association and Conference USA standards and provide an updated field for athletic venues.

Total Project Cost: \$4,700,000 Project Length: July 2008 to June 2009

Impact on operating budget: Maintenance of field.

Softball Field. \$500,000 from the university's nonappropriated Special Revenue budget will be used to update field to be in line with National Collegiate Athletic Association and Conference USA standards and provide an updated field for athletic venues.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: Maintenance of field.

Men's and Women's Basketball Locker Room. \$750,000 from the university's nonappropriated Special Revenue budget will be for new locker facilities to support the sports venue and aid in recruitment and retention for the sport.

Total Project Cost: \$750,000 Project Length: July 2007 to June 2009

Impact on operating budget: None.

Shop – Storage of Athletic and Buildings and Grounds Equipment. \$150,000 from the university's nonappropriated Special Revenue budget will be used for storage space for all sports venues to extend the useful life of the equipment.

Total Project Cost: \$150,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Tennis Complex - Indoor. \$3,000,000 from the university's nonappropriated Special Revenue budget will be used for new facilities to keep in line with National Collegiate Athletic Association and Conference USA standards and would aid in recruitment and retention for this sports venue.

Total Project Cost: \$3,000,000 Project Length: July 2007 to June 2009

Impact on operating budget: Maintenance costs could increase operating costs.

Track Stadium. \$1,000,000 from the university's nonappropriated Special Revenue budget will be for a new track to allow hosting of National Collegiate Athletic Association and Conference USA events and would benefit recruitment and retention efforts.

Total Project Cost: \$1,000,000 Project Length: July 2007 to June 2009

Impact on operating budget: Maintenance costs could increase operating costs.

School of Osteopathic Medicine

Center for Clinical Evaluation. \$200,000 from the school's nonappropriated Special Revenue budget will be used to provide a structured clinical evaluation process where all medical students, interns, and residents can be trained and evaluated on their clinical skills to prepare for national board licensing exams.

Total Project Cost: \$7,200,000 Project Length: April 2008 to July 2009

Impact on operating budget: \$92,400 for a campus social worker and building utilities.

Listing of Individual Capital Projects

Phase II HVAC Replacement in Building B (Main) and Building C (Old Clinic). \$500,000 from the school's nonappropriated Special Revenue budget will be used to eliminate two gas fired, steam, water tube boiler systems that are approximately 50 years old and provide individual heating and cooling controls in each room of the buildings.

Total Project Cost: \$3,000,000 Project Length: May 2008 to October 2008

Impact on operating budget: A savings of \$35,000 in utilities and maintenance costs.

Develop and Implement Plan for Roads, Walks, Parking Areas, Landscaping, and Signage. \$750,000 from the school's nonappropriated Special Revenue budget will be used to assess how foot and vehicular traffic is moving as a result of our expanded class size and make the needed adjustment to accommodate the traffic and beautify the campus

Total Project Cost: \$750,000 Project Length: June 2007 to September 2007

Impact on operating budget: None.

Property Acquisition. \$1,400,000 from the school's nonappropriated Special Revenue budget will be used to acquire property south of Greenbrier Road for future expansion as property becomes available to allow expansions due to lack of suitable building sites at current location.

Total Project Cost: \$1,400,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Shepherd University

Maintenance and Service Center. \$1,000,000 from the university's nonappropriated Special Revenue budget will be used to consolidate facilities management operations into a single building to achieve cost savings and efficiencies. The new location will relieve the university and local community of traffic problems associated with delivery vehicles.

Total Project Cost: \$1,000,000 Project Length: March 2008 to June 2009

Impact on operating budget: \$40,000 for increased utilities and maintenance.

Butcher Center Pool Addition and Wellness Center. \$13,600,000 of the university's nonappropriated Special Revenue budget will be used to replace old facility with a new facility to accommodate student needs and provide a pool for health and physical education classes, intercollegiate athletics and recreation.

Total Project Cost: \$21,600,000 Project Length: March 2007 to August 2008

Impact on operating budget: Five FTEs at \$246,000 for salary and employee benefits, \$170,000 for increased utilities, and \$50,000 for maintenance.

Visual Arts Building. \$1,000,000 of the university's nonappropriated Special Revenue budget will be used for construction of building to provide adequate space for the visual arts program.

Total Project Cost: \$11,456,235 Project Length: August 2006 to August 2007

Impact on operating budget: Two FTEs at \$68,000 for salary and employee benefits, \$50,000 for utilities and \$20,000 for maintenance.

Football Practice Field. \$200,000 of the university's nonappropriated Special Revenue budget will be used to renovate the existing practice field to provide an adequate facility for practice.

Total Project Cost: \$200,000 Project Length: November 2007 to March 2008

Impact on operating budget: None.

East Campus Residence Hall Renovations. \$300,000 of the university's nonappropriated Special Revenue budget will be used to upgrade housing in existing spaces across campus.

Total Project Cost: \$1,500,000 Project Length: January 2007 to June 2011

Impact on operating budget: None.

Listing of Individual Capital Projects

West Campus Residence Hall Renovations. \$300,000 of the university's nonappropriated Special Revenue budget will be used for repairs and renovations of existing residence halls.

Total Project Cost: \$1,300,000 Project Length: July 2005 to June 2011

Impact on operating budget: None.

Miller Hall Renovation. \$300,000 of the university's nonappropriated Special Revenue budget will be used for an upgrade of the buildings' mechanical systems to provide adequate facilities for students.

Total Project Cost: \$1,300,000 Project Length: July 2007 to June 2010

Impact on operating budget: None.

West Liberty State College

Fine Arts Roof. The Governor recommends a General Revenue expenditure of \$700,000 to replace the roof and to address concerns of safety and provide a better learning environment for students.

Total Project Cost: \$700,000 Project Length: July 2007 to October 2007

Impact on operating budget: \$12,000 savings for utilities and maintenance.

Main Hall HVAC. \$3,100,000 of the school's nonappropriated Special Revenue budget will be used to update the HVAC for the building to provide a better learning and working environment and increased enrollment.

Total Project Cost: \$3,275,000 Project Length: May 2006 to January 2008

Impact on operating budget: A savings of \$33,000 for utilities and maintenance.

Beta Hall Renovation. \$4,100,000 of the school's nonappropriated Special Revenue budget will be used to renovate residence hall for projected enrollment growth of approximately 200 students.

Total Project Cost: \$4,300,000 Project Length: May 2006 to December 2008

Impact on operating budget: None.

Site Improvement (Paving and ADA). \$1,000,000 of the school's nonappropriated Special Revenue budget will be used to complete project to put the proper base on the various campus roads for safety and proper curbage for ADA students.

Total Project Cost: \$4,000,000 Project Length: May 2004 to June 2008

Impact on operating budget: A savings of \$35,000 for utilities and maintenance.

Multi-Purpose Instructional and Recreation Field. \$600,000 of the school's nonappropriated Special Revenue budget will be used to provide a field that will allow physical education classes, summer conferences, and athletic events and hold up against the elements and be used daily for ten to fifteen hours.

Total Project Cost: \$600,000 Project Length: July 2007 and December 2007

Impact on operating budget: A savings of \$25,000 for labor and maintenance.

Campus Lighting (ADA and Safety). \$600,000 of the school's nonappropriated Special Revenue budget will be used to update old lighting for safety and ADA reasons to provide a safer campus.

Total Project Cost: \$600,000 Project Length: May 2007 to January 2008

Impact on operating budget: A savings of \$5,500 for utilities and maintenance.

Shaw Hall Renovations (ADA). \$2,500,000 of the school's nonappropriated Special Revenue budget will be used for major ADA and safety concerns providing better building utilization for students.

Total Project Cost: \$2,500,000 Project Length: August 2007 to May 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Science Labs Expansion and Renovations. \$1,200,000 of the school's nonappropriated Special Revenue budget will be used to modernize science labs with new technology to provide more student use and enrollment.

Total Project Cost: \$1,200,000 Project Length: May 2007 to April 2008

Impact on operating budget: None.

Criminal Justice Center. \$2,500,000 of the school's nonappropriated Special Revenue budget will be used for additional classroom space for increased enrollment.

Total Project Cost: \$2,500,000 Project Length: July 2007 to May 2008

Impact on operating budget: None.

Library Technology Advancements. \$1,000,000 of the school's nonappropriated Special Revenue budget will be used because of more students using the library services.

Total Project Cost: \$2,500,000 Project Length: July 2007 to May 2008

Impact on operating budget: None.

Scanning Technology Equipment. \$300,000 of the school's nonappropriated Special Revenue budget will be used for new equipment to save on storage and retrieval space and time for confidential information.

Total Project Cost: \$300,000 Project Length: May 2007 to July 2007

Impact on operating budget: \$5,000 savings on retrieval time.

Elbin Library Roof. \$350,000 of the school's nonappropriated Special Revenue budget will be used for a new roof to provide students a better learning environment.

Total Project Cost: \$350,000 Project Length: August 2007 to October 2007

Impact on operating budget: \$5,000 savings on repairs.

Baseball Field Renovations. \$300,000 of the school's nonappropriated Special Revenue budget will be used to replace all fences, increase the height of the fence, and put in a press box to provide a better college experience.

Total Project Cost: \$300,000 Project Length: May 2007 to September 2007

Impact on operating budget: None.

Hospitality Lab. \$300,000 of the school's nonappropriated Special Revenue budget will be used for a working lab environment to teach and have better trained students.

Total Project Cost: \$300,000 Project Length: August 2007 to January 2008

Impact on operating budget: None.

Media Arts Center. \$1,100,000 of the school's nonappropriated Special Revenue budget will be used to purchase equipment for the media and television classes to increase enrollment.

Total Project Cost: \$1,100,000 Project Length: July 2006 to May 2008

Impact on operating budget: None.

Blatnik Hall Roof Replacement. \$245,000 of the school's nonappropriated Special Revenue budget will be used to replace the learning centers roof for a safer learning environment.

Total Project Cost: \$245,000 Project Length: July 2007 to September 2007

Impact on operating budget: \$5,000 savings on repairs.

Blatnik Hall Emergency Generator. \$50,000 of the school's nonappropriated Special Revenue budget will be used to purchase an emergency generator to provide a safer environment.

Total Project Cost: \$50,000 Project Length: August 2007 to September 2007

Impact on operating budget: None.

Listing of Individual Capital Projects

College Hall Sprinkler System. \$30,000 of the school's nonappropriated Special Revenue budget will be used to install a sprinkler system to meet fire codes and provide safer learning environment for the students.

Total Project Cost: \$30,000 Project Length: August 2007 to September 2007

Impact on operating budget: None

Warwood Campus Repairs. \$3,200,000 of the school's nonappropriated Special Revenue budget will be used to bring the building up to ADA code to provide a safer learning environment.

Total Project Cost: \$3,200,000 Project Length: May 2007 to May 2008

Impact on operating budget: \$35,000 savings in utilities and maintenance.

West Virginia University

Law Center Addition. \$5,000,000 from the university's nonappropriated Special Revenue budget will be used to build addition to existing Law Center.

Total Project Cost: \$12,000,000 Project Length: December 2006 to June 2009

Impact on operating budget: None.

2007 Deferred Maintenance of Academic Projects. \$3,200,000 from the university's nonappropriated Special Revenue budget will be used on a grouping of deferred maintenance projects less than \$250,000 for the Academic Buildings.

Total Project Cost: \$3,200,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Phase III Jackson's Mill Fire Code Issues. \$2,000,000 from the university's nonappropriated Special Revenue budget will be used for various life safety improvements to buildings at Jackson's Mill.

Total Project Cost: \$2,000,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Purinton House Renovation. \$300,000 from the university's nonappropriated Special Revenue budget will be used to restore the exterior wood banisters, porch, and fascia on Purinton House.

Total Project Cost: \$300,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Church-McKee Arts Center – Roof Replacement. The Governor recommends a General Revenue expenditure of \$150,000 and an expenditure of \$50,000 from the university's nonappropriated Special Revenue budget to be used for the replacement of 30 year old roof.

Total Project Cost: \$200,000 Project Length: July 2007 to August 2007

Impact on operating budget: None.

Academy Hall – ADA Accessibility Projects. The Governor recommends a General Revenue expenditure of \$75,000 and an expenditure of \$25,000 from the university's nonappropriated Special Revenue budget to be used for renovations needed to make the building ADA accessible (widen doorways, bathroom renovation, etc.).

Total Project Cost: \$100,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Woodburn Hall Restoration. \$750,000 from the university's nonappropriated Special Revenue budget will be for restoration of the exterior façade of Woodburn Hall including tuck pointing, repair fascia, brick and stone work.

Total Project Cost: \$750,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Church-McKee Arts Center – ADA Accessibility Projects. The Governor recommends a General Revenue expenditure of \$75,000 and an expenditure of \$25,000 from the university's nonappropriated Special Revenue budget to be used for renovations to make the building ADA accessible.

Total Project Cost: \$100,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Science Hall Passenger Elevator. The Governor recommends a General Revenue expenditure of \$150,000 and an expenditure of \$50,000 from the university's nonappropriated Special Revenue budget to be used to provide ADA complaint accessibility to the four-story building.

Total Project Cost: \$200,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Chemistry Annex Fire Alarm. \$250,000 from the university's nonappropriated Special Revenue budget will be used to replace the existing fire alarm system within the building.

Total Project Cost: \$250,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Admissions and Records Abatement of Ceiling. \$300,000 from the university's nonappropriated Special Revenue budget will be used for abatement of ceilings in the Admissions and Records building.

Total Project Cost: \$300,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

College Park Demolition. \$900,000 from the university's nonappropriated Special Revenue budget will be used to demolish the existing College Park apartments.

Total Project Cost: \$900,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Downtown Campus Back Flow Prevention. \$300,000 from the university's nonappropriated Special Revenue budget will be used on the domestic water systems back flow prevention that keeps systems from being contaminated.

Total Project Cost: \$300,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Steward Hall Roof. \$500,000 from the university's nonappropriated Special Revenue budget will be used to replace or repair roof on Steward Hall.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Steward Hall HVAC. \$500,000 from the university's nonappropriated Special Revenue budget will be used to update the HVAC systems within Steward Hall.

Total Project Cost: \$500,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Chemistry Fans. \$500,000 from the university's nonappropriated Special Revenue budget will be used to replace the attic fans in the Chemistry Research building.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

National Research Center for Coal and Energy-Roof. \$330,000 from the university's nonappropriated Special Revenue budget will be used to replace the roof on the building.

Total Project Cost: \$330,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Blanchette Rockefeller Neurosciences Building. \$9,675,100 from the university's nonappropriated Federal and Special Revenue budget will be used to construct a new five story neurosciences research facility for the continued growth of research at West Virginia University Health Sciences Center and the economic benefit impacts for the institution and community.

Total Project Cost: \$27,675,100 Project Length: December 2004 to June 2008

Impact on operating budget: None.

Research Laboratories. \$1,650,000 from the university's nonappropriated Special Revenue budget will be used for the construction and/or renovating 20 new research laboratories with the health sciences center.

Total Project Cost: \$3,200,000 Project Length: December 2005 to December 2007

Impact on operating budget: None.

Biomedical Research Center. \$21,983,318 from the university's nonappropriated Special Revenue budget will be used for laboratory and research support spaces for the continued growth and research at WVU HSC and the economic benefit impacts for the institution and community.

Total Project Cost: \$41,917,218 Project Length: January 2005 to June 2008

Impact on operating budget: None.

Oglebay Hall Renovation. \$15,000,000 from the university's nonappropriated Special Revenue budget will be used to complete renovation to house the Forensics Department and general purpose classrooms.

Total Project Cost: \$19,000,000 Project Length: July 2005 to August 2007

Impact on operating budget: None.

Colson Hall Renovation. \$7,200,000 from the university's nonappropriated Special Revenue budget will be used for complete renovation of Colson Hall to house the offices of the English department.

Total Project Cost: \$8,000,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Boreman Hall Kitchen Renovation. \$2,000,000 from the university's nonappropriated Special Revenue budget will be used for renovation of kitchen in Boreman Hall student residence building.

Total Project Cost: \$2,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

South East Addition to Engineering Science Building. \$3,400,000 from the university's nonappropriated Special Revenue budget will be for increased classroom, office, and research space.

Total Project Cost: \$10,400,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Braxton Tower. \$2,000,000 from the university's nonappropriated Special Revenue budget will be used for second phase of Evansdale residential complex renovation for enhanced student rooms and restroom facilities.

Total Project Cost: \$13,000,000 Project Length: July 2007 to June 2009

Impact on operating budget: None.

Listing of Individual Capital Projects

Reynolds Hall Sprinkler System. The Governor recommends a General Revenue expenditure of \$120,000 and an expenditure of \$50,000 from the university's nonappropriated Special Revenue budget be used for a sprinkler system needed for student residence hall for safety.

Total Project Cost: \$170,000 Project Length: July 2007 to August 2007

Impact on operating budget: None.

Memorial Hall Sprinkler System. The Governor recommends a General Revenue expenditure of \$185,000 and an expenditure of \$38,000 from the university's nonappropriated Special Revenue budget be used for a sprinkler system needed for student residence hall for safety.

Total Project Cost: \$223,000 Project Length: July 2007 to August 2007

Impact on operating budget: None.

2008 Deferred Maintenance List of Housing Projects. \$2,000,000 from the university's nonappropriated Special Revenue budget will be used on a grouping of deferred maintenance projects less than \$250,000 for the housing buildings.

Total Project Cost: \$2,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Medical Center Apartment Roof Replacement. \$300,000 from the university's nonappropriated Special Revenue budget will be used to replace the roof on the Medical Center apartments.

Total Project Cost: \$300,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Dadisman Roof Replacement. \$500,000 from the university's nonappropriated Special Revenue budget will be used to replace the roof on Dadisman Hall student housing.

Total Project Cost: \$500,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Coliseum Exterior Deck Replacement. \$1,000,000 from the university's nonappropriated Special Revenue budget will be used to replace the exterior deck at the Coliseum.

Total Project Cost: \$1,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Coliseum Parking Lot Resurfacing. \$300,000 from the university's nonappropriated Special Revenue budget will be used to resurface the parking lot around the Coliseum.

Total Project Cost: \$300,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Jackson's Mill Fire Training Academy. \$5,508,400 from the university's nonappropriated Special Revenue funds will be used to construct a new fire academy training center.

Total Project Cost: \$6,308,400 Project Length: July 2005 to July 2007

Impact on operating budget: None.

Student Housing—Sunnyside. \$2,750,000 from the university's nonappropriated Special Revenue budget will be used for construction of a new residence hall on downtown campus adjacent to Summit Hall in the Sunnyside area.

Total Project Cost: \$14,750,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Residence Hall. \$10,000,000 from the university's nonappropriated Special Revenue budget will be used to provide additional housing capacity.

Total Project Cost: \$19,000,000 Project Length: August 2006 to November 2007

Impact on operating budget: None, one existing residence hall will be taken out of service.

Evansdale Residential Complex Towers Renovation. \$4,500,000 from the university's nonappropriated Special Revenue budget will be used for interior renovations to one of the four high rise towers which make up the Evansdale Residential Complex.

Total Project Cost: \$5,000,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

West Virginia University Institute of Technology (as of July 1, 2007 a division of WVU)

Cobe Renovations. \$400,000 from the school's nonappropriated Special Revenue budget will be used to replace roof, HVAC control upgrades, carpet replacement and painting to provide a better living and learning environment for the students and lower maintenance cost.

Total Project Cost: \$400,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Campus Utility Upgrades. \$850,000 from the school's nonappropriated Special Revenue budget will be used for replacement/upgrade of underground high voltage cables that are passed useful life span. Separate metering will help in locating problem areas and lower utility bills and cause less campus interruptions.

Total Project Cost: \$850,000 Project Length: July 2007 to June 2008

Impact on operating budget: Lower utility bills.

Engineering Lab. \$1,050,000 from the school's nonappropriated Special Revenue budget will be used for electrical, lighting, ceilings, painting, and HVAC upgrades or installation to make building more user friendly and to utilize all areas of the building.

Total Project Cost: \$1,050,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Engineering Classroom. \$1,000,000 from the school's nonappropriated Special Revenue budget will be used for upgrading HVAC systems and controls, classroom lighting, ceilings, painting, furniture and upgrading elevator controls for a healthier and brighter learning environment.

Total Project Cost: \$1,000,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Conley Hall. \$1,560,000 from the school's nonappropriated Special Revenue budget will be used to replace roof, install elevator, HVAC system replacements, replace carpet, lighting upgraded for a better study environment, healthier and brighter learning work area that is ADA compliant

Total Project Cost: \$1,560,000 Project Length: July 2007 to June 2008

Impact on operating budget: Lower labor and utility costs.

Old Main. \$2,350,000 from the school's nonappropriated Special Revenue budget will be used for building renovations, HVAC, lighting, furnishings and exterior repairs for a brighter and healthier work environment that is user friendly for parents, students, and employees.

Total Project Cost: \$2,350,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Listing of Individual Capital Projects

Westmoreland Hall. \$125,000 from the school's nonappropriated Special Revenue budget will be used for improvements to the child care center kitchen and classrooms, security systems, noise suppression for the diesel lab located under child care center. This project will provide automatic locking doors and upgraded kitchen equipment and energy efficient HVAC units.

Total Project Cost: \$125,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Tech Center Student Union. \$6,200,000 from the school's nonappropriated Special Revenue budget will be used to install passenger elevator, new HVAC system, install sprinklers and fire alarm system, and install student entertainment areas, paint and carpet, making all areas ADA accessible and cleaner and healthier for students.

Total Project Cost: \$6,200,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Martin Field. \$1,800,000 from the school's nonappropriated Special Revenue budget will be used for a major renovation of the stone steps leading to the field that are not uniform and are crumbling, bleacher/stone steps are crumbling, field lighting replacement, field house has mold and water damaged that needs repaired, the turf has tears and runs and the drainage around the playing field needs repaired. The renovations will address several safety and ADA issues.

Total Project Cost: \$1,800,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Baisi Athletic Center. \$1,250,000 from the school's nonappropriated Special Revenue budget will be used for a HVAC system for the building, complete roof replacement, ADA issues and pool repairs to address health and environment issues with classrooms and improve building usage for all students.

Total Project Cost: \$1,250,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

Residence Halls Fire Marshall/BRIM Issues. \$6,750,000 from the school's nonappropriated Special Revenue budget will be used for sprinkler and fire alarm system to be installed or bought up to code for life safety issues and lower insurance rates.

Total Project Cost: \$6,750,000 Project Length: July 2007 to June 2008

Impact on operating budget: Lower insurance rates.

Ratliff Hall Renovations. \$1,900,000 from the school's nonappropriated Special Revenue budget will be used for installation of HVAC system, replace windows, replace hallway ceilings, replace floor coverings, install a security system on all exterior door for a healthier, safer, and brighter living environment with energy savings and lower utility costs.

Total Project Cost: \$3,900,000 Project Length: July 2006 to June 2008

Impact on operating budget: Lower utility cost.

Hi Rise Renovations. \$2,000,000 from the school's nonappropriated Special Revenue budget will be used for installation of HVAC system, replace windows, replace hallway ceilings, lighting and renovate restrooms for a healthier, safer, and brighter living environment with lower utility costs.

Total Project Cost: \$4,300,000 Project Length: July 2006 to June 2008

Impact on operating budget: Lower utility cost.

Listing of Individual Capital Projects

Maclin Hall Renovations. \$4,500,000 from the school's nonappropriated Special Revenue budget will be used to make usable unutilized parts of building by replacing roof, removing asbestos, installing HVAC system, renovating restroom, and an overall renovation of the living areas to make residence hall modern and useful as a recruiting tool.

Total Project Cost: \$9,100,000 Project Length: July 2006 to June 2008

Impact on operating budget: None.

West Virginia Council for Community and Technical College Education

Eastern West Virginia Community and Technical College

Classroom/Laboratory/General Support Facility. \$6,441,000 from the college's nonappropriated Special Revenue budget will be used to establish facility to meet increased need for workforce training and community and continuing professional education in region.

Total Project Cost: \$10,956,137 Project Length: May 2005 to October 2008

Impact on operating budget: None.

Marshall University Community and Technical College

Community College Facilities. \$4,624,000 from the college's nonappropriated Special Revenue budget will be used for new facility dedicated to community and technical college programming and services.

Total Project Cost: \$13,500,000 Project Length: June 2006 to August 2010

Impact on operating budget: Increase revenues through student fees should offset increases.

New River Community and Technical College

Beckley Campus Instructional Facilities and Administration Headquarters. \$15,000,000 from the school's nonappropriated Special Revenue budget will be used for a new building for instructional and office space on the Beckley Higher Education Project site. The facility will provide a campus conducive to educational instruction and permanent administrative headquarters.

Total Project Cost: \$15,000,000 Project Length: July 2007 to July 2008

Impact on operating budget: \$1,314,530 to cover additional enrollment with 26 full-time faculty and five support staff and utilities.

Nicholas County Campus Expansion. \$1,527,500 from the school's nonappropriated Special Revenue budget will be used to create new space to expand its educational offerings, particularly in the allied health field. Also replace roof of original building.

Total Project Cost: \$1,527,500 Project Length: July 2007 to May 2008

Impact on operating budget: \$6,000 for utilities.

Bluefield Campus. \$3,500,000 from the school's nonappropriated Special Revenue budget will be used to secure the institution a distinct identity in the community to increase visibility and have a dedicated facility to permit the physical growth of the institution.

Total Project Cost: \$3,500,000 Project Length: January 2000 to January 2008

Impact on operating budget: \$324,120 for four full-time faculty and four support staff and utilities.

Technical Education Facility. \$3,000,000 from the school's nonappropriated Special Revenue budget will be used to meet skilled trade needs in the Greenbrier Valley in the areas of machining, welding, plumbing, masonry, electrical and carpentry.

Total Project Cost: \$3,000,000 Project Length: June 2007 to June 2008

Impact on operating budget: \$112,150 for five full-time faculty and one custodial staff and utilities.

Listing of Individual Capital Projects

Community and Technical College at West Virginia University Institute of Technology

Davis Hall Roof/HVAC/Lighting Upgrades. \$1,250,000 from the school's Special Revenue budget will be used to finish the roof replacement, replace original heat pumps/cooling tower and heat wheel, replace original light fixtures and ceiling tiles to lower utility cost and maintain a healthier and brighter working environment.

Total Project Cost: \$1,250,000 Project Length: July 2007 to June 2008

Impact on operating budget: None.

West Virginia Northern Community and Technical College

Purchase of Robinson Lot. \$15,903 of the school's nonappropriated Special Revenue budget will be used to provide parking for students, staff, and faculty to eliminate lease costs to college.

Total Project Cost: \$95,418 Project Length: May 2003 to June 2012

Impact on operating budget: None, eliminates lease costs.

Purchase CSX Property. \$250,000 of the school's nonappropriated Special Revenue budget will be used to purchase land for future development.

Total Project Cost: \$250,000 Project Length: January 2008 to January 2008

Impact on operating budget: Eliminates monthly lease costs for an annual savings of \$14,520.

Capital Projects

Major Capital Expenditures by Projects

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
DEPARTMENT OF ADMINISTRATION				
OFFICE OF THE SECRETARY				
Lease Rental Payments	16,000,000	16,000,000	Ongoing	General
DIVISION OF INFORMATION SERVICES AND COMMUNICATIONS				
Capital Backbone Upgrade	312,000	0	Complete	Special
Change Control Monitoring Tool	0	500,000	Complete	Special
Control Management Software	0	500,000	Complete	Special
Electronically Vault DR Tapes to Offsite Location	250,000	0	Complete	Special
Fire Suppression in Computer Room	0	250,000	Complete	Special
Replace Backup Generator/Uninterrupted Power Supply	500,000	0	Complete	Special
Storage Area Network	250,000	0	Complete	Special
Telecom Billing Software	250,000	0	Complete	Special
Upgrade Printing System to Use Color Highlighting	0	250,000	Complete	Special
DIVISION OF GENERAL SERVICES				
Beckley Debt Service	385,760	390,993	Ongoing	Special
Building #5, #6, and #7 Sidewalk Repairs	500,000	1,200,000	Complete	Special
Building #10 Holly Grove Refurbishment	1,800,000	1,700,000	Complete	Special
Building #13 Parking Garage	250,000	0	Complete	Special
Building #21 Fairmont Building Renovations	180,000	165,000	Complete	Special
Building #24 Clarksburg Building Refurbishment	2,500,000	5,500,000	Complete	Special
Capitol Roof Level Parapet Wall	700,000	0	Complete	Special
Dome Access System Debt Service	33,351	33,351	Ongoing	Special
Education, Arts, Sciences, & Tourism Debt Service	10,000,000	10,000,000	Ongoing	Special
Energy Savings Plan Capital Complex	2,000,000	2,000,000	Ongoing	Special
Howard Property	73,169	71,682	Ongoing	Special
Huntington #2 Debt Service	653,947	671,843	Ongoing	Special
Huntington Debt Service	187,120	189,075	Ongoing	Special
One Davis Square	263,122	261,385	Ongoing	Special
P&G Debt Service	122,130	122,130	Ongoing	Special
Parking Garage Debt Service	460,049	456,896	Ongoing	Special
Regional Jail Debt Service	9,000,000	9,000,000	Ongoing	Special
Restoration of Elevators	800,000	0	Complete	Special
Washington/Jefferson Street Lots Debt Service	33,375	0	Complete	Special
Weirton Building	300,300	298,550	Ongoing	Special
ZDS Security	185,000	0	Complete	Special
DIVISION OF PURCHASING				
Fleet Management	4,820,000	4,820,000	Ongoing	Special
Aviation	488,982	0	Complete	Special
OFFICE OF TECHNOLOGY				
Clean Access	65,000	0	Complete	Special
Email Consolidation	1,149,300	0	Complete	Special
Enterprise Server Blade Center	183,000	0	Complete	Special
Network, Storage and Server Utilization Tools	0	400,000	Complete	Special
Public Education Training	0	100,000	Complete	Special
Real Time Collaboration	250,000	0	Complete	Special
Remote Management Tools	0	300,000	Complete	Special
Server Virtualization	210,000	0	Complete	Special
Technology Obsolescence Refresh	0	1,200,000	Complete	Special
TOTAL - ADMINISTRATION	\$55,155,605	\$56,380,905		

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
DEPARTMENT OF COMMERCE				
DIVISION OF TOURISM				
Capitol Complex-Capital Outlay	2,347,608	0	Complete	Special
DIVISION OF FORESTRY				
Vehicle Replacement Program	200,000	200,000	Ongoing	Special
WORKFORCE WEST VIRGINIA				
Scheduled Equipment Replacement	0	1,400,000	Complete	Federal
DIVISION OF NATURAL RESOURCES				
Consol Lakes Dam Repairs	900,000	0	Complete	Special
Bear Rock Lakes Dam Improvements	50,000	350,000	Ongoing	Special
Spring Run Hatchery - Effluent Treatment	2,900,000	0	Complete	Special
Reeds Creek Fish Hatchery Repairs	300,000	0	Complete	General
Monongalia County Boat Launching Ramp	300,000	0	Complete	Special
Carnifax Ferry Restroom	188,000	0	Complete	Special
Cass Clubhouse Renovation	348,000	0	Complete	Special
Bluestone Pool Renovation	1,000,000	0	Complete	Special
Berwind Lake Pool Renovation	333,170	0	Complete	Special
Berkeley Springs Bathhouse Renovation	1,082,757	0	Complete	Special
Panther State Forest Residence Construction	100,000	0	Complete	Special
Nitro Boat Launching Ramp	300,000	0	Complete	Special
TOTAL - COMMERCE	\$10,349,535	\$1,950,000		
DEPARTMENT OF EDUCATION				
STATE DEPARTMENT OF EDUCATION				
Technology Infrastructure Network	5,700,000	5,700,000	Ongoing	Special
West Virginia Education Information System	2,000,000	2,000,000	Ongoing	Special
Cedar Lakes - Building Renovation	1,000,000	0	Complete	Special
TOTAL - EDUCATION	\$8,700,000	\$7,700,000		
DEPARTMENT OF EDUCATION AND THE ARTS				
DIVISION OF CULTURE AND HISTORY				
Cultural Center Life Safety Code Compliance	0	2,599,000	Complete	General
Independence Hall Air Conditioning System	0	748,000	Complete	General
Independence Hall Civil War Battle Flag	0	499,000	Complete	General
EDUCATIONAL BROADCASTING AUTHORITY				
Digital and Broadcast Coverage Upgrade	2,193,484	2,590,000	Ongoing	General, Federal & Special
TOTAL - EDUCATION AND THE ARTS	\$2,193,484	\$6,436,000		
DEPARTMENT OF HEALTH AND HUMAN RESOURCES				
New Computer System (VISTA)	6,000,000	1,500,000	Complete	Special
Record Imaging for State Hospitals	2,000,000	500,000	Complete	Special
William R. Sharpe, Jr. Hospital Debt Service	2,408,038	2,409,038	Ongoing	Special
Chief Medical Examiner's Office Debt Service	249,729	249,990	Complete	General
Hartley Convent Decree-Batemen Redesign	4,745,000	0	Complete	General
Hopemont Hospital	795,000	0	Complete	General
Lakin Hospital	145,000	0	Complete	General
Pinecrest Hospital	825,000	0	Complete	General
Manchin Hospital	365,000	0	Complete	General
Sharpe Hospital	200,000	0	Complete	General
Welch Hospital	245,000	0	Complete	General
Maintenance-Hospitals & Other DHHR-Owned Facilities	0	3,000,000	Complete	General
Sharpe Residential Transitional Facility	134,682	0	Complete	General
TOTAL - HEALTH AND HUMAN RESOURCES	\$18,112,449	\$7,659,028		

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY				
ADJUTANT GENERAL/ARMORY BOARD				
Army Aviation Support Facility Taxi/Ramp Repair	0	2,800,000	Complete	Federal
Asbestos Abatement Headquarters	0	500,000	Ongoing	General & Federal
Buckhannon Readiness Center	0	1,743,000	Ongoing	General & Federal
Camp Dawson Front Gate	25,000	75,000	Complete	Federal
Camp Dawson Floodwall	50,000	1,500,000	Ongoing	Federal
Camp Dawson Weapons Range	50,000	1,500,000	Complete	Federal
Camp Dawson Modified Rifle Range	0	400,000	Ongoing	Federal
Camp Dawson Range Development	100,000	500,000	Ongoing	Federal
Charleston Complex Electrical Upgrades	0	600,000	Complete	General & Federal
Clarksburg ADA Facility	0	120,000	Complete	Special
Clarksburg Reserve Center	125,000	400,000	Complete	Federal
Division of Engineering and Facilities Building	0	1,945,000	Ongoing	General & Federal
Eleanor Phase 4 Construction	0	4,000,000	Complete	Federal
Fairmont Readiness Center	0	1,950,000	Ongoing	Federal
Gassaway Armory Expansion	100,000	1,500,000	Complete	Federal
Huntington Unit Motor Pool/Parking Expansion	50,000	300,000	Complete	General, Federal & Special
Joint-Interagency Special Operations Training Facility	0	1,000,000	Ongoing	Federal
Kingwood Armed Forces Reserve Center	0	500,000	Ongoing	Federal
Logan Readiness Center	0	928,500	Ongoing	General & Federal
Moorefield Readiness Center	0	944,000	Ongoing	General & Federal
Morgantown Readiness Center	0	1,212,000	Ongoing	General & Federal
Mountaineer ChalleNge Academy Facility	0	6,800,000	Complete	Federal
Camp Dawson Quarters	164,000	1,476,000	Complete	General
Camp Dawson Multipurpose Building	0	4,900,000	Complete	Federal
Run Time Infrastructure Expansion	2,525,000	22,750,000	Complete	Federal
Security Upgrades - Statewide	1,000,000	100,000	Complete	Federal
STATE POLICE				
Patrol Vehicle Replacement Program	1,150,000	2,150,000	Ongoing	General & Special
Radio Communications Upgrade	1,438,500	1,438,500	Ongoing	General & Special
Analytical Equipment - Forensic Laboratory	205,000	205,000	Ongoing	General & Special
Facilities Improvement Program	1,754,249	500,000	Ongoing	General
Automated Fingerprint Identification System Upgrade	0	3,000,000	Complete	General
Debt Service for Facilities Improvement	440,088	440,088	Ongoing	General
REGIONAL JAIL AND CORRECTIONAL FACILITY AUTHORITY				
Douglas Juvenile Center	5,000,000	0	Complete	Special
Lakin Correctional Center (Prison Industries & Dorm)	7,200,000	0	Complete	Special
Johnston (Salem) School	2,200,000	0	Complete	Special
Huttonsville Correctional Center (Medium Security)	17,000,000	0	Complete	Special
DIVISION OF VETERANS' AFFAIRS				
Veterans Nursing Facility	8,750,000	0	Complete	Federal
TOTAL - MILITARY AFFAIRS AND PUBLIC SAFETY	\$49,326,837	\$68,177,088		
DEPARTMENT OF REVENUE				
TAX DIVISION				
Integrated Tax System	6,536,800	4,899,200	Ongoing	General

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
WEST VIRGINIA LOTTERY COMMISSION				
Revenue Building	0	20,000,000	Ongoing	Special
TOTAL - REVENUE	\$6,536,800	\$24,899,200		
DEPARTMENT OF TRANSPORTATION				
DIVISION OF HIGHWAYS				
Debt Service - 1996 Bond Amendment (July 98)	7,941,338	17,919,088	Ongoing	Special
Debt Service - 1996 Bond Amendment (July 99)	2,405,080	2,396,850	Ongoing	Special
Debt Service - 1996 Bond Amendment (July 01)	13,011,669	13,015,994	Ongoing	Special
Debt Service - 1996 Bond Amendment (May 05)	17,022,100	16,661,550	Ongoing	Special
Boone County Seth Substation	200,000	200,000	Complete	Special
Capital Expenditures - Infrastructure - Total (See Narrative)			Ongoing	Special
Class Eight Equipment	3,107,340	4,560,000	Ongoing	Special
District Eight Shop	100,000	300,000	Complete	Special
District Six Multipurpose Building	1,600,000	700,000	Complete	Special
District One Building Demolition	200,000	0	Complete	Special
District One Headquarters	200,000	1,600,000	Ongoing	Special
I-68 Headquarters	0	815,000	Complete	Special
Lincoln County Headquarters	100,000	350,000	Ongoing	Special
Logan County Headquarters	120,000	440,000	Ongoing	Special
Mercer County Flat Top Substation Headquarters	200,000	50,000	Complete	Special
Morgan County Headquarters	50,000	350,000	Ongoing	Special
Mowing Equipment	541,095	2,254,830	Ongoing	Special
Radio Equipment	25,000	25,000	Ongoing	Special
Roadway Maintenance Equipment	6,401,183	4,544,527	Ongoing	Special
Small Capital Improvements	2,033,000	1,945,000	Ongoing	Special
Support Equipment	75,000	50,000	Ongoing	Special
Technology Improvements	1,700,000	1,700,000	Ongoing	Special
Transportation Equipment	3,581,947	3,362,700	Ongoing	Special
Wayne County Pritchard Sub-Headquarters	100,000	0	Complete	Special
Webster County Headquarters	500,000	500,000	Complete	Special
Wetzel County Headquarters & Property	0	50,000	Ongoing	Special
STATE RAIL AUTHORITY				
South Branch Valley Railroad Bonds Issue	456,450	0	Complete	Special
Rehabilitation of South Branch Valley Railroad	850,000	500,000	Complete	General
Upgrade Railroad Equipment	100,000	200,000	Complete	General
PUBLIC TRANSIT				
Section 5309 Capital Discretionary Grant	11,947,269	9,663,147	Ongoing	General, Federal & Special
Section 5311 Capital Purchases	1,292,677	1,147,698	Ongoing	General, Federal & Special
Section 5310 Van Purchases	1,152,135	1,139,096	Ongoing	Federal & Special
TOTAL - TRANSPORTATION	\$77,013,283	\$86,440,480		

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
HIGHER EDUCATION				
<i>HIGHER EDUCATION POLICY COMMISSION</i>				
BLUEFIELD STATE COLLEGE				
Elevator Assessment and Upgrade (Basic Science)	430,100	0	Complete	Special
ADA Projects (Library/Conley/Hatter)	1,700,000	300,000	Complete	Special
Roof Replacement (Physical Ed and Basic Science)	556,101	0	Complete	Special
Electrical Mechanical Upgrade (Physical Ed Bldg)	575,000	0	Complete	Special
Phase II - Conley Hall Renovation	400,000	0	Complete	Special
Repaving and Sealing Parking Lots, Roadways, Signage, and Campus Image	640,000	0	Complete	General
Mahood Hall Electrical/Mechanical Upgrade and Renovations	100,000	750,000	Complete	Special
Institutional Energy Assessment/Phase I Electrical Evaluation	0	1,000,000	Ongoing	Special
Basic Science Food Court Assessment I Implementation	0	350,000	Complete	Special
Elevator Assessment and Upgrade (Mahood Hall)	0	250,000	Ongoing	Special
Athletic Field Upgrade	0	200,000	Ongoing	Special
Equipment/Lab/Electronic Classroom Needs	0	200,000	Ongoing	Special
CONCORD UNIVERSITY				
Towers Sprinklers	200,000	1,000,000	Ongoing	Special
Marsh Hall Roof Replacement	0	150,000	Complete	Special
Marsh Hall Floor Replacement	0	150,000	Complete	Special
Courts Parking	250,000	250,000	Complete	Special
Fine Arts Lighting	379,000	0	Complete	Special
ADA Sidewalk and Road Relocation	125,000	0	Complete	Special
Rahall Tech Center	3,247,947	500,000	Complete	Special
Towers Renovation	1,250,000	1,250,000	Complete	Special
Heating Plant Renovations	1,000,000	2,000,000	Complete	Special
Football Field Turf Conversion	1,074,000	0	Complete	Special
Interfaith Chapel and Alumni Center	1,500,000	1,500,000	Complete	Special
FAIRMONT STATE UNIVERSITY				
Jaynes Hall Roof Renewal	0	300,000	Complete	Special
Kennedy Barn Renovations	0	100,000	Ongoing	Special
Musick Library Lighting Upgrade and Interior Painting	0	300,000	Complete	Special
Infrastructure-Inner Campus Landscaping/ ADA Accessibility	0	300,000	Ongoing	Special
Byrd Center Roof Renewal	0	400,000	Complete	Special
Colebank Hall - IT Expansion	100,000	400,000	Ongoing	Special
Education Building Roof Renewal	0	300,000	Complete	Special
Hardway Hall Renovations	0	250,000	Ongoing	Special
Wallman Hall Renovations	0	250,000	Ongoing	Special
Land Acquisition - Caperton Center Parking Expansion	0	500,000	Complete	Special
Athletic Fields - Upper Practice Field Expansion	0	125,000	Complete	Special
College Apartments - Carpeting	0	40,000	Ongoing	Special
Marrow Hall Renovations	0	200,000	Ongoing	Special
GLENVILLE STATE COLLEGE				
Mollohan Campus Community Center	3,678,000	0	Complete	Federal & Special
Science Hall Renovation	5,000,000	0	Ongoing	Special
Elevator Installation and ADA Access	300,000	0	Ongoing	Special
Roof Projects	350,000	0	Ongoing	Special

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
MARSHALL UNIVERSITY				
Robert C. Byrd Biotechnology Science Center	2,524,500	0	Complete	Special
Biotechnology Development Center and Applied Engineering	2,715,000	10,000,000	Ongoing	Special
Student Health and Wellness Center	4,000,000	32,700,000	Complete	Special
Residence Halls	0	37,000,000	Complete	Special
Robert C. Byrd Clinical Education and Outreach Center	23,787,049	0	Complete	General, Federal & Special
Campus Wiring Infrastructure	72,000	0	Complete	Special
Smith Hall Repairs	3,650,000	2,500,000	Ongoing	Special
Marrow Library Renovations	603,000	0	Complete	Special
Mid-Ohio Valley Center - Point Pleasant	2,200,000	0	Complete	Special
Teays Center	0	4,000,000	Ongoing	Special
Facilities Building Additional and Renovation	751,681	0	Complete	Special
Harris Hall	92,800	0	Complete	Special
Medical Education Building Renovations (Phase II)	650,000	1,750,000	Complete	Special
Medical Center Elevator Addition	325,011	0	Complete	Special
Admissions Center	0	500,000	Complete	Special
Memorial Student Center	450,000	1,500,000	Ongoing	Special
Henderson Center Repairs/Upgrade	0	500,000	Ongoing	Special
Old Main Repairs/Upgrade	0	2,500,000	Ongoing	Special
Smith Music Hall Repairs/Upgrade	0	800,000	Ongoing	Special
Cancer Center Translational Research Build-Out	0	4,000,000	Complete	Special
Rural Health and Residency Education Center(s)	0	12,750,000	Complete	Federal
Smith Communication Repairs/Upgrades	0	900,000	Ongoing	Special
Gullickson Repairs	0	1,000,000	Ongoing	Special
Jenkins Hall Repairs	0	500,000	Complete	Special
Prichard Hall	0	400,000	Ongoing	Special
Corbly Hall	0	660,000	Ongoing	Special
Performing Arts Center Repairs/Upgrade	0	400,000	Complete	Special
Forensics Science Center Building Addition	0	3,000,000	Complete	Special
Community College Repairs	0	200,000	Complete	Special
Visual Arts	1,100,000	1,000,000	Ongoing	Special
Land Purchase	0	1,000,000	Ongoing	Special
Marching Band Building	0	300,000	Complete	Special
Indoor Practice Facility	0	2,500,000	Ongoing	Special
South Charleston Facility	0	1,900,000	Ongoing	Special
Tennis Courts	0	225,000	Complete	Special
Parking Garage	0	8,000,000	Complete	Special
Baseball Field	0	4,700,000	Complete	Special
Softball Field	0	500,000	Complete	Special
Men's and Women's Basketball Locker Room	0	750,000	Complete	Special
Shop - Storage of Athletic and Buildings and Grounds Equipment	0	150,000	Complete	Special
Tennis Complex - Indoor	0	3,000,000	Complete	Special
Track Stadium	0	1,000,000	Complete	Special
SCHOOL OF OSTEOPATHIC MEDICINE				
Center for Clinical Evaluation	0	200,000	Ongoing	Special
Phase II HVAC Replacement in Building B (Main) and Building C (Old Clinic)	0	500,000	Ongoing	Special
Develop and Implement Plan for Roads, Walks, Parking Areas, Landscaping, and Signage	0	750,000	Complete	Special
Property Acquisition	0	1,400,000	Complete	Special

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
SHEPHERD UNIVERSITY				
Maintenance and Service Center	0	1,000,000	Ongoing	General
Butcher Center Pool Addition and Wellness Center	5,000,000	13,600,000	Ongoing	Special
Visual Arts Building	10,456,235	1,000,000	Complete	Special
Academic Nursing/Classroom Building	8,820,000	0	Complete	Federal
Reynolds Hall Emergency Renovation	2,000,000	0	Complete	Special
New West Campus Residence Complex	2,000,000	0	Complete	Special
Tennis Courts	200,000	0	Complete	Special
Football Practice Field	0	200,000	Complete	Special
East Campus Residence Hall Renovations	100,000	300,000	Ongoing	Special
West Campus Residence Hall Renovations	200,000	300,000	Ongoing	Special
Miller Hall Renovation	0	300,000	Ongoing	Special
WEST LIBERTY STATE COLLEGE				
Fine Arts Roof	0	700,000	Complete	General
Main Hall HVAC	175,000	3,100,000	Complete	Special
Beta Hall Renovation	200,000	4,100,000	Complete	Special
Site Improvements (Paving and ADA)	0	1,000,000	Ongoing	Special
Multi-Purpose Instructional and Recreation Field	0	600,000	Complete	Special
Campus Lighting (ADA and Safety)	0	600,000	Complete	Special
Shaw Hall Renovations (ADA)	0	2,500,000	Complete	Special
Science Labs Expansion and Renovations	0	1,200,000	Complete	Special
Criminal Justice Center	0	2,500,000	Complete	Special
Library Technology Advancements	0	1,000,000	Complete	Special
Scanning Technology Equipment	0	300,000	Complete	Special
Elbin Library Roof	0	350,000	Complete	Special
Baseball Field Renovations	0	300,000	Complete	Special
Hospitality Lab	0	300,000	Complete	Special
Media Arts Center	0	1,100,000	Complete	Special
Blatnik Hall Roof Replacement	0	245,000	Complete	Special
Blatnik Hall Emergency Generator	0	50,000	Complete	Special
College Hall Sprinkler System	0	30,000	Complete	Special
Warwood Campus Repairs	0	3,200,000	Complete	Special
WEST VIRGINIA UNIVERSITY				
Law Center Addition	500,000	5,000,000	Ongoing	Special
2007 Deferred Maintenance of Academic Projects	0	3,200,000	Complete	Special
Phase 3 Jackson's Mill Fire Code Issues	0	2,000,000	Complete	Special
Purinton House Renovation	0	300,000	Complete	Special
Church-McKee Arts Center - Roof Replacement	0	200,000	Complete	General & Special
Academy Hall - ADA Accessibility Projects	0	100,000	Complete	General & Special
Woodburn Hall Restoration	0	750,000	Complete	Special
Church-McKee Arts Center - ADA Accessibility Projects	0	100,000	Complete	General & Special
Science Hall Passenger Elevator	0	200,000	Complete	General & Special
Chemistry Annex Fire Alarm	0	250,000	Complete	Special
Admissions and Record Abatement of Ceiling	0	300,000	Complete	Special
College Park Demolition	0	900,000	Complete	Special
Downtown Campus Back Flow Prevention	0	300,000	Complete	Special
Steward Hall Roof	0	500,000	Complete	Special

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
Steward Hall HVAC	0	500,000	Complete	Special
Chemistry Fans	0	500,000	Complete	Special
National Research Center for Coal and Energy-Roof	0	330,000	Complete	Special
Library Annex: Information Center	2,000,000	0	Ongoing	Federal & Special
Creative Arts Center Fire Safety Issues	1,000,000	0	Complete	Special
Blanchette Rockefeller Neurosciences Building	18,000,000	9,675,100	Complete	Federal
National Educational & Technology Center (Library)	5,600,000	0	Complete	Federal
Health Sciences Center - Eastern Division	450,000	0	Complete	Federal
Research Laboratories	1,550,000	1,650,000	Complete	General & Special
Biomedical Research Center	19,933,900	21,983,318	Complete	Federal & Special
Downtown Utility Infrastructure	400,000	0	Complete	Special
Engineering Science Boiler Plant Demolition	800,000	0	Complete	Special
Brooks Hall Renovation	1,700,000	0	Complete	Special
Oglebay Hall Renovation	4,000,000	15,000,000	Complete	Federal & Special
Colson Hall Renovation	800,000	7,200,000	Complete	Special
Boreman Hall Kitchen Renovation	0	2,000,000	Complete	Special
South East Addition to Engineering Science Building	7,000,000	3,400,000	Complete	Special
Allen Hall Roof	300,000	0	Complete	Special
Hodges Hall Roof	250,000	0	Complete	Special
2007 Deferred Maintenance List of Housing Projects	2,000,000	0	Complete	Special
Braxton Tower	0	2,000,000	Ongoing	Special
Reynolds Hall Sprinkler System	0	170,000	Complete	General & Special
Memorial Hall Sprinkler System	0	223,000	Complete	General & Special
2008 Deferred Maintenance List of Housing Projects	0	2,000,000	Complete	Special
Medical Center Apartment Roof Replacement	0	300,000	Complete	Special
Dadisman Roof Replacement	0	500,000	Complete	Special
Coliseum Exterior Deck Replacement	0	1,000,000	Complete	Special
Coliseum Parking Lot Resurfacing	0	300,000	Complete	Special
Arnold Hall Sprinklers	1,300,000	0	Complete	Special
Jackson's Mill Fire Training Academy	800,000	5,508,400	Complete	Special
Student Housing - Sunnyside	12,000,000	2,750,000	Complete	Special
Residence Hall	9,000,000	10,000,000	Complete	Special
Evansdale Residential Complex Tower Renovations	500,000	4,500,000	Complete	Special
Cobe Renovations	0	400,000	Complete	Special
Campus Utility Upgrades	0	850,000	Complete	Special
Engineering Lab	0	1,050,000	Complete	Special
Engineering Classroom	0	1,000,000	Complete	Special
Conley Hall	0	1,560,000	Complete	Special
Old Main	0	2,350,000	Complete	Special
Westmoreland Hall	0	125,000	Complete	Special
Tech Center Student Union	0	6,200,000	Complete	Special
Martin Field	0	1,800,000	Complete	Special
Baisi Athletic Center	0	1,250,000	Complete	Special
Residence Halls Fire Marshal/BRIM Issues	0	6,750,000	Complete	Special
Ratliff Hall Renovations	0	1,900,000	Complete	Special
Hi Rise Renovations	0	2,000,000	Complete	Special
Maclin Hall Renovations	0	4,500,000	Complete	Special

Major Capital Expenditures by Projects (Continued)

Department/Division/Project	Budgeted FY 2007	Recommendation FY 2008	Status June 2008	Source of Funding
WEST VIRGINIA UNIVERSITY INSTITUTE OF TECHNOLOGY (as of July 1, 2007 becomes a division of WVU)				
Ratliff Hall Renovations	2,000,000	0	Complete	Special
Hi Rise Renovations	2,300,000	0	Complete	Special
Maclin Hall Renovations	4,600,000	0	Complete	Special
Davis Hall	800,000	0	Complete	Special
Engineering Lab ADA/New Elevator	500,000	0	Complete	Special
Campus ADA	200,000	0	Complete	Special
Orndorff Hall	300,000	0	Complete	Special
Old Main Fire Marshal/ADA Issues	1,500,000	0	Complete	Special
Property Acquisition	750,000	0	Complete	Special
<i>WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION</i>				
EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE				
Classroom/Laboratory/General Support Facility	1,559,000	6,441,000	Ongoing	Special
MARSHALL UNIVERSITY COMMUNITY AND TECHNICAL COLLEGE				
Community College Facilities	4,254,000	4,624,000	Ongoing	Special
NEW RIVER COMMUNITY AND TECHNICAL COLLEGE				
Beckley Campus Instructional Facilities and Administration Headquarters	0	15,000,000	Complete	Special
Nicholas County Campus Expansion	0	1,527,500	Complete	Special
Bluefield Campus	0	3,500,000	Complete	Special
Technical Education Facility	0	3,000,000	Complete	Special
COMMUNITY AND TECHNICAL COLLEGE AT WEST VIRGINIA UNIVERSITY INSTITUTE OF TECHNOLOGY				
Davis Hall Roof/HVAC/Lighting Upgrades	0	1,250,000	Complete	Special
SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE				
Allied Health and Technology Building	6,500,000	0	Ongoing	Special
WEST VIRGINIA NORTHERN COMMUNITY AND TECHNICAL COLLEGE				
Furnishings for Classrooms & Facility Offices in B&O	89,000	0	Complete	Special
Purchase of Robinson Lot	15,903	15,903	Ongoing	Special
Purchase CSX Property	0	250,000	Complete	Special
TOTAL - HIGHER EDUCATION	\$210,179,227	\$371,558,221		
TOTAL STATE CAPITAL EXPENDITURES- ALL FUNDS	\$437,567,220	\$631,200,922		

Capital Projects
**Projected Major Capital Outlay
 For FY 2009 through FY 2012**

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
DEPARTMENT OF ADMINISTRATION					
OFFICE OF THE SECRETARY					
DEBT SERVICE					
-Lease Rental Payments	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	General
DIVISION OF INFORMATION SERVICES AND COMMUNICATIONS					
EQUIPMENT					
-Upgrade Enterprise Server	500,000	500,000	0	0	Special
-Upgrade DASD Subsystem	150,000	150,000	0	0	Special
-Upgrade Enterprise Server	500,000	0	0	0	Special
DIVISION OF GENERAL SERVICES					
RENOVATION AND REPAIR					
-Building # 24 Clarksburg Building Refurbishment	3,000,000	0	0	0	Special
-Education, Arts, Sciences, & Tourism Debt Service	10,000,000	10,000,000	10,000,000	10,000,000	Special
-Energy Savings Plan Capital Complex	2,000,000	2,000,000	2,000,000	0	Special
-Regional Jail Debt Service	9,000,000	9,000,000	9,000,000	9,000,000	Special
NEW CONSTRUCTION					
-Huntington #2 Debt Service	250,000	280,000	314,167	369,187	Special
-Parking Garage Debt Service	457,854	458,292	457,979	457,306	Special
-Weirton Building	296,800	320,050	317,238	314,426	Special
LAND ACQUISITION					
-Beckley Debt Service	386,830	0	0	0	Special
-Howard Property	73,944	73,548	71,848	73,898	Special
-Huntington Debt Service	94,955	0	0	0	Special
-Huntington Debt Service # 2	442,761	433,068	421,791	408,801	Special
-One Davis Square	262,992	264,018	263,343	259,868	Special
-P&G Debt Service	122,130	0	0	0	Special
EQUIPMENT					
-Dome Access System	25,013	0	0	0	Special
DIVISION OF PURCHASING					
EQUIPMENT					
-Fleet Management	4,820,000	4,820,000	4,820,000	4,820,000	Special
TOTAL ADMINISTRATION	\$48,383,279	\$44,298,976	\$43,666,366	\$41,703,486	
DEPARTMENT OF COMMERCE					
DIVISION OF FORESTRY					
EQUIPMENT					
-Vehicle Replacement Program	\$520,000	\$370,000	\$380,000	\$390,000	Special
DIVISION OF NATURAL RESOURCES					
RENOVATION AND REPAIR					
-Bear Rock Lakes Dam Improvements	200,000	0	0	0	Special
-Conaway Run Dam Improvements	0	400,000	400,000	0	Special
-Tomlinson Run Swimming Pool	500,000	0	0	0	General/Special
-Little Beaver Campground	1,000,000	0	0	0	General/Special
-Bluestone Waterline Replacement	200,000	0	0	0	General/Special
-Canaan Valley Lodge Elevator Repairs	100,000	0	0	0	General/Special
-Pipestem Recreation Building Stabilization	250,000	0	0	0	General/Special
-Cabwaylingo Group Camp Dining Hall	250,000	0	0	0	General/Special
-Tygart Lake Lodge Parking Retaining Wall	105,000	0	0	0	General/Special
-Camp Creek Sewer Plant	200,000	0	0	0	General/Special
-Pipestem Tram Repairs	100,000	0	0	0	General/Special
-Cabwaylingo Water System	300,000	0	0	0	General/Special
-Cacapon Lodge Roof Replacement	60,000	0	0	0	General/Special

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
-Holly River Water Filtration System	100,000	0	0	0	General/Special
-Cass Locomotive Shop Roof and Town Repairs	125,000	0	0	0	General/Special
-French Creek District Sign Shop	250,000	0	0	0	General/Special
-Twin Falls Water System Consolidation	60,000	0	0	0	General/Special
-Hawks Nest Golf Maintenance Building	200,000	0	0	0	General/Special
-Systemwide Vehicle Replacement	400,000	0	0	0	General/Special
-Canaan Valley Maintenance Building	100,000	0	0	0	General/Special
TOTAL COMMERCE	\$5,020,000	\$770,000	\$780,000	\$390,000	
DEPARTMENT OF EDUCATION					
STATE DEPARTMENT OF EDUCATION					
EQUIPMENT					
-WVEIS	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	General
-Technology Infrastructure Network	5,700,000	5,700,000	5,700,000	5,700,000	Special
TOTAL EDUCATION	\$7,700,000	\$7,700,000	\$7,700,000	\$7,700,000	
DEPARTMENT OF EDUCATION AND THE ARTS					
DIVISION OF CULTURE AND HISTORY					
EQUIPMENT					
-Technology	120,000	0	0	0	General
EDUCATIONAL BROADCASTING AUTHORITY					
EQUIPMENT					
-Digital and Broadcast Coverage Upgrade	2,273,367	0	0	0	General/ Federal/Special
TOTAL EDUCATION AND THE ARTS	\$2,393,367	\$0	\$0	\$0	
DEPARTMENT OF HEALTH AND HUMAN RESOURCES					
DIVISION OF HEALTH					
RENOVATION AND REPAIR					
-Laboratory Services - Capital Improvements	2,230,000	0	0	0	General
-Mingo County New Office Facility	27,000	0	0	0	General/Federal
-Pocahontas County New Office Facility	7,500	0	0	0	General/Federal
-Logan County New Office Facility	23,000	0	0	0	General/Federal
-Harrison County New Office Facility	25,000	0	0	0	General/Federal
NEW CONSTRUCTION					
-Laboratory Services - Capital Improvements	175,000	0	0	0	General
EQUIPMENT					
-Laboratory Services - Capital Improvements	100,000	0	0	0	General
-Laboratory Technology Upgrades	423,000	0	0	0	General
-Mingo County New Office Facility	392,000	0	0	0	General/Federal
-Pocahontas County New Office Facility	101,000	0	0	0	General/Federal
-Logan County New Office Facility	435,000	0	0	0	General/Federal
-Harrison County New Office Facility	470,000	0	0	0	General/Federal
DEBT SERVICE					
-William R. Sharpe, Jr. Hospital Debt Service	2,405,250	0	0	0	Special
-Chief Medical Examiner's Office Debt Service	250,023	249,569	248,871	248,450	General
TOTAL HEALTH AND HUMAN RESOURCES	\$7,063,773	\$249,569	\$248,871	\$248,450	
DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY					
OFFICE OF THE SECRETARY					
EQUIPMENT					
-Patrol Vehicle Replacement Program	2,534,523	2,534,523	2,534,523	2,534,523	General
ADJUTANT GENERAL					
RENOVATION AND REPAIR					
-Joint Interagency Special Operations Training Facility	\$41,000,000	\$41,000,000	\$41,000,000	\$41,000,000	Federal

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
NEW CONSTRUCTION					
-Asbestos Abatement	400,000	0	0	0	General/Federal
-Buckhannon Readiness Center	8,298,500	8,298,500	12,700,000	1,700,000	General/Federal
-Camp Dawson Floodwall	3,000,000	0	0	0	Federal
-Camp Dawson Modified Rifle Range	4,200,000	0	0	0	Federal
-Camp Dawson Range Development	1,500,000	0	0	0	Federal
-Clarksburg Armory Renovation	0	225,000	6,900,000	775,000	General/Federal
-Division Engineering and Facilities Building	1,000,000	0	0	0	General/Federal
-Elkins Readiness Center	950,000	10,500,000	10,500,000	0	Federal
-Fairmont Readiness Center	10,500,000	0	0	0	Federal
-Kingwood Readiness Center	2,000,000	2,000,000	0	0	Federal
-Logan Readiness Center	7,737,500	7,737,500	0	0	General/Federal
-Martinsburg Readiness Center	0	852,000	7,100,000	7,100,000	Federal
-Moorefield Readiness Center	9,400,000	12,400,000	0	0	General/Federal
-Morgantown Readiness Center	10,100,000	10,100,000	0	0	General/Federal
-Mountaineer Challenge Academy Facility	5,200,000	0	0	0	Federal
-Run Time Infrastructure Expansion	22,750,000	22,750,000	0	0	Federal
-Spencer Ripley Readiness Center	1,950,000	10,500,000	10,500,000	0	Federal
WEST VIRGINIA STATE POLICE					
RENOVATION AND REPAIR					
-Facilities Improvement Program	500,000	500,000	500,000	500,000	General
NEW CONSTRUCTION					
-Facilities Improvement Program	700,000	700,000	700,000	700,000	General
EQUIPMENT					
-Patrol Vehicle Replacement Program	2,534,523	2,534,523	2,534,523	2,534,523	General/Special
-Radio Communications Upgrade	1,438,500	1,438,500	1,438,500	1,438,500	General
-Analytical Equipment for Forensic Laboratory	80,000	80,000	90,000	90,000	General/Special
DEBT SERVICE					
-Facilities Improvement Program	440,088	440,088	440,088	440,088	General
REGIONAL JAIL AND CORRECTIONAL FACILITY AUTHORITY					
NEW CONSTRUCTION					
-Rubenstein Juvenile Center	14,000,000	0	0	0	Special
TOTAL MILITARY AFFAIRS & PUBLIC SAFETY	\$152,213,634	\$134,590,634	\$96,937,634	\$58,812,634	
DEPARTMENT OF REVENUE					
DIVISION OF TAX					
EQUIPMENT					
-Integrated Tax System	4,067,800	2,889,700	112,500	0	General
WEST VIRGINIA LOTTERY COMMISSION					
NEW CONSTRUCTION					
-Revenue Building	20,000,000	20,000,000	0	0	Special
TOTAL REVENUE	\$24,067,800	\$22,889,700	\$112,500	\$0	
DEPARTMENT OF TRANSPORTATION					
DIVISION OF HIGHWAYS					
DEBT SERVICE					
-1996 Bond Amendment (July 98)	\$17,919,088	\$1,621,125	\$1,621,125	\$1,621,125	Special
-1996 Bond Amendment (July 99)	2,396,850	2,402,210	0	0	Special
-1996 Bond Amendment (May 05)	16,661,550	32,955,750	35,356,750	35,354,750	Special
-1996 Bond Amendment (July 01)	13,015,994	13,016,444	13,017,325	13,017,200	Special
RENOVATION AND REPAIR					
-Small Capital Improvements	1,300,000	1,300,000	1,300,000	2,895,000	Special

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
NEW CONSTRUCTION					
-Cabell County Headquarters	0	0	1,000,000	0	Special
-District 1 Headquarters	2,000,000	0	0	0	Special
-District 1 Materials Lab	0	0	0	600,000	Special
-District 1 Multi-Purpose Building	0	1,000,000	0	0	Special
-District 1 Repair Shop	1,800,000	0	0	0	Special
-District 3 Renovations	560,000	40,000	0	0	Special
-District 4 Headquarters	35,000	665,000	0	0	Special
-District 4 Materials Lab	0	600,000	0	0	Special
-District 6 Multi-Purpose Building	0	1,000,000	0	0	Special
-District 7 Multi-Purpose Building	0	0	395,000	605,000	Special
-District 7 Headquarters	0	1,000,000	1,000,000	0	Special
-District 7 Shop	0	900,000	900,000	0	Special
-District 8 Materials Lab	600,000	0	0	0	Special
-Fayette County Glenn Ferris Substation	0	0	250,000	0	Special
-Lewis County Headquarters	0	0	0	1,000,000	Special
-Mason County Headquarters	0	0	1,000,000	0	Special
-McDowell County Headquarters	0	0	1,000,000	0	Special
-Mineral County Headquarters	0	600,000	0	0	Special
-Monroe County Peterstown Substation	0	0	250,000	0	Special
-Pendleton County Headquarters	0	495,000	505,000	0	Special
-Pocahontas County Headquarters	0	0	0	800,000	Special
-Purchase District Nine Headquarters	700,000	0	0	0	Special
-Randolph County Harman Sub-Headquarters	520,000	0	0	0	Special
-Roane County Headquarters	0	0	0	700,000	Special
-Wetzel County Headquarters	85,000	0	0	0	Special
-Wood County Headquarters	0	0	0	1,000,000	Special
EQUIPMENT					
-Class 8 Equipment	4,408,855	5,922,000	6,134,975	1,307,693	Special
-Roadway Maintenance Equipment	5,608,856	3,278,000	3,606,708	8,571,129	Special
-Support Equipment	75,000	75,000	75,000	36,325	Special
-Radios	25,000	25,000	25,000	21,126	Special
-Mowing Equipment	225,000	1,500,000	60,000	27,162	Special
-Technology Improvements	1,700,000	1,600,000	1,400,000	1,600,000	Special
-Transportation Equipment	3,150,000	3,000,000	4,716,721	4,504,276	Special
PUBLIC TRANSIT					
RENOVATION AND REPAIR					
-Section 5309 Capital Discretionary Grant	550,000	0	0	0	General/Federal
NEW CONSTRUCTION					
-Section 5309 Capital Discretionary Grant	0	1,500,000	0	0	General/Federal
-Section 5311 Capital Purchases	1,075,000	1,000,000	0	0	Federal/Special
EQUIPMENT					
-Section 5309 Capital Discretionary Grant	7,040,000	6,090,000	7,590,000	7,590,000	General/Federal
-Section 5311 Capital Purchases	365,000	440,000	870,000	870,000	Federal/Special
-Section 5310 Van Purchases	1,080,000	1,080,000	1,080,000	1,080,000	Federal/Special
TOTAL TRANSPORTATION	\$82,896,193	\$83,105,529	\$83,153,604	\$83,200,786	
HIGHER EDUCATION					
HIGHER EDUCATION POLICY COMMISSION					
BLUEFIELD STATE COLLEGE					
RENOVATION AND REPAIR					
-Basic Science Lab Upgrades	\$300,000	\$0	\$0	\$0	Special
-Dickason Hall Lab Upgrades	450,000	0	0	0	Special
-Fire Alarm Upgrade (Basic, Dickason, Maintenance)	50,000	50,000	350,000	100,000	Special
-Elevator Assessment and Upgrade (Mahood Hall)	250,000	0	0	0	Special
-Railroad Property - Upgrade Roadway & Parking Lot	2,500,000	2,400,000	0	0	Special
-Energy Upgrade/Implementation Phase II	500,000	500,000	0	0	Special
-Athletic Field Upgrade	200,000	0	0	0	Special

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
-Campus Key Replacement	200,000	0	0	0	Special
-Renovation College Library	0	300,000	1,200,000	0	Special
-Equipment/Lab/Electronic Classroom Needs	200,000	0	0	0	Federal
-Lease of Gas Company Lot, Parking Upgrade	0	0	600,000	0	Special
NEW CONSTRUCTION					
-Student Center Air Conditioning	0	0	450,000	0	Special
-Student Center Elevator	0	0	300,000	0	Special
CONCORD UNIVERSITY RENOVATION AND REPAIR					
-Towers Sprinklers	800,000	0	0	0	Special
DEBT SERVICE					
-Towers Renovations	150,000	150,000	150,000	150,000	Special
FAIRMONT STATE UNIVERSITY RENOVATION AND REPAIR					
-Turley Center Elevator	400,000	0	0	0	Special
-Kennedy Barn Renovations	225,000	225,000	0	0	Special
-Feaster Center - Seating and Floor Replacement	0	0	300,000	300,000	Special
-Musick Library Elevator	0	2,000,000	0	0	Special
-Turley Center Renovations	500,000	1,500,000	1,500,000	500,000	Special
-James Hall Renovations	2,000,000	1,000,000	1,000,000	0	Special
-Infrastructure - Locust Avenue Utilities Relocation	700,000	0	0	0	Special
-Infrastructure - Inner Campus Landscaping/ ADA Accessibility	600,000	0	0	0	Special
-Hunt Haught Hall Greenhouse Renovations	400,000	0	0	0	Special
-Colebank Hall - IT Expansion	250,000	250,000	500,000	500,000	Special
-Hardway Hall Renovations	750,000	1,000,000	1,000,000	1,000,000	Special
-Wallman Hall Renovations	1,250,000	1,250,000	1,250,000	0	Special
-Infrastructure Upgrades - Sidewalks, Storm Sewers, Fire Hydrants, Etc.	200,000	200,000	0	0	Special
-Education Building - Exterior Waterproofing	0	125,000	0	0	Special
-Infrastructure - Stone Steps to Locust Avenue	0	500,000	0	0	Special
-Infrastructure - Rear Campus Entrance Upgrade	250,000	0	0	0	Special
-Infrastructure - University Garden	0	300,000	0	0	Special
-Infrastructure - Pedestrian Steps between Hardway and Turley	0	500,000	0	0	Special
-Shaw House Great Room	200,000	0	0	0	Special
-Hardway Hall - Exterior Renovations	0	0	0	750,000	Special
-Feaster Center - Renovations - Handball Area	225,000	225,000	0	0	Special
-Pence Hall - Stair Repair and Railing	200,000	0	0	0	Special
-College Apartments - Roof Renewals	70,000	70,000	70,000	70,000	Special
-College Apartments - Carpeting	40,000	40,000	40,000	40,000	Special
-Morrow Hall Renovations	800,000	1,000,000	1,000,000	1,000,000	Special
NEW CONSTRUCTION					
-Hunt Haught Hall Pedestrian Connection	0	200,000	0	0	Special
-Fine Arts Building - New Facility	0	0	0	15,000,000	Special
-Infrastructure - Development South of Locust Avenue	0	1,000,000	0	0	Special
LAND ACQUISITION					
-Land Acquisition - Hospital	0	0	0	2,500,000	Special
GLENVILLE STATE COLLEGE RENOVATION AND REPAIR					
-Science Hall Renovation	2,800,000	0	0	0	Special
-Complete Upgrade of Fire Alarm System	600,000	0	0	0	Special
-Roof Projects	325,000	0	0	0	Special
-Pickens Hall Renovation	2,500,000	0	0	0	Special

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
NEW CONSTRUCTION					
-Elevator Installation and ADA Access	500,000	0	0	0	Special
-Health Sciences Building	0	20,000	300,000	0	Federal/Special
-Parking, Traffic & Pedestrian Circulation	0	0	1,000,000	0	Special
-North Entrance	0	0	2,275,000	0	Special
MARSHALL UNIVERSITY					
REPAIR AND RENOVATION					
-Smith Hall Repairs	2,500,000	2,300,000	0	0	Special
-Memorial Student Center	1,500,000	1,000,000	0	0	Special
-Henderson Center Repairs/Upgrade	500,000	350,000	0	0	Special
-Old Main Repairs/Upgrade	2,500,000	2,500,000	1,500,000	0	Special
-Smith Music Hall Repairs/Upgrades	400,000	400,000	0	0	Special
-Smith Communication Repairs/Upgrades	500,000	500,000	0	0	Special
-Gullickson Hall Repairs/Upgrade	2,500,000	1,000,000	1,000,000	0	Special
-Prichard Hall	400,000	0	0	0	Special
-Corbly Hall	600,000	0	0	0	Special
NEW CONSTRUCTION					
-Biotechnology Development Center and Applied Engineering	20,000,000	10,000,000	0	0	Special
-Teays Center	300,000	0	0	0	Special
-Visual Arts	7,000,000	7,000,000	0	0	Special
-Indoor Practice Facility	2,500,000	0	0	0	Special
-South Charleston Facility	1,000,000	0	0	0	Special
LAND ACQUISITION					
-Land Purchase	1,000,000	1,000,000	0	0	Special
SCHOOL OF OSTEOPATHIC MEDICINE					
RENOVATION AND REPAIR					
-Phase II HVAC Replacement in Building B (Main) and Building C (Old Clinic)	2,500,000	0	0	0	Special
-Expansion of the Founders' Activity Center	0	250,000	1,200,000	0	Special
NEW CONSTRUCTION					
-Center for Clinical Evaluation	4,796,000	300,000	0	0	Special
EQUIPMENT					
-Center for Clinical Evaluation	1,904,000	0	0	0	Special
SHEPHERD UNIVERSITY					
RENOVATION AND REPAIR					
-Renovation of Facilities Building for Administrative Use	500,000	0	0	0	General
-Soccer Practice Field	200,000	0	0	0	General
-Snyder Science Hall Renovation Phase III	1,000,000	0	0	0	General
-East Campus Residence Hall Renovations	300,000	300,000	300,000	0	Special
-West Campus Residence Hall Renovations	300,000	300,000	300,000	0	Special
-Artificial Turf	1,600,000	0	0	0	General
-Miller Hall Renovation	300,000	700,000	0	0	Special
-King Street Pedestrianization	1,800,000	200,000	0	0	General
-Boiler Replacement Lighting Systems Phase II	2,200,000	0	0	0	General
NEW CONSTRUCTION					
-Maintenance & Service Center	6,800,000	0	0	0	General
-Baseball Relocation and New Parking Lot	800,000	1,200,000	0	0	General
-Butcher Center Pool Addition & Wellness Center	3,000,000	0	0	0	General
-Visual Arts Building Phase II and III	30,000,000	10,000,000	0	0	General/Special
-New Student Center/Dining Facility	7,000,000	18,200,000	0	0	Special
-Computer Sciences Classroom/Research Building	6,000,000	12,000,000	0	0	General
-Parking Structure	12,000,000	2,000,000	0	0	General
-Campus Residence Hall II	6,000,000	16,000,000	0	0	Special
WEST LIBERTY STATE COLLEGE					
RENOVATION AND REPAIR					
-Site Improvements (Paving and ADA)	1,000,000	1,000,000	1,000,000	0	Special

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
WEST VIRGINIA STATE UNIVERSITY					
RENOVATION AND REPAIR					
-Sprinkler System Required by Code - Sullivan Hall	200,000	0	0	0	General
-Elevator Replacement - Sullivan Hall	250,000	0	0	0	General
-Replace Water Lines and Heaters - Campus Wide	300,000	0	0	0	General
-Telecommunications Network and Infrastructure - Campus Wide	350,000	0	0	0	General
-Wallace Hall Renovation	1,800,000	0	0	0	General
-Davis Fine Arts Renovation	2,000,000	0	0	0	General
-Roof Replacement - Davis Fine Arts	120,000	0	0	0	General
-Repoint Brick - Drain-Jordan Library	100,000	0	0	0	General
-Roof Replacement - Wallace Hall	200,000	0	0	0	General
-Underground Electrical Loop	150,000	0	0	0	General
-ALC Energy Control and Air Handler Upgrade - Replace Phoenix Value, Hot Water Tank, Boiler Feed Water Tank - Hamblin Hall	250,000	0	0	0	General
-Elevator Upgrade & North Wall Seal - Capitol Center	100,000	0	0	0	General
-Roof Replacement & HVAC Unit Upgrade - Drain-Jordan	150,000	0	0	0	General
-Repoint Brick - Fleming Hall	100,000	0	0	0	General
-Replace Sewer Lines - Campus Wide	200,000				
-Door Replacement - Gore Hall	100,000	0	0	0	General
NEW CONSTRUCTION					
-Academic/Technology Classroom Building	10,000,000	0	0	0	General
-Research/Science Building	8,000,000	0	0	0	Federal
-Wellness Center	10,000,000	0	0	0	General
-Media Center Classroom Building	22,000,000	0	0	0	General
-Ferguson-Lincoln Second Floor Classroom Addition	1,200,000	0	0	0	General
-Natatorium	10,000,000	0	0	0	General
-Campus Information Center	750,000	0	0	0	General
-Addition - Drain-Jordan Library	5,000,000	0	0	0	General
-Living and Learning Center	3,500,000	0	0	0	General
LAND ACQUISITION					
-West Campus Land Acquisition & Parking Lot	900,000	0	0	0	General
-East Campus Land Acquisition & Parking Lot	900,000	0	0	0	General
EQUIPMENT					
-Sprinkler System Required by Code - Sullivan Hall	200,000	0	0	0	General
-Elevator Replacement - Sullivan Hall	250,000	0	0	0	General
-Replace Water Lines and Heaters - Campus Wide	200,000	0	0	0	General
-Replace Chillers - Ferrell Hall	200,000	0	0	0	General
-Elevator - Hill Hall	200,000	0	0	0	General
-Replace Boilers - Hamblin Hall	100,000	0	0	0	General
-Replace Air Handler for Hallways and Restrooms - Sullivan Hall	100,000	0	0	0	General
-HVAC Upgrade - Hill Hall Faculty Office Building	300,000	0	0	0	General
-HVAC - Fleming Hall	500,000	0	0	0	General
-Replace Boilers - Ferrell Hall	200,000	0	0	0	General
-HVAC Replacement - Gore Hall	500,000	0	0	0	General
-HVAC Replacement - Sullivan Hall	350,000	0	0	0	General
WEST VIRGINIA UNIVERSITY					
RENOVATION AND REPAIR					
-White Hall - Renovations	2,000,000	28,000,000	8,000,000	0	Special
-Law School Abatement	0	1,000,000	5,000,000	0	Special
-Health Sciences Center Deferred Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	General
-Classroom Expansion & Technology Enhancement Project	460,000	0	0	0	General
-Education Facility Enhancement Project-Charleston	570,000	0	0	0	General

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
-Steward Hall Fire Escape, Stairs and Elevator	5,000,000	0	0	0	General
-Science Hall - ADA Accessibility Projects	125,000	0	0	0	General/Special
-HSC Classroom Expansion and Tech Enhancement	460,000	0	0	0	General
-Campus Infrastructure	2,000,000	8,000,000	0	0	General
-Evansdale Infrastructure	1,500,000	3,500,000	0	0	General
-Science Hall Interior Lighting & Electrical Upgrade	100,000	0	0	0	General/Special
-Parking, Traffic & Pedestrian Circulation Improvements	0	276,600	0	0	General/Special
-National Research Center for Coal & Energy - Replace Exhaust Fans	250,000	0	0	0	Special
-Steward Hall Windows	350,000	0	0	0	Special
-2008 Deferred Maintenance List of Academic Projects	3,600,000	0	0	0	Special
-Eisland Hall HVAC	500,000	0	0	0	Special
-White Hall - Fire Marshal Upgrades	5,000,000	0	0	0	Special
-Braxton Tower	11,000,000	0	0	0	Special
-Lyon Tower	2,000,000	11,000,000	0	0	Special
-Bennett Tower	0	2,000,000	11,000,000	0	Special
-Lower Levels of Evansdale Residential Complex	0	0	2,000,000	11,000,000	Special
-Friend Hall - Sprinkler System	220,000	0	0	0	General/Special
-Memorial Hall Renovations	125,000	0	0	0	General/Special
-WVIT (IT Infrastructure)	3,000,000	0	0	0	General
-Vining Library HVAC Upgrades/ Carpet & Furniture	1,500,000	0	0	0	General
-Learning Center Upgrades for Nursing Program	300,000	0	0	0	General
-Lanham Maintenance Building	365,000	0	0	0	General
-President's Residence ADA	250,000	0	0	0	General
NEW CONSTRUCTION					
-Animal Research Facility	1,800,000	4,000,000	4,000,000	0	General
-Renovation of Health Sciences North	1,500,000	2,780,000	2,760,000	0	General
-Clark Hall Laboratory Addition	8,000,000	0	0	0	General
-Law Center Addition	6,500,000	0	0	0	Special
-Agriculture, Forestry, & Consumer Science Building	75,000,000	0	0	0	General
-Full Completion of Eastern Division Educational Facilities	1,900,000	0	0	0	General
-Medical Education and Patient Safety Facility	1,060,000	1,750,000	1,750,000	0	General
-HVAC Upgrade, Charleston Division	1,025,000	0	0	0	General
-Health Sciences Center Advanced Medical Education and Patient Safety through Simulation	1,125,000	0	0	0	General
-Proton Beam & Therapy Research Center	11,666,667	11,666,667	11,666,666	0	General
-Library Annex: Information Center	0	6,000,000	0	0	General/Special
-HSC Research Facility	4,500,000	12,500,000	5,000,000	0	General
-Potomac State (ADA/Academic & Student Support)	2,000,000	0	0	0	General
-HSC Courtyard Equipment Room	2,000,000	500,000	0	0	General
-Student Services Center/Parking	2,000,000	26,000,000	2,000,000	0	Special
EQUIPMENT					
-Animal Research Facility	0	4,100,000	4,100,000	0	General
-Renovation of Health Sciences North	0	3,980,000	3,980,000	0	General
-Classroom Expansion & Technology Enhancement Project	540,000	0	0	0	General
-Education Facility Enhancement Project-Charleston	250,000	0	0	0	General
-Medical Education and Patient Safety Facility	0	3,400,000	2,640,000	0	General
-HSC Classroom Expansion and Tech Enhancement	1,440,000	0	0	0	General
-Health Sciences Center Advanced Medical Education and Patient Safety through Simulation	1,500,000	0	0	0	General
-Proton Beam & Therapy Research Center	0	30,500,000	30,500,000	0	General
-HSC Research Facility	0	17,500,000	5,500,000	0	General
-HSC Courtyard Mechanical, Electrical and Plumbing	1,500,000	500,000	0	0	General
-HSC Electrical Upgrade	1,500,000	500,000	0	0	General

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION					
BLUE RIDGE COMMUNITY AND TECHNICAL COLLEGE					
RENOVATION AND REPAIR					
-Facilities Expansion	8,000,000	0	0	0	Special
NEW CONSTRUCTION					
-Facilities Expansion	3,000,000	0	0	0	Special
EQUIPMENT					
-Facilities Expansion	1,000,000	0	0	0	Special
EASTERN WV COMMUNITY AND TECHNICAL COLLEGE					
NEW CONSTRUCTION					
-Classroom/Laboratory/General Support Facility	2,956,137	0	0	0	Special
MARSHALL COMMUNITY AND TECHNICAL COLLEGE					
NEW CONSTRUCTION					
-Community College Facilities	4,622,000	0	0	0	Special
NEW RIVER COMMUNITY AND TECHNICAL COLLEGE OF BLUEFIELD STATE COLLEGE					
RENOVATION AND REPAIR					
-Lewisburg Reroofing Project	380,000	0	0	0	Special
SOUTHERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE					
RENOVATION AND REPAIR					
-Williamson Campus Classroom Renovation/ Armory Purchase	2,500,000	1,000,000	1,000,000	2,500,000	Special
-Logan Campus/District Office/ Annex Renovations	3,000,000	500,000	500,000	500,000	Special
-Wyoming/McDowell Campus Classroom Improvements	500,000	250,000	500,000	250,000	Special
-Boone Campus Classroom Renovation	1,500,000	500,000	500,000	500,000	Special
NEW CONSTRUCTION					
-Allied Health and Technology Building	4,000,000	0	0	0	Special
WEST VIRGINIA NORTHERN COMMUNITY AND TECHNICAL COLLEGE					
RENOVATION AND REPAIR					
-Sprinkler Head Replacement in B&O Building	200,000	0	0	0	Special
-Renovations to the Historic B&O Building	1,427,000	0	0	0	Special
-Parking Lots Security System	150,000	0	0	0	Special
-Exterior Signage for all Buildings on all Campus	87,500	0	0	0	Special
-New Martinsville Campus Upgrades	300,000	0	0	0	Special
-Boiler Replacement B&O Building	250,000	0	0	0	Special
-Renovate Student Services Center - Weirton Campus	68,000	0	0	0	Special
-Replace HVAC Rooftops Units - Weirton Building	175,000	0	0	0	Special
-Resurface Weirton Parking Lot	69,000	0	0	0	Special
NEW CONSTRUCTION					
-Acquisition of United Electric Property Adjacent to New Education Center	345,000	0	0	0	Special
-Maintenance Storage Building	96,000	0	0	0	Special
-Pedestrian Crosswalk between Education Center and B&O Building	688,000	0	0	0	Special
-Build Plaza in front of new Education Center	260,000	0	0	0	Special
-Construct New Wing for Allied Health Programs- Weirton Center	2,200,000	0	0	0	Special
-Surfacing of Gravel 18th Street Parking Lot	250,000	0	0	0	Special
EQUIPMENT					
-Replace Elevators in the B&O Building	550,000	0	0	0	Special
-New Martinsville Campus Upgrades	28,000	0	0	0	Special
LAND ACQUISITION					
-Acquisition of United Electric Property Adjacent to New Education Center	350,000	0	0	0	Special
-Purchase of Robinson Lot	15,903	15,903	15,903	15,903	Special

Projected Major Capital Outlay for FY 2009 through FY 2012

Capital Outlay Projects	FY 2009	FY 2010	FY 2011	FY 2012	Fund Source
WEST VIRGINIA STATE COMMUNITY AND TECHNICAL COLLEGE					
RENOVATION AND REPAIR					
-Allied Health, Technology and Workforce Development Building	9,500,000	0	0	0	General
WEST VIRGINIA UNIVERSITY - PARKERSBURG					
RENOVATION AND REPAIR					
-Science Lab Renovations	1,050,000	0	0	0	General
-Campus Walkways and Connections	221,000	200,000	0	0	General
-Campus Infrastructure	250,000	50,000	0	0	General
-Classroom Upgrades	200,000	200,000	100,000	0	General
NEW CONSTRUCTION					
-Child Care/Early Childhood Develop Lab Building	1,200,000	0	0	0	General
-Welding Education Facility	4,000,000	0	0	0	General
-Library Expansion	4,000,000	4,000,000	0	0	General
-Health Sciences Building	0	5,000,000	0	0	General
TOTAL HIGHER EDUCATION	\$464,335,207	\$295,474,170	\$122,097,569	\$37,675,903	
GRAND TOTAL	\$794,073,253	\$589,078,578	\$354,696,544	\$229,731,259	

STATE PROFILE



West Virginia State Profile

West Virginia Profile—Brief History

State History

People have lived in West Virginia for about 12,500 years, the earliest being the Paleo-Indians. Other native American cultures inhabited the area, but by the time the first European settlers arrived, all the Native American villages were gone, and the area was a hunting ground used by many tribes (including the Shawnee, Cherokee, Delaware, and Iroquois). The first white settlement of what is now West Virginia was probably at Mecklenburg (now Shepherdstown) in 1727. In 1731 Morgan Morgan established the first permanent white settlement on Mill Creek in present-day Berkeley County.

West Virginia shares its history with Virginia from 1607 until Virginia seceded from the Union in 1861. Delegates representing western counties formed their own government, which was granted statehood in 1863 by President Abraham Lincoln after conditions had been met requiring the gradual emancipation of slaves. West Virginia is the only state to be designated by presidential proclamation. In 1915, the U.S. Supreme Court ruled that in forming a separate state, West Virginia owed more than \$12 million for “a just proportion of the public debt of the Commonwealth of Virginia.” A check was delivered in 1919, and bonds paid off the remainder in 1939.

West Virginia was a battleground during the Civil War. Although Confederates were unable to control significant regions of western Virginia for considerable periods of time during the war, they were successful in conducting destructive raids. The Eastern Panhandle saw continual fighting. Although it was not originally a part of West Virginia, it was annexed in 1863 because it contained the strategically important Baltimore and Ohio Railroad. The divisions caused by the Civil War lasted long afterward. These were usually fought out in political arenas but occasionally developed into violence.

1882 saw the beginning of the now famous Hatfield-McCoy feud along the border region between West Virginia and Kentucky. The feud included many killings, involving the governors of both states in lengthy and heated controversy. The bloodshed of the West Virginia Hatfields and the Kentucky McCoys ended in 1896.

Although coal was discovered on the Coal River in 1742, the growth of the railroads in the second half of the 1800s provided an economical method of transporting quantities of, not only coal, but other available natural resources in West Virginia.

Rapid industrial expansion began after the Civil War, attracting thousands of European immigrants and African Americans into the area. However, it was accompanied by serious labor problems, particularly in coal mines where wages were low and working conditions were dangerous. Mine owners bitterly resisted unionization. Strikes were often associated with serious and extended violence during the late 19th Century and the early 20th Century. Miners' strikes between 1912 and 1921 required the intervention of state and federal troops to quell the violence. Unionization grew after the Great Depression as a result of reforms. The state's chemical industry was founded during World War I when German chemicals were no longer available and was expanded during World War II. Both wars also brought unprecedented boom periods to the mining and steel industries in West Virginia.

Economic conditions improved during the 1960s as federal aid poured into the state and massive efforts were made to attract new industry. In the 1970s, West Virginia's coal-based economy flourished as energy prices rose dramatically; but West Virginia suffered through one of the worst economic periods in its history in the 1980s when energy prices fell.

Capital City

When West Virginia became a state in 1863, the capital was located in Wheeling.

West Virginia Profile—Brief History

The State Legislature designated Charleston as the capital city in 1870. Kanawha County citizens provided a boat to move all state records to their new home in Charleston.

In 1875, the Legislature voted to return the capital to Wheeling. Although state officials boarded steamers on May 21 to journey to Wheeling, state archives and records did not arrive until late September, causing state government to be at a standstill for four months.

In 1877, the Legislature decided that the citizens would choose between Charleston, Martinsburg, and Clarksburg for a permanent capital location. As a result of the election, it was proclaimed that eight years hence, Charleston would be the government's permanent seat, and state officials again boarded a boat to move from Wheeling to Charleston, towing a barge containing the State records, papers, and library.

Capitol Building

The new capitol opened in May 1885 and served until its destruction by fire on January 3, 1921. For the next six years West Virginia state government was run from a "pasteboard capitol," a temporary structure built hastily in the wake of the fire. Although this structure was also destroyed by fire in 1927, the present capitol was already under construction on the north bank of the Kanawha River.

This new building, designed by Cass Gilbert, was completed in 1932 at a cost of \$10 million. In 1912, Gilbert had designed the world's first skyscraper, the Woolworth Building in New York City. His other works include the state capitols of Arkansas and Minnesota, and the U.S. Treasury Building and the U.S. Supreme Court Building in Washington, D.C.

Two-thirds of the capitol interior is made of four different kinds of marble. The rotunda section and two wings provide 535,000 square feet of floor space and house 333 rooms. The exterior of the capitol, built in the classical style, is of buff Indiana limestone. The 293 foot gold dome atop the structure is five feet higher than the dome of the U.S. Capitol and in 1988 was totally gilded in 14 karat gold leaf applied to the copper and lead roof in tiny 3 3/8 inch squares. After undergoing structural repairs, the dome was restored in the fall of 2005 to Gilbert's original two-tone concept of lead gray paint and gold leaf details.

West Virginia Profile—Education and Libraries



Education

The West Virginia Board of Education and the Department of Education have embarked on a great 21st century adventure. Yesterday's three R's—reading, writing, and arithmetic—now must incorporate today's three R's—rigor, relevance, and relationships.

West Virginia is committed to closing the gap between the knowledge and skills students learn in school and the knowledge and skills they need for the 21st century work place. An emphasis must be placed on math, science, English, and languages. Equally so, an emphasis must be placed on global awareness, civics, business, finance, economics, and problem solving and analytical skills. As the world becomes more competitive and complex, the nation's future depends on the education of the young people.

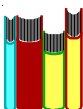
In 2006, West Virginia has 594 elementary schools and 166 secondary schools staffed by 24,535 professional personnel and 13,772 service personnel.

Public Higher Education Enrollment—Student Headcount

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Colleges and Universities										
Enrollment	95,524	94,495	92,462	90,010	88,381	85,858	86,588	86,371	86,191	84,992
Certificates and degrees awarded	16,781	16,425	15,498	15,176	14,323	14,189	14,031	14,054	13,967	13,617

Public School Enrollment Grades K-12 Academic Years 1995-96 through 2005-06

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
Elementary	152,969	152,470	153,616	155,144	155,635	156,975	157,972	159,806	161,231	161,812	161,519
Secondary	126,819	126,987	126,945	126,447	126,597	128,810	132,972	136,753	140,083	142,612	145,989
Total All Grades	279,788	279,457	280,561	281,591	282,232	285,785	290,944	296,559	301,314	304,424	307,508



Library Information

West Virginia's 173 public libraries contain over five million items in print, audio, video, and electronic format and provide public Internet access and access to at least ten on-line databases. Annually, West Virginians visit their public libraries 6,089,422 times, borrow over seven million items, and use library electronic resources 1,305,726 times.

West Virginia State Profile
West Virginia Profile—Healthcare



There are approximately 3,500 practicing physicians in West Virginia, as well as 22,000 active registered nurses, 73 hospitals and medical centers, 34 primary care centers with 63 satellites for a total of 97 clinical sites, 47 school-based health center sites, and 49 local boards of health with 54 health departments serving all the counties. There are ten free primary care clinics, and residents can access services in 54 county offices of the Department of Health and Human Resources.

Comparing West Virginia to Other States

	<u>Unit</u>	<u>WV</u>	<u>Rank</u>	<u>U.S.</u>
Infant deaths (under one year old) per 1,000 live births:				
2001	Rate	7.2	23	6.8
2000	Rate	7.6	16	6.9
1998	Rate	8.0	16	7.2
1996	Rate	7.4	24	7.3
1990	Rate	9.9	14	9.2
Doctors per 100,000 resident population:				
2002	Rate	221	31	256
2001	Rate	219	30	253
2000	Rate	217	30	251
1998	Rate	215	30	251
1997	Rate	210	30	245
1990	Rate	172	36	216
Traffic fatalities per 100 million vehicle miles:				
2002	Rate	2.2	4	1.5
2001	Rate	1.9	11	1.5
2000	Rate	2.1	7	1.5
1998	Rate	1.9	14	1.6
1997	Rate	2.1	9	1.7
1990	Rate	3.3	3	2.2

West Virginia Profile—Transportation



Aeronautics

There are 35 airports in the state; eight of them are commercial service airports.



Highways

Of the 38,935 miles of public roads in West Virginia, 35,883 miles are on the state highway system, along with 6,636 bridges of which 4,511 are 100 feet or less in length. West Virginia has one All-American Road plus five nationally designated scenic byways; the Coal Heritage Trail, the Highland Scenic Highway, Washington Heritage Trail, the Midland Trail, and the Staunton-Parkersburg Turnpike.



Public Ports

West Virginia is home to over 400 miles of navigable waterways. The Port of Huntington Tri-State, 199 miles in length, is the largest statistic inland port in America as well as the seventh largest port for tonnage. There are over 300 private industrial facilities located along West Virginia waterways that depend on the low cost advantages of river borne commerce. An inland container port being developed in Prichard (Wayne County) will be one of the first of its kind located in the heart of Appalachia.



Public Transportation

The Division of Public Transit oversees 17 transit systems that employ 485 full-time and 106 part-time workers. The buses traveled 9,984,749 miles and carried 5,158,512 passengers of which 1,053,199 were elderly or disabled.



Railroads

Route miles of railroad operated within West Virginia totaled 2,264 miles at the end of 2005 – 80 miles of freight lines were owned by the State. Trains hauled 2,868,972 carloads of freight, a total of 216,746,066 tons. Of all freight originated in the state and hauled by rail, 95% was coal.

West Virginia State Profile
West Virginia Profile—Public Safety



Law Enforcement

In 2006, there were 183 municipal law enforcement agencies in West Virginia plus the State Police with 62 detachments, DNR with 55 detachments, 55 sheriff’s departments, and the State Fire Marshal’s Office. There were 3,058 full-time sworn law enforcement officers—2,967 men and 91 women (including 30 officers with the Fire Marshal’s Office); since at least 2000, there has been an average of 1.7 for each 1,000 inhabitants.

Comparing West Virginia to Other States

	<u>Unit</u>	<u>WV</u>	<u>Rank</u>	<u>U.S.</u>
Violent crimes per 100,000 population:				
2003	Rate	258	42	475
2002	Rate	234	44	495
2001	Rate	279	37	504
1999	Rate	351	30	525
1997	Rate	219	44	611
1990	Rate	169	44	732



Fire Services

West Virginia has 449 fire departments—419 of these are volunteer fire departments, 12 career departments (fully paid), and 18 are a combination of paid and volunteer. There are approximately 11,147 firefighters—870 paid and 10,277 volunteers.

Many of these fire service personnel make up six distinct regional response teams which are situated throughout the state, under the leadership of the state fire marshal. The regional response teams are comprised of trained members of public safety groups (fire, EMS, law enforcement, etc.) and the private sector for the purpose of mitigating actual or suspected hazardous materials incidents and emergencies across West Virginia.

Fire service members and other emergency services groups are also grouped into eight swift-water rescue teams deployed by the State Fire Marshal (under the authority of the Department of Military Affairs and Public Safety) during disasters involving flooding, water rescue, and water-related fatalities, etc.

Fire is the biggest threat to West Virginia’s forests. In a ten-year period from 1986 to 1995, forest fires burned a yearly average of 97,470 acres. The damage during that ten-year period, including damage to homes, structures, and other land, has been computed to be \$21,630,577.

West Virginia Profile—Recreation and Culture

Tourism remains a growing sector of the state's economy, and a wealth of recreational and cultural opportunities is available. The state is home to more than 200 historic sites and museums. West Virginia, the third most heavily forested state in the nation, abounds with scenic natural beauty and outdoor sports and activities. People locally and from around the world come to enjoy snow skiing, white water rafting, camping, RVing, hiking, hunting, fishing, wildlife, photography, birding, all-terrain vehicle riding, and biking. Visitors can also tour numerous historic sites, journey into an underground coal mine, visit the world's largest moveable radio telescope, spy bald eagles in their natural habitats, and purchase and enjoy West Virginian crafts, art, and cuisine.

From rustic Civilian Conservation Corps era areas with little development to massive modern resorts; from restored logging railroads and company towns to Civil War battlefields; from natural areas with national significance to areas that are primarily day-use local recreational facilities; West Virginia state parks, forests, and wildlife management areas offer tremendous variety. West Virginia has 34 state parks, recreational facilities on nine state forests, and four wildlife management areas. Although there are hundreds of miles of walking and biking trails throughout the state parks system, only two rail trails are under their jurisdiction—the Greenbrier River Trail and the North Bend Rail Trail.

West Virginia has a rich heritage in music and arts, from traditional Appalachian dance and bluegrass music, to some of the country's top performers and most fantastic performance halls. The 240,000 square-foot Clay Center for the Arts and Sciences of West Virginia in downtown Charleston houses the performing arts, visual arts, and the sciences under one roof—one of the few centers of its kind in the country. The facility is home to the Avampato Discovery Museum and the West Virginia Symphony Orchestra. The West Virginia Symphony is the state's premiere orchestra, offering a symphonic series, a pop series, special events series, opera and ballet and touring concerts and the Montclair String Quartet. The other two symphony orchestras in the state are located in Huntington and Wheeling.

A production of West Virginia Public Broadcasting, *Mountain Stage* is a series of two-hour specials that presents acts ranging from traditional roots and country music to avant garde rock and jazz. In addition to showcasing both established and emerging artists from the United States, *Mountain Stage* has featured artists from all over the world. The radio show is recorded before a live audience at the state Cultural Center on Charleston's capitol complex. Now in its 20th year, the show has a long tradition of featuring national and international acts in almost every style of music.

For 70 years, the Marshall Artists Series has brought some of the nation's finest performers to Huntington and the luxurious vaudeville-era Keith-Albee Theatre. It is the oldest continuous live arts presentation program in the country. The theater itself is a showpiece that was second only in size to New York's Roxy theater when it was built in 1928. Today it is restored to its original glory and operated as a performing arts center.

One of many festivals and fairs held throughout West Virginia, the Augusta Heritage Festival (held annually the second weekend in August) culminates the Augusta Heritage workshops, bringing together cajun, creole, guitar, blues, swing, Irish, bluegrass, folk arts, old-time, vocal and traditional music and dance, artists and crafts exhibitors, storytellers, singers, dancers, and more.

Major Points of Interest

✓ **Appalachian Power Park**—Home to the West Virginia Power, Charleston's minor league baseball team, Appalachian Power Park debuted for the 2005 inaugural season of the Power. Located in the historic East End, it is popular among capital city visitors and baseball fans for its downtown location and open-air feel.

West Virginia Profile—Recreation and Culture

- ✓ **Berkeley Springs**—Long before the first Europeans discovered its warm waters, this region was already a famous health spa attracting Native Americans from Canada to the Carolinas. George Washington even slept here. Today, Berkeley Springs offers state-of-the-art spas, unique shops, and local arts.
- ✓ **Cabela's**—As an outfitter for hunting, fishing, and outdoor activities, Cabela's opened a 175,000 square-foot store in Wheeling. It includes a wildlife museum, a television broadcast studio, three freshwater aquariums totaling 55,000 gallons (stocked with fish native to West Virginia), and a 250-seat restaurant with park-like seating that overlooks the entire store.
- ✓ **Civil War Heritage Trail**—West Virginia had the misfortune of being in the middle of the Civil War, literally torn between North and South, and the territory that now is the state changed hands almost daily during the battle. New tourist signage marks the location of key Civil War sites and helps interpret West Virginia's unique history, including Droop Mountain Battlefield and the boyhood home of Confederate General Thomas "Stonewall" Jackson.
- ✓ **Clay Center for the Arts and Sciences**—Located in the historic East End of Charleston the new Clay Center for the Arts and Sciences includes a performance hall, art, a science and children's interactive museum, and a large-format film theater and planetarium.
- ✓ **Coal Heritage Trail**—Visitors and historians can experience life as it was in the coal camps of Appalachia on the Coal Heritage Trail in West Virginia. The scenic byway winds through southern West Virginia's rugged mountains and valleys, which contain remnants of the early 20th century coal boom, including the millionaire mansions in Bramwell and the Beckley Exhibition Coal Mine. Guests at the mine can venture 500 feet underground in vintage "man cars" guided by former coal miners.
- ✓ **The Greenbrier Resort**—The Greenbrier is a AAA Five-Diamond, award-winning resort nestled on 6,500 acres in the scenic Allegheny Mountains in White Sulphur Springs. This world-renowned getaway offers more than 50 activities, including three 18-hole championship golf courses, a golf academy, a gallery of fine shops, and a host of traditional amenities that have distinguished the resort for over 200 years.



The Greenbrier Resort



National Radio Astronomy Observatory at Green Bank

- ✓ **Harpers Ferry**—In addition to its fabulous scenery, Harpers Ferry was the site of the first successful application of interchangeable manufacture, the arrival of the first successful American railroad, John Brown's attack on slavery, the largest surrender of Federal troops during the Civil War, and the education of former slaves in one of the earliest integrated schools in the United States. In 2006, Harpers Ferry National Historical Park commemorates the 100th anniversary of the gathering of the Niagara Movement, the first major civil rights organization of the 20th century.

West Virginia Profile—Recreation and Culture

- ✓ **Hatfield-McCoy Trails**—The Hatfield-McCoy Trail system draws beginner to expert all-terrain vehicle enthusiasts and thrill-seekers for over 500 miles of the East Coast’s biggest and best ATV trails coursing through the mountains of southern West Virginia. The popularity of the new system has resulted in new tourism-related developments near the trailheads, easily accessible after a short drive from Charleston.
- ✓ **National Radio Astronomy Observatory at Green Bank**—Home of the Green Bank Telescope, the world’s largest moveable radio telescope, researchers study the universe through natural radio emissions. A new \$7.2 million education center opened in 2003.
- ✓ **New River Gorge National River**—Encompassing over 70,000 acres of land along the New River, this national park protects 53 miles of free-flowing water. The gorge, carved by the world’s second-oldest river, has been dubbed the “Grand Canyon of the East.” A new eco-friendly visitor center opened near Sandstone in 2003.
- ✓ **Oglebay Resort and the Winter Festival of Lights**—Oglebay is a 1,650-acre resort with abundant recreational activities, deluxe accommodations, a zoo, gardens, three golf courses, and shops nestled in the hills surrounding Wheeling. Home to America’s largest light show, the Winter Festival of Lights, over one million visitors and 3,000 tour buses come each year to experience the show. Oglebay recently reopened its downhill skiing area after a seven-year absence, adding a new triple-chair lift and snowmaking equipment.
- ✓ **Pullman Square**—In November 2004, officials opened Pullman Square, a new \$60 million retail, dining, and entertainment complex in downtown Huntington. The facility features a state-of-the-art stadium seating cinema complex, bookstore, themed restaurants, comedy club, and retail shops.
- ✓ **Stonewall Resort**—The latest development in state park facilities sits along the shore of the state’s second-largest impoundment, Stonewall Jackson Lake, and features an Arnold Palmer-designed championship golf course, lodge, deluxe cottages, houseboat rentals, and spa. In 2004, the resort opened a golf clubhouse and restaurant and added a 125-passenger excursion boat for dinner and sightseeing cruises.
- ✓ **Tamarack**—Tamarack is the nation’s first and only statewide collection of handmade craft, art, and cuisine showcasing “The Best of West Virginia” from hand-carved furniture to glass, from pottery to Appalachian quilts, and more. Tamarack offers regional specialty foods and products, as well as performances, craft demonstrations, shopping, theater, art gallery, and a food court managed by The Greenbrier.
- ✓ **West Virginia Scenic Railroads**—West Virginia features more than 80 railroad attractions, including the world-famous Cass Scenic Railroad State Park and the Mountain State Mystery Train and New River Gorge excursions. There are also diesel favorites like the Potomac Eagle excursions, on which passengers enjoy a 90% chance of seeing a bald eagle, in addition to the recently expanded Durbin and Greenbrier Valley Railroad. West Virginia is steeped in railroad traditions, and a number of historic facilities mark this heritage.
- ✓ **Flatwoods RV Park and Amphitheatre**—Located just off I-79 in Flatwoods, the geographic center of West Virginia, is a new, recreational vehicle resort. The Flatwoods RV Park sits just behind the impressive two-tower Flatwoods Days Inn and has 50 lots and wide, paved roads ready to accommodate large RVs. It sits directly next to the brand-new, 2,000-seat Mountain Lakes Amphitheater, and across I-79 from the shopper’s favorite Flatwoods Factory Stores farmers’ market and outlet mall.

(This is by no means a complete list. There are numerous local, state, and national parks, as well as a plethora of fairs and festivals held every year across the state. Information on any of these activities is available by calling the West Virginia Division of Tourism toll-free at 1-800-CALL WVA or connecting to their Web site at <www.callwva.com>. The Web site for West Virginia state parks is <www.wvstateparks.com>.)

West Virginia State Profile

Form of Government

West Virginia has a constitutional representative government with three distinct branches.

Legislative Branch

Senators are elected to four-year terms with half of the seats up for election every two years. All members of the House of Delegates are up for election every two years. State lawmakers must be United States citizens and eligible to vote. A delegate must be at least 18 years old and a resident of his/her district for one year, while a senator must be at least 25 years old and a resident of the state for five years. If a legislator moves out of his/her district, the seat becomes vacant.

If a vacancy occurs in either house of the Legislature, the governor appoints an individual of the same political party as the departing member to fill the seat until the next general election.

Senatorial districts	17
Delegate districts	58
Congressional districts	3
Members of House of Delegates	100
Members of the Senate	34

Executive Branch

West Virginia's Constitution provides for six elected officials in the executive branch of government:

- | | |
|--------------------|-----------------------------|
| Governor | Attorney General |
| Auditor | Commissioner of Agriculture |
| Secretary of State | Treasurer |

A governor is elected for a term of four years. Having served during all or any part of two consecutive terms, he or she is then ineligible for the office of governor during any part of the term immediately following the second of the two consecutive terms. The terms of the other five elected officials are four years without term limitations.

Because West Virginia does not have a lieutenant governor, the next two officials in the line of succession are the senate president and the speaker of the house of delegates.

Judicial Branch

As of January 1, 1976, West Virginia created a unified court system, uniting all state courts (except municipal courts) into a single system supervised and administered by the West Virginia Supreme Court of Appeals. This system was comprised of only the Supreme Court of Appeals, circuit courts, and magistrate courts. However, at the beginning of 2002, Family Courts were added to the judicial system.

The Supreme Court of Appeals is West Virginia's highest court and the court of last resort. West Virginia is one of only eleven states with a single appellate court. The Supreme Court of Appeals of West Virginia is the busiest appellate court of its type in the United States. There are two terms of the Court each year. The five justices are elected in partisan elections to 12-year terms. Justices must have practiced law for at least ten years. The position of chief justice is determined annually by vote of the Court. The governor appoints justices to fill vacancies.

West Virginia is divided into 31 circuits with 66 circuit judges. A circuit may range in size from one county with seven judges to eleven counties with one judge. Although a circuit is made up of from one to four counties, each county has a courthouse where the circuit judge presides. Circuit judges are elected in partisan elections to eight-year terms and must have practiced law for at least five years. The governor appoints judges to fill vacancies.

There are 158 magistrates statewide, with at least two in every county and ten in the largest county. The circuit courts hear appeals of magistrate court cases. Magistrates run for four-year terms in partisan elections and are not required to be lawyers. Circuit judges appoint magistrates to fill vacancies.

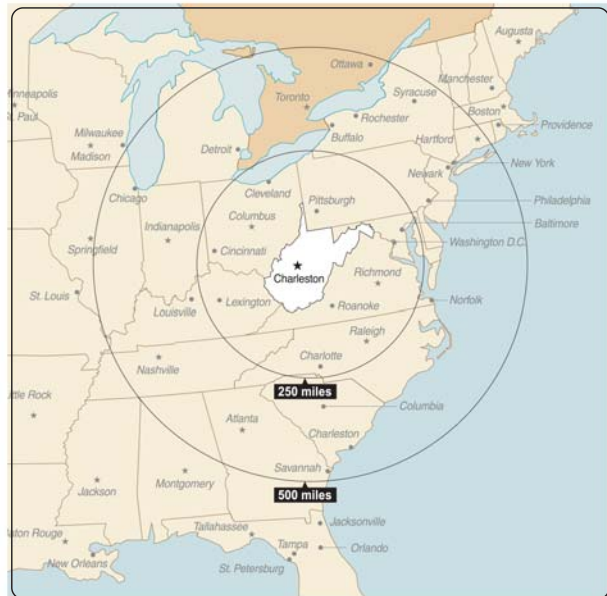
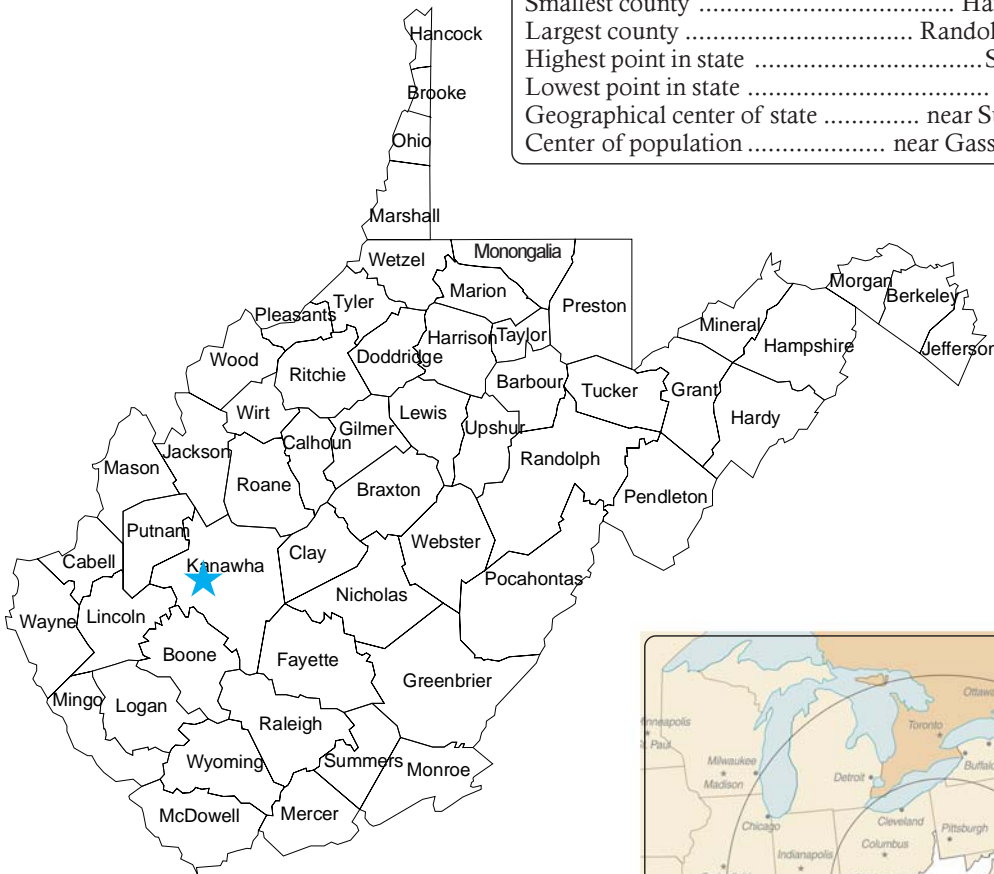
There are 35 family court judges serving 26 family court circuits. Family court judges were elected in partisan elections for the first time in 2002. Their initial terms are for six years; subsequent terms will be for eight years.

West Virginia State Profile

Geography

West Virginia has an mean altitude of 1,500 feet, giving it the highest average altitude east of the Mississippi.

Area (square miles) land and water	24,231
Counties	55
Municipalities	234
State capital	Charleston, Kanawha County
Youngest county in state	Mingo (1895)
Oldest county	Hampshire (1754)
Smallest county	Hancock (area 88 sq. mi.)
Largest county	Randolph (area 1,040 sq. mi.)
Highest point in state	Spruce Knob (4,861 ft.)
Lowest point in state	Harpers Ferry (247 ft.)
Geographical center of state	near Sutton, Braxton County
Center of population	near Gassaway, Braxton County



West Virginia experiences four distinct seasons. In the low-lying areas and valleys, including the western regions of the state and the Eastern Panhandle, winters are mild and summers are warm. In the central, more mountainous areas of the state, particularly the Potomac Highlands, winters are colder, with a greater probability of snow, and summers are mild. (The Potomac Highlands is an area comprised of Mineral, Hampshire, Tucker, Grant, Hardy, Randolph, Pendleton, and Pocahontas counties.)

Precipitation across the state averages 40 to 60 inches per year; roughly 25 of the days in an average year show noticeable precipitation. Snowfall averages 20 to 25 inches per year in most of the state, except for the Potomac Highlands region, which receives significantly more.

West Virginia State Profile

Demographics and Economics

Population, Income, and Age

Calendar Years 1996-2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Population (in thousands)										
West Virginia	1,816	1,812	1,810	1,804	1,801	1,807	1,811	1,815	1,819	1,822
Change	0.24%	0.12%	0.32%	0.17%	(0.33%)	(0.24%)	(0.21%)	(0.19%)	(0.20%)	(0.05%)
National	296,410	293,656	290,850	287,984	285,107	282,193	279,731	276,553	273,368	270,115
Change	0.94%	0.97%	0.99%	1.01%	1.03%	0.88%	1.15%	1.17%	1.20%	2.78%
Total Personal Income										
West Virginia (in thousands)	\$47,290	\$45,245	\$43,342	\$43,311	\$41,902	\$39,582	\$37,557	\$36,721	\$35,004	\$33,622
Change	4.52%	4.39%	0.07%	3.36%	5.86%	5.39%	2.28%	4.90%	4.11%	4.00%
National (in billions)	\$10,295	\$9,713	\$9,169	\$8,882	\$8,724	\$8,430	\$7,802	\$7,423	\$6,915	\$6,512
Change	5.99%	5.93%	3.23%	1.81%	3.49%	8.05%	5.11%	7.35%	6.19%	6.79%
Per Capita Personal Income*										
West Virginia	\$26,029	\$24,962	\$23,941	\$24,002	\$23,261	\$21,899	\$20,729	\$20,226	\$19,243	\$18,445
Change	4.27%	4.26%	(0.25%)	3.19%	6.22%	5.64%	2.49%	5.11%	4.33%	4.05%
National	\$34,495	\$33,090	\$31,463	\$30,810	\$30,574	\$29,845	\$27,939	\$26,883	\$25,334	\$24,175
Change	4.25%	5.17%	2.12%	0.77%	2.44%	6.82%	3.93%	6.11%	4.79%	4.17%

* Per capita personal income is calculated by dividing total personal income by population.

Median Age—West Virginians	40.7	40.2	39.9	39.5	39.3	39.0	38.9	38.5	38.1	37.7
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Education

Educational Attainment

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
9th Grade or Less	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	16.8%	16.8%	16.8%	16.8%
Some High School, No Diploma	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%	17.3%	17.3%	17.3%	17.3%
High School Diploma	39.4%	39.4%	39.4%	39.4%	39.4%	39.4%	36.6%	36.6%	36.6%	36.6%
Some College, No Degree	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	13.2%	13.2%	13.2%	13.2%
Associate, Bachelor's or Graduate Degree	19.2%	19.2%	19.2%	19.2%	19.2%	19.2%	16.1%	16.1%	16.1%	16.1%

Comparing West Virginia to Other States

	Unit	WV	Rank	U.S.
Persons at least 25 years old with Bachelors degree or more:				
2003	Percent	15.3	50	27.2
2002	Percent	15.9	50	26.7
2000	Percent	14.8	50	24.4
1999	Percent	17.9	48	25.2
1990	Percent	12.3	50	20.3

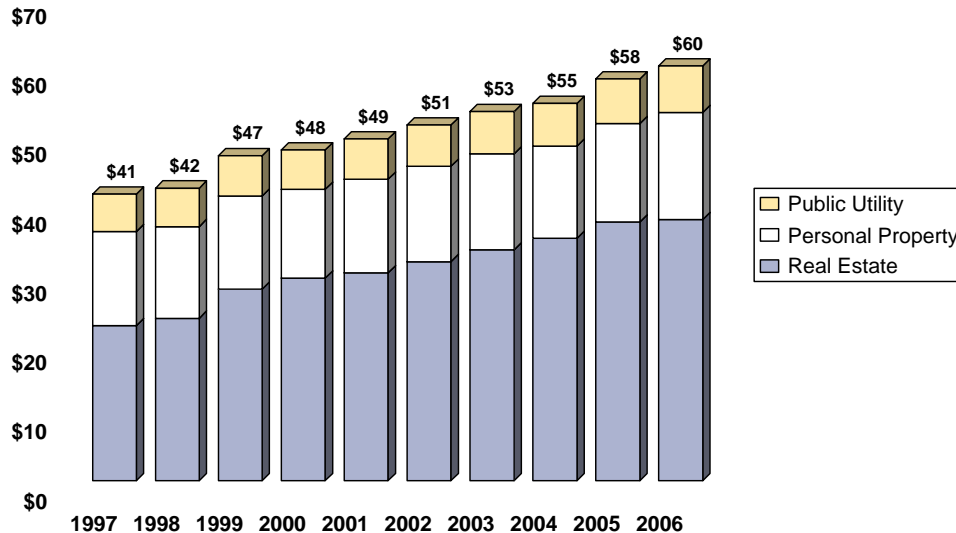
Property Values

Property subject to property tax in West Virginia is to be revalued annually. All properties, with the exception of farms and managed timberland, are to be assessed at 60% of their actual market value. Total assessed valuations for Tax Year 2006 came to \$59.89 billion. The statewide average levy rate for all property was 1.91%.

Demographics and Economics

A major portion of the expense of local government units is met from the proceeds of taxes levied upon real and personal property. The property tax is administered by officials of local taxing authorities (municipalities, county school boards, and county governments), as well as by officials of a number of state agencies. Less than one-half of one percent of the property tax collected goes to state government. For example, of property taxes levied for FY 2006, the State received 0.42%, the counties 26.04%, the school boards 65.16%, and the municipalities 8.38%.

West Virginia Taxable Assessed Property Values (In Billions)



Source: Department of Revenue, Property Tax Division
 1 The tax on Class I intangibles is being phased out over a six-year period beginning in 1998, when over a 50% reduction in Class I intangible assessments reduced personal property valuations by \$1.0 billion.

Principal Employers

Current Year and Nine Years Ago

As of June 30, 2006		As of June 30, 1997	
<u>Major West Virginia Employers</u>	<u>Number of Employees</u>	<u>Major West Virginia Employers</u>	<u>Number of Employees</u>
State of West Virginia	40,000-49,999	State of West Virginia	35,000-39,999
Wal-Mart Associates, Inc.	10,000-19,999	Federal Government	20,000-24,999
West Virginia University Hospitals/ United Hospitals	5,000-9,999	Weirton Steel Corporation	5,000-5,999
Charleston Area Medical Center	5,000-9,999	Charleston Area Medical Center	5,000-5,999
Kroger	2,500-4,999	Kroger	4,000-4,999
CSX/CSX Hotels Inc.	2,500-4,999	Wal-Mart Stores, Inc.	4,000-4,999
(The Greenbrier and railroad)	2,500-4,999	E I DuPont De Nemours	3,000-3,999
American Electric Power	2,500-4,999	Union Carbide Corporation	2,000-2,999
Lowe's Home Centers, Inc.	1,000-2,499	Ravenswood Aluminum	2,000-2,999
Consolidation Coal Company	1,000-2,499	West Virginia University Hospitals	2,000-2,999
Verizon	1,000-2,499	Kmart Corporation	2,000-2,999
St. Mary's Hospital	1,000-2,499	Appalachian Power Company	2,000-2,999

Demographics and Economics

Economic Base

The state ranks second in the nation in coal production, and coal is mined in 28 of West Virginia's 55 counties. Annual coal production was 153 million tons in 2005, about 60% of which comes from underground mines. West Virginia also is a leader in the chemical, steel, aluminum, natural gas, oil and hardwood lumber industries. The state's diverse economic base also includes the energy, plastics, transportation equipment, biomedical technology, and distribution industries.

West Virginia is one of the largest producers of oil and natural gas east of the Mississippi River. It has produced significant amounts of natural gas in the Appalachian Basin. Natural gas production in 2005 was 230 billion cubic feet, and oil production in 2004 was 1.5 million barrels.

West Virginia's forest products industry employs over 30,000 residents and contributes four billion dollars, directly and indirectly, to the state's economy. Forests contribute an additional three billion dollars to the state's economy by other uses such as forest based recreation and tourism, fruits, nuts, medical plants such as ginseng, and Christmas trees. The jobs created by the forest products industry are dependent on the 12 million acres of forests, which are 90% privately owned by 260,000 landowners. According to the 2000 inventory conducted by the U.S. Forest Service, the state remains 78% forested, even though the timber harvest has doubled since the last inventory. Annual growth exceeds harvest by 30%, and species of oak comprise 48% of harvested wood. West Virginia is the third most heavily forested state in the nation and has more total hardwood volume than any other state except Pennsylvania.

West Virginia has 20,800 primarily family-owned and operated farms, generating nearly a half-billion dollars worth of products annually. Although the state is ranked 37th in population and 41st in geographical size, it ranks 11th in apple production, 13th in peach production, 15th in turkey production and 16th in broiler chicken production. State agribusinesses are an expanding element of the state's economy, annually producing at least \$100 million worth of value-added, West Virginia Grown products. Nearly all of these companies are locally owned and operated and inject a large portion of their net revenue back into the local economy in the form of wages and business expenses. West Virginia products are recognized for their high quality and improve the image of the Mountain State across the country and throughout the world. They also dovetail nicely with the state's tourism industry, as studies indicate that vacationers seek unique culinary experiences when they travel.

A West Virginia Division of Tourism study released in 2005 shows that travel spending by visitors in the state was over \$3.4 billion in 2004, and has increased by 11.4% per year since 2000. Visitors who stayed overnight in commercial lodging facilities spent \$1.2 billion on their trips, while day travelers spent \$1.7 billion. Visitor spending in West Virginia directly supports more than 40,000 jobs with earnings of \$766 million.

Outdoor-related recreational opportunities provided or regulated by the West Virginia Division of Natural Resources have an estimated economic impact of more than one billion dollars each year. Those activities include hunting, fishing, state parks and forests, wildlife viewing, whitewater rafting, and recreational boating. These activities make up a major portion of the state's growing tourism industry.

A total of 940,213 various license privileges (fishing, hunting, and trapping) were sold totaling \$12,432,003.00 in 2005. To date, West Virginia has 40,162 adult lifetime holders and 10,035 infant lifetime holders. A recent study shows they produce a more than \$105-million economic impact each year.

West Virginia State Profile

Miscellaneous—State Symbols

State Flag

The state flag was officially adopted by the Legislature on March 7, 1929, by Senate Joint Resolution 18.

Prominently displayed on the pure white field of today's flag and emblazoned in proper colors is a coat of arms, the lower half of which is wreathed by rhododendron, the State Flower. Across the top, lettered on a ribbon, is the constitutional designation "State of West Virginia." The white field is bordered on four sides by a strip of blue, and, for parade purposes, all but the staff side are to be trimmed with gold fringe.



Great Seal of West Virginia



The great seal of West Virginia, which also is the coat of arms, was adopted by the Legislature on September 26, 1863, and symbolizes the principal pursuits and resources of West Virginia. Described briefly, the obverse side of the seal bears the legend "State of West Virginia," together with the motto, "Montani Semper Liberi" (Mountaineers Are Always Free); a farmer stands to the left and a miner to the right of a large ivy-draped rock bearing the date of the state's admission to the Union. In front of the rock are two hunters' rifles upon which rests a Phrygian cap or "cap of liberty."

Joseph H. Diss Debar, of Doddridge county, designed the state seal in 1863 at the request of the first West Virginia Legislature.

Official Colors

Old gold and blue were designated as official state colors by Senate Concurrent Resolution No. 20, adopted by the Legislature on March 8, 1963.

Official Day

On January 1, 1863, President Abraham Lincoln approved the Statehood Bill for West Virginia on the condition that it would gradually abolish slavery. West Virginia was proclaimed a state on April 20, 1863, with the bill becoming effective sixty days later on June 20, 1863. "West Virginia Day" became a legal holiday by Chapter 59, Acts of the Legislature, Regular Session, 1927.

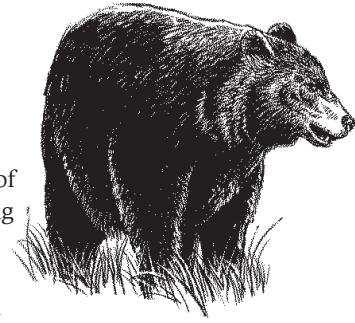
State Songs

"The West Virginia Hills," "This Is My West Virginia," and "West Virginia, My Home Sweet Home" were designated as the official state songs of West Virginia, each ranking equally with the others in official status, by House Concurrent Resolution No. 19, adopted by the Legislature on February 28, 1963.

Miscellaneous—State Symbols

State Animal

The black bear (*Euractos Americanus*) was selected as the official state animal of West Virginia by a poll of students, teachers, and sportsmen conducted by the Department of Natural Resources in 1954-55 and officially adopted by the Legislature in 1973 by House Concurrent Resolution No. 6. It is the only species of bear found in the state. While commonly referred to as the “black bear,” its coloring is actually deeply tinted with brown. Its habitat in West Virginia is primarily in the eastern mountain region. A litter ususally consists of one or two cubs, rarely three, each weighing about eight ounces at birth. The adult reaches an average maximum weight of 250 pounds.



State Bird

The cardinal (*Richmondena Cardinalis*) was made West Virginia’s official bird by House Concurrent Resolution No. 12, adopted by the Legislature on March 7, 1949, authorizing a vote by pupils of public schools and civic organizations. The male of the species is a rich scarlet with a mask and shading of black, while the young birds and females are a less brilliant color. The adult bird measures approximately eight inches long. It ranges from New York State to the Gulf of Mexico and as far west as Oklahoma.

State Butterfly

The monarch butterfly was declared the official butterfly of West Virginia by Senate Concurrent Resolution No. 11, adopted by the Legislature on March 1, 1995.



State Fish

The brook trout was designated the state fish by House Concurrent Resolution No. 6, adopted in 1973 following a poll of sportsmen who favored the brook trout. The brook trout is a native West Virginia species.

State Flower

The *Rhododendron Maximum*, or “Big Laurel,” was made the official state flower of West Virginia by House Joint Resolution No. 19, adopted by the Legislature on January 29, 1903, following a recommendation by the governor and a vote by the pupils of public schools. The rhododendron is a shrub of the heath family and may be recognized by its large evergreen leaves and delicate pale pink or white bloom, mottled with either red or yellow flecks.





State Fruit

The Golden Delicious apple was designated as the official state fruit by Senate Concurrent Resolution No. 7, adopted by the Legislature on February 20, 1995. This apple variety was discovered by Anderson Mullins in Clay County, West Virginia, in 1905. The plain apple had been previously designated as the official state fruit by House Concurrent Resolution No. 56, adopted March 7, 1972.

State Gem

The state gem, so designated by House Concurrent Resolution No. 39, March 10, 1990, is technically not a gemstone, but rather the silicified Mississippian fossil coral *Lithostrotionella*, preserved as the siliceous mineral chalcedony. It is found in the Hillsdale Limestone in portions of Greenbrier and Pocahontas counties and is often cut and polished for jewelry and for display.

State Insect

The honeybee became West Virginia's official state insect in 2002 by the Legislature's Senate Concurrent Resolution No. 9. In addition to its flavorful honey, the honeybee pollinates many of the state's most important crops including fruits, vegetables, and grasses. Its activity produces more benefit to the state's economy than any other insect. The honeybee has six legs, four wings, and its coloring ranges from dark yellow to gold with three dark bands on its abdomen.



State Soil

The state soil is Monongahela silt loam, adopted by concurrent resolution in 1997, making West Virginia the twelfth state to have an official state soil.



State Tree

The sugar maple, *Acer Saccharum*, was made West Virginia's official tree by House Concurrent Resolution No. 12, adopted by the Legislature on March 7, 1949, authorizing a vote by pupils of public schools and civic organizations. It produces an excellent wood for future use as well as maple syrup. A single tree can be 70 to 120 feet high and produce two to three pounds of sugar when "sugared off," has a five-lobed leaf, and produces a small wing-shaped pod.

Miscellaneous—Famous West Virginians

Randy Barnes (1966-) perhaps the world's greatest shot-putter. He holds both the outdoor and indoor world records and was a gold medalist in the 1996 Atlanta Olympics. He grew up in St. Albans, Kanawha County.

Pearl Buck (1892-1973), American novelist, born in Hillsboro, Pocahontas County. She was awarded the Nobel Prize in literature and the Pulitzer Prize for fiction. Many of her more than 85 books sympathetically portray China and its people.

Robert Carlyle Byrd (1917-) was elected in 2006 to a ninth consecutive term in the U.S. Senate. He was the majority leader of the Senate from 1977 to 1981 and from 1987 to 1989. Byrd is from Sophia, Raleigh County.

Bob Denver (1935-2005), who played "Gilligan" on the TV series *Gilligan's Island* and "Maynard G. Krebs" on the TV series *The Many Loves of Dobie Gillis*, lived near Princeton, Mercer County. His wife Dreama is from West Virginia.

Jennifer Garner (1972-) starred in the ABC series *Alias*. She has appeared in films such as *Pearl Harbor* and *Mr. Magoo* and has had a series regular roles on television. She was born in Houston, but grew up in the Charleston area and graduated from George Washington High School.

Homer H. Hickam, Jr. (1943-) is the author of *Rocket Boys: A Memoir*, the story of his life in the little town of Coalwood, McDowell County, that inspired the number one bestseller and award-winning movie *October Sky*.

Thomas Jonathan "Stonewall" Jackson (1824-1863) was a general in the Confederacy during the Civil War and is considered among the most skillful tacticians in military history. He was born in Clarksburg (then Virginia).

Anna Jarvis (1864-1948) considered the founder of Mother's Day. Following the death of her own mother in 1905, she began campaigning to have one day a year set aside to honor mothers. In 1914 President Wilson signed a proclamation declaring Mother's Day a holiday. She was born near Grafton, Taylor County.

Don Jesse Knotts (1924-2006), television and movie actor, born in Morgantown (Monongalia County) to a farm family he described as "dirt poor." He attended West Virginia University where he majored in speech, hoping to become a teacher. Knotts played the role of "Barney Fife" on the *Andy Griffith Show*.

Captain Jon A. McBride (1943-) became an astronaut in August 1979 and piloted the Challenger when it was launched on October 5, 1984. He was a Republican candidate for Governor of West Virginia in 1996. McBride was born in Charleston, Kanawha County.

Kathy Mattea (1959-), country music star, born in South Charleston and grew up in Cross Lanes, Kanawha County.

John Forbes Nash Jr. (1928-), described as a mathematical genius who essentially lost 30 years of his life to paranoid schizophrenia and who re-emerged into public glory (once the disease was in remission) to receive the 1994 Nobel Prize in Economics for a brilliant doctoral dissertation begun in 1950 (from *A Beautiful Mind*, a biography of Nash by Sylvia Nasar that inspired a movie of the same name). Nash was born and reared in Bluefield, Mercer County.

Mary Lou Retton (1968-), gymnast who won four medals in the 1984 Summer Olympics, including the gold in the all-around gymnastics competition. She is from Fairmont, Marion County.

Jerome Alan "Jerry" West (1938-), a professional basketball star for the Los Angeles Lakers, was chosen one of the 50 greatest National Basketball Association basketball players in 1996. He was born in Cabin Creek, Kanawha County.

Charles Elwood "Chuck" Yeager (1923-) became the first person to fly faster than the speed of sound in October 1947 and the first person to fly more than twice the speed of sound in December 1953. He was born at Myra in Lincoln County.

This is just a sampling of the many famous West Virginians. For a more extensive list, visit Jeff Miller's Famous West Virginians page at <<http://members.aol.com/jeff560/westvirginia.html> >.

West Virginia State Profile

Miscellaneous—Interesting Facts



The third-largest diamond ever found in the United States, the “Punch” Jones Diamond, was found near Peterstown, in Monroe County within one-half mile of the Virginia state line. It has been suggested that the diamond actually occurred in rocks in Virginia and that erosion carried it to the West Virginia side of the state line. There are no other likely sites for diamonds in this state.

No other precious gems are known to have been found in West Virginia. Among the few gemstones found in West Virginia are some opal, some types of quartz, and two coal or coal-like minerals which, though softer than most gemstones, are cut, polished, and carved into jewelry.

A variety of the yellow apple, the Golden Delicious, originated in Clay County. The original Grimes Golden Apple Tree was discovered in 1775 near Wellsburg.

The first steamboat was launched by James Rumsey in the Potomac River at New Mecklenburg (Shepherdstown) on December 3, 1787.

On February 14, 1824, at Harpers Ferry, John S. Gallaher published the “Ladies Garland,” one of the first papers in the nation devoted mainly to the interests of women.

One of the first suspension bridges in the world was completed in Wheeling in November 1849.

Bailey Brown, the first Union soldier killed in the Civil War, died on May 22, 1861, at Fetterman, Taylor County.



The first rural free mail delivery began in Charles Town, October 6, 1896, then spread across the United States.

A naval battle was fought in West Virginia waters during the Civil War. United States Navy armored steamers were actively engaged in the Battle of Buffington Island near Ravenswood on July 19, 1863.

Mother’s Day was first observed at Andrews Church in Grafton on May 10, 1908.

Outdoor advertising had its origin in Wheeling about 1908 when the Block Brothers Tobacco Company painted bridges and barns with the wording: “Treat Yourself to the Best, Chew Mail Pouch.”

West Virginia was the first state to have a sales tax. It became effective July 1, 1921.

Mrs. Minnie Buckingham Harper, a member of the House of Delegates by appointment in 1928, was the first African American woman to become a member of a legislative body in the United States.

West Virginia’s Memorial Tunnel was the first in the nation to be monitored by television. It opened November 8, 1954.

West Virginia was the first state to use new technology to “measure” and store electronically the face and fingertip images of licensed drivers. Because this recorded information is unique to each individual, these images can prevent stolen identity should a driver’s license be lost or taken.

The longest steel arch bridge (1,700 feet) in the United States is the New River Gorge Bridge in Fayette County.

Organ Cave, near Ronceverte, is the third largest cave in the United States and the largest in the state.

West Virginia State Profile
Sources

The information contained in this chapter has been gathered from a variety of sources, including the following:

U.S. Census Bureau

West Virginia state government agencies

Department of Agriculture

Department of Education

Department of Health and Human Resources

Department of Revenue, Property Tax Division

Department of Transportation

Division of Culture and History

Division of Forestry

Division of Natural Resources

Division of Tourism

Higher Education Policy Commission

Library Commission

State Fire Commission

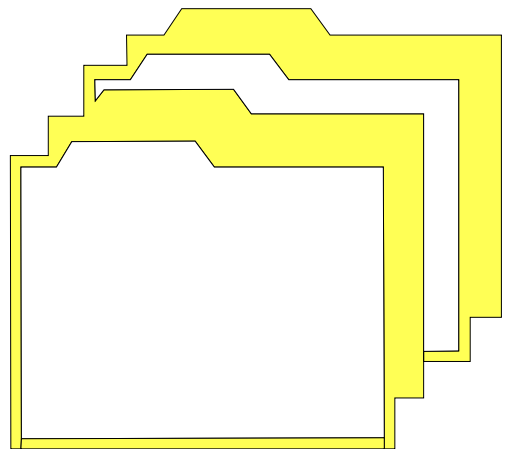
West Virginia Board of Education

West Virginia State Police

West Virginia Supreme Court of Appeals

WORKFORCE West Virginia

APPENDICES



Appendix A
Glossary

A

Activity - The individual item of appropriation as listed in the budget bill, such as Personal Services, Employees' Benefits, and Capital Outlay.

Agency - An organizational unit of state government, usually a department, bureau, commission, board, or a subdivision within a department or bureau.

Annual Increment - Funds appropriated for eligible employees and paid at the rate of \$50 per full year of service with a minimum of three years of service.

Appropriation - A legal authorization to incur obligations and to make expenditures for specific purposes.

Appropriated Special Fund - Consists of accounts that generate revenue from established rates or fees and must be expended for a specific purpose; amount authorized for expenditure is specifically contained in the budget bill.

B

Balanced Budget - A budget in which the estimated revenues plus unappropriated fund balances are equal to or greater than the appropriations.

Base Budget - The amount required for ongoing expenditures for current programs—does not contain items of a onetime nature.

Bond - A long-term IOU or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.

Budget - A plan of financial activity for a specified period (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budget Act/Budget Bill - The legislation that appropriates the expenditures required to operate state government for each fiscal year.

Budgetary Basis - The basis of accounting used to estimate financing sources and uses in the budget. West Virginia's annual budget is prepared on a cash basis.

Budgetary Control - The control or management of a government in accordance with the approved budget for keeping expenditures within the limitations of available appropriations and resources.

Buildings - Expenditures for new construction and major alteration of existing structures, or the improvement of lands and can include shelter, support, storage, protection, or the improvement of a natural condition.

Bureau - An organizational unit of state government established by law and headed by a commissioner or other statutory officer of an agency within that bureau, such as the Bureau of Senior Services.

C

Capital Improvements/Programs/Expenditures - Related to the acquisition, expansion, or rehabilitation of an element of the government's physical plant, sometimes referred to as infrastructure. New construction, renovation, or repairs of \$100,000 or more are considered capital improvements for budgetary purposes. Also, major equipment purchases of like equipment of \$50,000 or more are considered to be capital improvement programs for budgetary purposes.

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Civil Contingent Fund - The civil contingent fund is appropriated by the Legislature to the Governor to be available for payment of expenses incurred when executing a law for which there is no specific appropriation or any other expenses for which the Governor deems necessary or proper, such as unanticipated emergencies.

Commission - An organizational unit of state government established by law that is headed by a group of persons directed to perform a specific duty, such as the Higher Education Policy Commission or Public Service Commission.

Current Expenses - Expenditures for operating costs other than personal services and shall not include equipment, repairs and alterations, buildings, or lands.

Current Level - Refers to the same amount of total dollars in the current fiscal year, which are available for next fiscal year.

D

Debt Service - The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Department - An organizational unit of state government established by law and headed by an cabinet secretary or department head, such as the Department of Administration, Department of Education, or Department of Revenue.

Disbursement - The expenditure of monies from an account.

Division - Each primary entity of government which receives an appropriation in the budget bill. Also may be referred to as an agency.

E

Employee Benefits - Expenditures for social security matching, workers' compensation, unemployment compensation, pension and retirement contributions, public employees' insurance matching, personnel fees, or any other benefit normally paid by the employer as direct cost of employment.

Encumbrance - The commitment of funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Funds - These funds are used to account for operations of those state agencies providing goods or services to the general public on a user-charge basis, or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples include the West Virginia Lottery, Board of Risk and Insurance Management, Public Employees' Insurance Agency, and the West Virginia Prepaid College Plan.

Equipment - Expenditures for equipment items which have an appreciable and calculable period of usefulness in excess of one year.

Excess Lottery - A Special Revenue fund that supports items set by statute such as the senior citizens tax credit, college scholarships for West Virginia students, capital projects and improvements for public and higher education and for state parks, bond backing for economic development endeavors, infrastructure projects (including water and sewer projects), General Revenue transfer to support FY 2002 pay raises, and additional items as may be appropriated by the Legislature.

Expenditure - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss.

Expenses - A category for the usual, ordinary, and incidental expenditures by an agency, including, but not limited to, such items as salaries, benefits, contractual services, commodities, and supplies of a consumable nature, current obligations, fixed charges, and capital outlay. Payments to other funds or local, state, or federal agencies may be included in this budget classification of expenditures.

F

Federal Fiscal Year - October 1 through September 30.

Federal Fund - Consists of any financial assistance made directly to a state agency by the United States government.

Fiscal Year - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. West Virginia's fiscal year runs from July 1 to June 30.

Full-time Equivalent Position (FTE) - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to 0.5 of a full-time position.

Fund - A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance - The balance of cash and investments less reappropriated funds and reserves for cash flow.

G

GASB 34 - The Government Accounting Standards Board statement 34 (June 1999) that establishes financial reporting standards for governmental entities.

GASB 43 - The Government Accounting Standards Board statement 43 (April 2004) titled "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans."

GASB 45 - The Government Accounting Standards Board statement 45 (June 2004) titled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions."

General Fund - Consists of tax revenues collected by the state which are not dedicated to a specific purpose and require legislative appropriations for expenditure.

General Obligation (GO) Bond - This type of bond is backed by the full faith, credit, and taxing power of the government.

Goals - Established by agency/division, goals are issue-oriented statements that declare what an agency/division intends to accomplish to fulfill its mission.

I

Improvement Package (Request) - The process of requesting additional dollars for expenditure in the upcoming fiscal year above the current level.

Income Tax Refund Reserve Fund - A fund established by law that may only be used to ensure payment of personal income tax refunds, interest, and penalties to taxpayers in a timely manner or to be used by the Legislature as it determines necessary, such as for unanticipated emergencies.

Infrastructure - The physical assets of a government (e.g., streets, water, sewer, public buildings, and parks).

Internal Service Funds - These funds account for the operations of those state agencies that provide goods and services to other state agencies and governmental units on a cost-reimbursed basis. Examples include the State Building Commission, Information Services and Communications, and the Travel Management Office.

L

Lands - Expenditures for the purchase of real property or interest in real property.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Lottery - A Special Revenue fund that supports programs for senior citizens, education, and tourism and parks, as appropriated by the Legislature.

M

Mission - Developed in accordance with strategic planning principles, the mission gives the reason for the agency/division's existence. The mission is a succinct account of what the agency/division is trying to achieve.

N

Nonappropriated Special Fund - Consists of accounts that generate revenue from established rates or fees and must be expended for a specific purpose; amounts expended are authorized by general law.

O

Object of Expenditure - An expenditure classification, referring to the lowest and most detailed level of classification, such as vehicle rental, association dues, and office equipment.

Objectives - Detailed, quantifiable, time-specific statements of activities that are related to achieving the goals. They are targets for specific agency or program actions.

Operations - As used in the agency narratives in the *Operating Detail*, the “Operations” section details the activities of a division and may include subdivisions/units within a division.

P

Performance Measures - Tool used by all levels of management, as well as the public, to determine whether a program is accomplishing its mission efficiently and effectively.

Personal Services - Expenditures for salaries, wages, and other compensation paid to full-time, part-time, and temporary employees of the spending unit.

Program - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. A unit can be a division, a section, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service.

Proprietary Funds - These funds account for the operations of state agencies that provide goods and/or services to the general public or state agencies and governmental units. (See “Enterprise Funds” and “Internal Service Funds.”)

R

Rainy Day Fund - (See “Revenue Shortfall Reserve Fund.”)

Reappropriated Funds - Those funds which are remaining at the end of the fiscal year which, through specific language in the budget bill, are authorized to be made available for expenditure in the next fiscal year.

Reimbursements - Repayments from one agency to another to properly allocate expenditures to the correct agency and adjust account ledger balances/disbursements.

Repairs and Alterations - Expenditures for routine maintenance and repairs to structures and minor improvements to property which do not increase the capital assets.

Revenue - Sources of income financing the operation of government.

Revenue Shortfall Reserve Fund - A “fund” to be used by the Legislature to offset a shortfall in revenues and to allow the Governor to borrow funds when revenues are inadequate to make timely payments of the State’s obligations. The Legislature may also appropriate funds for emergency revenue needs such as natural disasters. (Also known as the Rainy Day Fund.) Additional details are located in the Budget Planning chapter in Volume I of the *Executive Budget*.

Revenue Shortfall Reserve Fund—Part B - A “fund” to be used by the Legislature to offset a shortfall in revenues or fiscal emergencies of an extraordinary nature. No moneys in the fund may be expended for any purpose unless all moneys in the Revenue Shortfall Reserve Fund have first been expended. Additional details are located in the Budget Planning chapter in Volume I of the *Executive Budget*.

S

Special Obligation Bonds - Bonds issued by entities of the primary government pursuant to specific statutory authorizations and are payable from specifically dedicated fees, other revenues, and legislative appropriations of general and special revenues.

Special Revenue Funds - Consists of revenues from fees, permits, licenses, services, or other purposes and may be used only for that specific purpose for which the individual account is intended unless otherwise directed by the Legislature.

Spending Authority - The dollar limit the Legislature authorizes an agency to spend from funds the agency collects.

Spending Unit - The department, bureau, division, office, board, commission, agency, or institution to which an appropriation is made.

State Road Fund - Consists of revenues from gasoline and other motor fuel excise and license taxes, motor vehicle registration and license tax, and all other revenue derived from motor vehicles or motor fuel. Used solely for construction, reconstruction, repair, and maintenance of public highways, the payment of the interest and principal on all road bonds, and the administrative expenses of the Division of Highways and the Division of Motor Vehicles. All federal funds received for road construction, reconstruction, and maintenance are also deposited into and become part of the State Road Fund.

Supplemental Appropriation - An appropriation made by the governing body that is contingent upon excess funds being available after all regular appropriations have been funded.

Surplus Appropriation - An additional appropriation made by the governing body from excess funds generally from the prior year after the budget year has started.

U

Unclassified - An appropriation that may be spent at the discretion of the department secretary/bureau commissioner. An unclassified appropriation may have no limitations, or it may be limited to current expenses, repairs and alterations, equipment, other disbursements, and other extraordinary disbursements.

Unencumbered Balance - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

User Charges or User Fees - A payment for direct receipt of a public service by the party who benefits from the service.

Glossary of Acronyms

A

AAA American Automobile Association
 A+ Computer hardware certification
 ABCA Alcohol Beverage Control Administration
 ABE Adult basic education
 ACA American Correctional Association
 AC/DC Alternating current/Direct current
 ACT American College Test
 Association of Classroom Teachers
 ACT EXPLORE
 A test for eighth graders
 ACT PLAN. A test for tenth graders
 ADA Americans with Disabilities Act of 1990
 AEP American Electric Power
 AFIS Automated Fingerprint Identification System
 AHERA Asbestos Hazard Emergency Response Act
 AIDS Acquired immunodeficiency syndrome
 ALJ Administrative Law Judge
 AML&R Abandoned Mine Lands and Reclamation
 AOA Administration on Aging
 AP Advanced Placement
 APD Appalachian Development
 APHIS Animal and plant health inspection service
 APS Adult Protective Services
 ARC Appalachian Regional Commission
 ASE Automotive Service Excellence certification program
 ATM Asynchronous transfer mode
 ATSDR Agency for Toxic Substances and Disease Registry
 ATV All-terrain vehicle
 AUD Speech-language audiologists and assistants
 AWP Average wholesale pricing

B

B&O Business and Occupation
 B4WV Business for West Virginia

BAT Breath alcohol testing
 BCSE Bureau for Child Support Enforcement
 BEP Bureau of Employment Programs
 BHHF Behavioral Health and Health Facilities
 BOCMS Board of Coal Mine Health and Safety
 BMPs Best management practices
 BMS Bureau for Medical Services
 BRIM Board of Risk and Insurance Management
 BSE Bovine Spongiform encephalopathy
 BTI Bacillus thuringiensis israelensis (pesticide)

C

C&T Community and Technical
 CAFR Comprehensive Annual Financial Report
 CAPS Cooperative Agricultural Pest Survey
 CAPTA Child Abuse Prevention and Treatment Act
 CATS Coordinated and thematic science
 CCIE Cisco Certified Internetwork Expert Certification
 CCP Community Corrections Program
 CCTCE Council for Community and Technical College Education
 CD or CD-ROM
 Compact disc (read-only memory)
 CDL Commercial Driver's License
 CDR Continuing disability reviews
 CEO Chief executive officer
 CERCLA Comprehensive Environmental Response, Compensation and Liability Act
 CERT Community Emergency Response Team
 Computer Emergency Response Team
 CFDA Catalog of Federal Domestic Assistance
 CFO Chief financial officer
 CFR Code of Federal Regulations
 CHIP Children's Health Insurance Program
 CJSAC Criminal Justice Statistical Analysis Centers
 CLFM Cooperative lands forest monitoring

Appendix B/Glossary of Acronyms

CLIA Clinical Laboratory Improvement Act
 CMS Center for Medicare and Medicaid Services
 CMV Commercial motor vehicle
 CNA Certified Nursing Assistants
 CNP Child Nutrition Program
 CON Certificate of Need
 COPS Community-oriented policing services
 CPD Center for Professional Development
 CPI Consumer Price Index
 Cost per Inquiry
 CPR Cardiopulmonary resuscitation
 CPRB Consolidated Public Retirement Board
 CPS Child Protective Services
 CPU Central processing unit
 CRTS Coal Resource Transportation System
 CSCL Cooperative state county landowner
 CSR Code of State Regulations
 CT Computerized tomography
 CTC Community and Technical College
 CVISN Commercial Vehicles Information Systems Network
 CWSRF Clean Water State Revolving Fund
 CY Calendar year

D

DARE Drug Abuse Resistance Education
 DASD Direct access storage device
 DASIS Drug and Alcohol Services Information System
 DD Developmental disabilities
 DDS Disability Determination Services
 DEA U.S. Drug Enforcement Administration
 DEP Department/Division of Environmental Protection
 DHHR Department of Health and Human Resources
 DHSEM Division of Homeland Security and Emergency Management
 DJS Division of Juvenile Services
 DLG Digital line graph
 DMR Division of Mining and Reclamation
 DMV Division of Motor Vehicles
 DNA Deoxyribonucleic Acid
 DNR Division of Natural Resources
 DOC Division of Corrections
 DOH Division of Highways
 DOJ U.S. Department of Justice

DOT Department of Transportation
 D.P.M. Doctor of Podiatric Medicine
 DR Disaster recovery
 DRA Deficit Reduction Act of 2005
 DREAM Data Reengineering and Modernization
 DSL Digital Subscriber Line
 DTV Digital television
 DUI Driving under the influence
 DVD Digital video disk
 DWTRF Drinking Water Treatment Revolving Fund

E

EAST Education, Arts, Science, and Tourism
 EBA Educational Broadcasting Authority
 EBT Electronic benefits transfer
 EDA Economic Development Authority
 EDI Electronic data interchange
 EDGE Earn a Degree—Graduate Early
 EDMS Electronic document management system
 EEO Equal employment opportunity
 EEOC U.S. Equal Employment Opportunity Commission
 EMS Emergency medical services
 EMT Emergency medical technician
 END Exotic Newcastle disease
 EPA U.S. Environmental Protection Agency
 EPICS Employees Payroll Information Control System
 EPSCoR Experimental Program to Stimulate Competitive Research
 EPSCoT Experimental Program to Stimulate Competitive Technology
 E-Rate Schools and Libraries Universal Service Program (electronic rate)
 EPSDT Early and periodic screening, diagnosis, and treatment
 ESL English as a Second Language
 ESPN Entertainment and Sports Programming Network
 EZ/EC Empowerment zone/Enterprise community

Appendix B/Glossary of Acronyms

F

FAA Federal Aviation Administration
 FACTS Family and children tracking system
 FAIM Field Automation Information Management
 FARS Financial Accounting and Reporting Section
 FAST Federal and state technology
 FBI Federal Bureau of Investigation
 FCC Federal Communications Commission
 FDIC Federal Deposit Insurance Corporation
 FEMA Federal Emergency Management Agency
 FFP Federal financial participation
 FFY Federal fiscal year
 FM Frequency modulation
 FO Social Security field office
 FOIA Freedom of Information Act
 FPL Federal poverty level
 FPM Forest pest management
 FPY Federal program year
 Federal performance year
 FRM Forest resources management
 FRN Family Resource Network
 FTA Federal Transit Administration
 FTE Full-time equivalent
 FY Fiscal year

G

GAAP Generally accepted accounting principles
 GAO Government Accountability Office
 GARVEE Grant Anticipation Revenue Vehicle
 GASB Governmental Accounting Standards Board
 GDP Gross domestic product
 GEAR UP .. Gaining Early Awareness and Readiness for Undergraduate Programs
 GED General Equivalency Diploma
 GFOA Government Finance Officers Association of the United States and Canada
 GIA Grant-in-aid

GIS Geographical information system
 GO General Obligation
 GPS Global positioning satellite system
 Global positioning system
 GRF General Revenue Fund
 GSP Gross state product

H

HACCP Hazard analysis critical control point
 HAVA Help America Vote Act
 HAZMAT ... Hazardous materials
 HB House Bill
 HCA Health Care Authority
 HEAPS Higher Education adult part-time student
 HEPC Higher Education Policy Commission
 HIDTA High intensity drug trafficking area
 HIPAA Health Insurance Portability and Accountability Act
 HIV Human immunodeficiency virus
 HMO Health maintenance organization
 HOPWA Housing Opportunities for Persons with AIDS
 HPSA Health professional shortage areas
 HRIS Human Resource Information System
 HRSA Health Resources and Services Administration
 HSC Health Sciences Center
 HSTA Health Sciences and Technology Academy
 HUD U.S. Housing and Urban Development
 HVAC Heating, ventilation, and air-conditioning

I

ICF Intermediate care facility
 ID Identification
 IDEA Individuals with Disabilities Education Act
 IDS Intrusion detection software
 IEP Individual education plan
 IFA Imported fire ant
 IFLOWS Integrated Flood Observing and Warning System
 IFTA International Fuel Tax Agreement

Appendix B/Glossary of Acronyms

INSITE An in-house program for families of blind, preschool children
 IOU I owe you
 IRI International roughness index
 IRP International registration plan
 IRS Internal Revenue Service
 IS&C Information Services and Communications
 ISTEA Intermodal Surface Transportation Efficiency Act
 IT Information technology
 ITS/CVO Intelligent Transportation System/Commercial Vehicle Organization

J

JARC Job Access and Reverse Commute
 JTPA Job Training Partnership Act
 JRS Judges Retirement System
 JSM Joint staff memorandum

K

K-6 Kindergarten through 6th grade
 K-12 Kindergarten through 12th grade

L

LAN Local area network
 LATA Local access transport area
 LEA Local educational agency
 LEAP Leveraging Education Assistance Partnerships
 LEP Limited English proficient
 LIFE Legislative Initiatives for the Elderly
 LIMS Laboratory Information Management System
 LLC Limited liability companies
 LSTA Library Services and Technology Act (federal)
 LTC Long-term care
 LVL Limited video lottery

M

MAPD Medicare Advantage Prescription Drug
 MAPS Department of Military Affairs and Public Safety
 MARC Maryland Rail Commuter
 MARS Management and Administrative Reporting System
 METH Methamphetamine
 MFCU Medicaid Fraud Control Unit
 MIP Major improvements program
 MIRA Micro insurance reserve analysis
 MISER Massachusetts Institute for Social and Economic Research
 MLMP Mineral Lands Mapping Project
 MMIS Medicaid Management Information system
 MOUS Microsoft Office User Specialist Certification
 MP Milepost
 M.P.H. Master of Public Health degree
 MPMP Mineral parcel mapping project
 MPO Metropolitan planning organization
 MR/DD Mental retardation/developmental disabilities
 MR/DD Mentally retarded/developmentally disabled
 MSA Metropolitan statistical area
 MSHA Mine Safety and Health Administration (federal)

N

N/A Not available/not applicable
 NAAQS National ambient air quality standards
 NAICS North American Industry Classification System
 NASCAR National Association for Stock Car Auto Racing
 NASAO National Association of State Aviation Officials
 NBER National Bureau of Economic Research
 NBPTS National Board of Professional Teaching Standards
 NBS Newborn screening
 NCIC National Crime Information Center

Appendix B/Glossary of Acronyms

NCRDS National Coal Resources Data System
 NRCS Natural Resources Conservation Service (USDA)
 NEA National Endowment for the Arts
 NEH National Endowment for the Humanities
 NHS National Highway System
 NHTSA National Highway Traffic Safety Administration
 NIMS National Incident Management System
 NIP Neighborhood Investment Program
 NLG National Leadership grant
 NOAA National Oceanic and Atmospheric Administration
 NPDES National Pollutant Discharge Elimination System
 NPS Nonpoint pollution source
 NSIP Nutrition Services Incentive Program

O

OBHS Office of Behavioral Health Services
 OES Office of Emergency Services
 OMB U.S. Office of Management and Budget
 OMHS&T ... Office of Miners' Health Safety and Training
 OP Occupational pneumoconiosis
 OPEB Other postemployment benefits
 OSCAR On-line Support Collections and Reporting System
 OSHA Occupational Safety and Health Administration (federal)
 OWLS Outdoor wildlife learning site

P

P&A Planning and administration
 PA Preliminary assessment
 PAAS Physician Assured Access System
 P.A.R.I.S Public Assistance Reporting Information System
 PASS Partnerships to Assure Student Success
 PATH Projects for Assistance in Transition from Homelessness

PBS Public Broadcasting Service
 PBTs Persistent bioaccumulative and toxic chemicals
 PC Personal computer
 P-card State purchasing card
 PCIF Patient Injury Compensation Fund
 PCR Phytosanitary certificates resources
 PDF Portable document format
 PDL Preferred drug list
 PE Physical education
 Professional Engineer
 PECA Program Enhancement Cooperative Agreement
 PEIA Public Employees Insurance Agency
 PERD Performance Evaluation and Research Division (section of the West Virginia Legislative Auditor's Office)
 PERS Public Employees' Retirement System
 PI Personal income
 PICA Program Improvement Cooperative Agreement
 PIECES Partners in Implementing an Early Care and Education System
 PIMS Position Information Management System
 PK Prekindergarten
 PKU Phenylketonuria
 P. L. Public law
 PLC Public Land Corporation
 PM 2.5 Particulate matter less than 2.5 microns in diameter
 POTS Plain old telephone service
 PPOD Pollution Prevention and Open Dump Cleanup
 PPS Prospective Payment Systems
 PR Public relations
 PRAMS Pregnancy Risk Assessment Monitoring System
 PROMISE ... Providing Real Opportunities for Maximizing In-State Student Excellence
 PSC Public Service Commission
 PSWF Public solid waste facility
 PY Program year

Q

Q&A Question and answer

Appendix B/Glossary of Acronyms

R

R&D Research and development
 RA Remedial Action
 RAPIDS Recipient Automated Payment and Information Data System
 RCL Regulated consumer lenders
 RCRA Resource Conservation Recovery Act
 RCVM Reserve coal valuation model
 RD Rural development
 READS Reading Excellence Accelerates Deserving Students
 REAP Rehabilitation Environmental Action Plan
 RESA Regional educational service agency
 RFI Request for information
 RFP Request for proposals
 RFQ Request for quotations
 RHSP Rural Health Systems Program
 RNGI Reforestation, nursery, and genetic resources
 RP Responsible party
 RSP Responsible Student Program
 RTIA Radiation Toxics and Indoor Air
 RV Recreational vehicle

S

SACWIS Statewide automated child welfare information system
 SAFETEA .. Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003
 SAFETEA-LU
 Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users
 SAP Special appropriation project
 SB Senate Bill
 SBA School Building Authority
 SBDC Small Business Development Center
 SBIC Small Business Investment Corporation
 SBIR Small Business Innovation Research
 SBVR South Branch Valley Railroad
 SCC State Conservation Committee
 SCI Spinal cord injury
 SCIP Systematic, Continuous, Improvement Process

SCORE Service Corps of Retired Executives
 SCSEP Senior Community Service Employment program
 SEEDS Student Educational and Economic Development Success
 SEP State Energy Program
 SERC Satellite Education Resources Consortium
 SFA Saskatchewan Forestry Association
 SHARES Saving History and Reaching Every Student
 SHINE Senior Health Insurance Network
 SHP State Health Insurance Assistance Program
 SI Site investigation
 SIC Standard industrial classification
 SLP Speech-language pathologists and assistants
 SKI-HI An in-house program for families of deaf and hard-of-hearing preschool children
 SOAP Small Operator Assistance Program
 SOD Sudden Oak Death
 SOSU Sex Offender Specialized Treatment Unit
 SRA State Rail Authority
 SRO Single room occupancy
 SREB Southern Regional Education Board
 SSI Supplemental Security Income
 SSDI Social Security Disability Insurance
 STAG State and Tribal Assistance grant
 STARBASE Science and Technology Academics Reinforcing Basic Aviation and Space Exploration
 STEM Science, Technology, Engineering and Math
 STS Slow the Spread
 STTR Small Business Technology Transfer
 SUCCESS ... Student utilization of computers in curriculum for the enhancement of scholastic skills
 SWA Solid waste authority
 SWMB Solid Waste Management Board

T

TANF Temporary Assistance for Needy Families
 TBI Traumatic brain injury
 TCE Tax Counseling for the Elderly
 TCR Telecommunication change request

Appendix B/Glossary of Acronyms

TEA-21 Transportation Equity Act for the 21st Century
 TEAM Team effort for acquisition management
 TEFAP The Emergency Food Assistance Program
 TIFF Tagged Image File Format
 TMDL Total maximum daily load
 TRC Mine Safety and Technical Review Committee
 TRC Teachers' Resource Center
 Technology Resource Center
 TRS Teachers' Retirement System
 TQM Total Quality Management
 TRAFFIC ... Tax Reduction and Federal Funding Increased Compliance
 TSA Transportation Security Administration
 TTY/TDD .. Telecommunications device for the deaf
 TV Television

U

U&CF Urban and Community Forestry
 UCC Uniform Commercial Code
 U.S. United States
 USDA United States Department of Agriculture
 USDC United States Department of Commerce
 USDOE United States Department of Energy
 USFDA United States Food and Drug Administration
 UST Underground Storage Tank

V

VCP Voluntary Cleanup Program
 VFD Volunteer fire department
 VIP Voting Is Powerful
 VISTA Vendor Inquiry System to the Auditor
 Volunteers in Service to America
 VITA Volunteer Income Tax Assistance
 VOI/TIS Violent offender incarceration/Truth in sentencing

W

W&M Weights and Measures
 WCF Workers' Compensation Fund
 WCIS® Workers' Compensation Insurance System
 WDA Water Development Authority
 WESTEST .. West Virginia Educational Standards Test
 WIA Workforce Investment Act
 WIC Women, Infants, and Children Program
 WISe WNPB's Information Service
 WISH Workflow and Imaging Solution System
 WMD Weapons of mass destruction
 WTI West Texas Intermediate
 WV West Virginia
 WV WORKS
 West Virginia's welfare reform initiative
 W.Va. West Virginia
 WVaPR West Virginia Public Radio
 WVCR West Virginia Central Railroad
 WVCTCS ... West Virginia Community and Technical College System
 WVDA West Virginia Department of Agriculture
 WVDE West Virginia Department of Education
 WVDO West Virginia Development Office
 WVEIS West Virginia Educational Information System
 WVFAIR ... West Virginia Financial Aid Information and Resources
 WVFIMS ... West Virginia Financial Information Management System
 WVIHY West Virginia Industrial Home for Youth
 WVIJDC West Virginia Infrastructure and Jobs Development Council
 WVIOF West Virginia Industries of the Future
 WVLC West Virginia Library Commission
 WVMEP West Virginia Manufacturing Extension Partnership
 WVMR An Allegheny Mountain Radio station
 WVNET West Virginia Network for Educational Telecomputing
 WVPASS ... West Virginia Partnership to Assure Student Success
 WVPBS West Virginia Public Broadcasting Service

Appendix B/Glossary of Acronyms

WVPMIC ... West Virginia Physician's Mutual
Insurance Company
WVPPA West Virginia Public Port Authority
WVRC West Virginia Rehabilitation Center
WVRDC West Virginia Rural Development
Council
WVU West Virginia University
WVUIT West Virginia University Institute of
Technology

Y

Y2K Year 2000
YTD Year to Date