



# COMMONWEALTH of VIRGINIA

Hal E. Greer  
Director

*Joint Legislative Audit and Review Commission*  
201 North 9<sup>th</sup> Street, General Assembly Building, Suite 1100  
Richmond, VA 23219

(804) 786-1258

JLARC Meeting  
May 8, 2017

## MINUTES

### Attending

#### JLARC Members:

Delegate Robert Orrock, Chairman; Delegate David B. Albo, Delegate Betsy B. Carr; Delegate M. Kirkland Cox, Senator Emmett Hanger, Senator Janet Howell, Delegate Chris Jones, Delegate R. Steven Landes, Delegate James P. Massie, Senator Ryan McDougle, Senator Thomas K. Norment, Delegate John M. O'Bannon, Delegate Kenneth Plum, Senator Frank Ruff, Ms. Martha Mavredes, Ex Officio.

#### JLARC Staff:

Hal Greer, Director; Justin Brown, Senior Associate Director; Tracey Smith, Associate Director; Kimberly Sarte, Associate Director; Kate Agnelli; Lauren Axselle, Erik Beccroft, Sarah Berday-Sacks, Jamie Bitz, Drew Dickinson, Kathy DuVall, Nick Galvin, Maria Garnett, Mark Gribbin, Paula Lambert, Jeff Lunardi, Liana Major, Bridget Marcek, Joe McMahon, Ellen Miller, Jordan Paschal, Nathan Skreslet, Nichelle Williams, Christine Wolfe.

#### Others:

Staci Henshaw and George Strudgeon (Auditor of Public Accounts); Eric Link (VITA); Jordan Forbes (VA529); Lisa Wallmeyer (Division of Legislative Services); Jason Saunders (Department of Planning and Budget); Ali Faruk (Department of Medical Assistance Services); Mike Jones (Troutman Sanders); Phil Leone (Virginia Tech); Mark Smith (George Mason University); Paul Van Lenten (Virginia ABC); Sarah Herzog, Jason Powell, and Charles Kennington (Senate Finance Committee staff); David Reynolds (House Appropriations Committee staff); Travis Fain (Daily Press); Michael Martz (Richmond Times Dispatch).

The meeting was called to order at 10:03 a.m. by Delegate Orrock, Chairman. Delegate Orrock then recognized Hal Greer, JLARC staff Director, who welcomed Delegate Betsy Carr to the JLARC and introduced a new staff member, Kate Agnelli, to the Commission. Mr. Greer then provided a brief overview of the meeting agenda and presented the 2017 Director's Report to the Commission.

Mr. Greer then introduced Justin Brown, Senior Associate Director, who began the presentation of the *2017 JLARC Workplan* by providing an overview of the projects under his supervision, which include: (1) *Regulation and Use of Biosolids and Industrial Residuals* and (2)

*Optimizing State Investments in Early Childhood Development.* Mr. Brown turned the presentation over to the project leaders (Mark Gribbin and Drew Dickinson), each of whom presented a brief overview to the Commission of the study mandate, background, study issues, and research activities for each project.

Following Mark Gribbin's presentation on the *Regulation and Use of Biosolids and Industrial Residuals* workplan, Delegate Orrock asked if JLARC staff could research why certain jurisdictions do not receive biosolids, what DEQ is doing now that VDH did not do previously, and whether the process for regulating land applications is similar to that of regulating farm animal confinement operations. Senator Hanger asked if JLARC staff can look at the extent to which endocrine disruptors are present in biosolids. Mr. Gribbin indicated that these topics will be covered through the team's literature review.

Subsequently, Drew Dickinson provided an overview of the early childhood development workplan. Senator McDougle asked if JLARC staff can look into what happens after children move into traditional school. Senator Howell stated that there has been universal recognition of the importance of early childhood programs, but she is not sure the study is looking at what programs are missing in Virginia. She recommended that JLARC staff review a study recently completed by the Southern Regional Education Board to determine what is being done in other states that Virginia is not currently doing. Delegate Landes asked if JLARC staff are planning to examine the long-term results of early childhood development programs. He also said that Virginia could leverage partnerships between public and private sectors. Delegate Massie stated that the Virginia Preschool Initiative (VPI) program focuses on at-risk children. He said that JLARC staff should focus on the research data pertaining to early childhood development programs for at-risk and not at-risk children to determine how well these children perform over time in traditional school. Delegate Orrock said that the meals programs should also be included in the review.

Subsequently, Tracey Smith, Associate Director, provided an overview of the projects under her supervision: (1) *Operations and Performance of the Virginia Community College System* and (2) *Total Compensation for State Employees*. Ms. Smith then turned the presentation over to the project leaders (Jamie Bitz and Jeff Lunardi), each of whom presented a brief overview to the Commission of the study mandate, background, study issues, and research activities for each project.

Following Jamie Bitz's presentation on the *Operations and Performance of the Virginia Community College System* workplan, Senator Norment asked if the 14% enrollment decline was consistent across all community colleges. Mr. Bitz stated that there are expected differences across the community colleges and that he can follow-up with the Commission to provide this information. Senator Norment also mentioned that there are many new online courses available for students, so he is interested in VCCS's ability to decide on the creation of new curricula. Senator McDougle asked how the enrollment decline compares to that of the traditional higher education university system. He also asked if the enrollment decline was more pronounced in certain geographic areas. Senator Howell asked if the 2011-2012 school year was a useful benchmark year because there was an increase in enrollment as a result of the recession. Delegate Massie asked if JLARC staff are looking at the success of community college students in terms of the types of jobs students are able to obtain after completing a two-year associates degree. Delegate Massie also said that after the recession, the community colleges experienced a big spike in enrollment because many lower income students enrolled. Delegate Albo asked if

the transfer programs include all courses offered. Delegate Cox asked if those who finished the Workforce Credential Grant program would have otherwise not obtained the credential received. He also asked if the students were encouraged to receive a certification for completing the program. Delegate Landes stated that the dual enrollment issue is very important and asked how many dual enrollment classes result in students receiving credit at four-year institutions. Senator McDougle asked if the team plans to look at the articulation of students moving from a community college to a four-year higher education institution. Delegate Orrock said that some universities have sufficient enrollments without collaborative agreements. He then asked if the team could look into the statewide availability of associates degree programs and whether there are ways to expand these programs across the state. Delegate Orrock also said that the team should consider interviewing with industry professionals. Ms. Smith explained that JLARC staff completed an extensive review in 2014 of workforce development programs and how community colleges could do a better job at addressing the needs of employers. Delegate Orrock asked that the data from the 2014 report be included in the September briefing of the VCCS report.

Subsequently, Jeff Lunardi provided a brief overview of the total compensation workplan. Senator McDougle stated that the 2017 General Assembly recently approved salary increases for high turnover areas. Mr. Lunardi said that the team will not be able to examine the impact of the 2017 salary increases due to the timing, but does plan to compare salary increases for Virginia's state employees to that of other entities. Delegate O'Bannon asked if a consultant is being used for the study. Mr. Lunardi said that a consultant will be performing a comparison of state employee compensation to market salaries and benefits. Delegate O'Bannon asked if the consultant has been hired. Mr. Lunardi indicated that Mercer has been hired to perform the consulting work and stated that they provided consulting services for the 2008 total compensation and 2011 retirement studies. Delegate O'Bannon asked if state employee benefits will also be included and whether the team will be looking at employee morale. Mr. Lunardi indicated that benefits are included in state employee total compensation, and that the team plans to survey state employees about morale, as well as other topics, such as job security and work-life balance. Delegate Massie asked if the team could also compare public versus private compensation across the county.

Mr. Lunardi then introduced Kimberly Sarte, Associate Director for JLARC's ongoing oversight and fiscal analysis, who provided the Commission with an overview of her responsibilities: (1) evaluation of economic development incentives, (2) ongoing oversight of the Virginia Retirement System (VRS), Virginia College Savings Plan (VA529), and VITA, (3) fiscal analysis services, including annual reports and fiscal impact reviews, and (4) evaluation of proposed mandated health insurance benefits.

Ms. Sarte then introduced Ellen Miller who provided the Commission with a brief overview of the ongoing evaluations of economic development incentives. Delegate Massie asked about the status of an economic development analysis that was performed by VCU. He said that VCU should have reported back to a joint subcommittee with their findings. Ms. Miller said that she would check on the status of this.

Ms. Miller then introduced Joe McMahon who provided a brief overview of the products and activities planned for the agency's ongoing oversight responsibilities. The Commission did not have any questions for Mr. McMahon.

Subsequently, Ms. Sarte presented information on the fiscal analysis annual reports and fiscal impact reviews. Delegate Albo commented that the fiscal impact review service provided by JLARC staff has been very useful. Delegate Orrock asked if there would be any merit to having JLARC staff randomly perform five fiscal impact reviews during the General Assembly session. Delegate Jones expressed appreciation for receiving a copy of all fiscal impact reviews, in addition to the subcommittee chairs.

Mr. Greer then presented the proposed Commission meeting calendar for 2017. There being no further discussion or questions of the Commission regarding the JLARC workplan presentation, Delegate Orrock stated that the *2017 JLARC Workplan* will be adopted by the Commission without objection. There being no objections, the motion was approved unanimously by the Commission.

Mr. Greer then directed the Commission's attention to the next agenda item: study topic selection. He mentioned that mental health and public safety are two topics where interest has been expressed by Commission members. Mr. Greer stated that JLARC staff will provide the Commission with additional information on these topics for consideration at the July 10 meeting. Delegate Cox stated that the General Assembly did not pass study resolutions during the 2017 session because the members want JLARC staff to look at agencies or programs that the agency has not studied in a long time. He also stated that this is the best way for the Commission to provide input on the topics. Mr. Greer explained that a study topic subcommittee has been created in the past to consider various study issues. Delegate O'Bannon stated that he recalled receiving a list of topics that had never been studied and said that receiving a similar list would be useful. Delegate Cox asked Mr. Greer to confirm that the agency would have the capacity to conduct four to six studies per year. Delegate Orrock said one option would be to have Joint Rules provide input as well since they approve study resolutions during the General Assembly session each year. Senator Norment said that the Joint Rules Committee just met that morning. He asked if July is timely enough to approve additional studies for JLARC staff to perform. Mr. Greer said that July would be ideal so that analysts can be reassigned as the current projects are completed. Delegate Orrock said that the Joint Rules members should work with Mr. Greer to determine the new studies for JLARC. Senator McDougle said that the members should consider topics that may have cost savings. Delegate Orrock indicated that a subcommittee should be created for study topic selection comprised of the members of JLARC who are also members of Joint Rules.

Following the study topic discussion, Ellen Miller provided the Commission with a brief update on actions taken by the economic development subcommittee. Delegate Orrock stated that this was a status report only, and that no action was needed by the Commission at this time.

Delegate Orrock then recognized Ms. Martha Mavredes who presented the Commission with information on the Auditor of Public Accounts (APA) strategic plan, impact of 2017 legislation, and proposed salary scales. Ms. Mavredes then introduced Staci Henshaw, Deputy Auditor, who presented the Commission with the APA's proposed 2018 work plan and a description of the special projects to be completed.

Delegate Massie asked if it is possible for a state agency to be designated as high-risk for less than three years. Senator McDougle asked how the agency performance measures are determined. Ms. Mavredes stated that agencies create their performance measures. Senator Hanger asked about cost effective IT options for small agencies. He said that VITA provides an

internal audit service to help them, so the APA may need to look into this. Delegate O'Bannon asked if an audit is currently done of the Office of the Executive Secretary. Ms. Henshaw indicated that they are audited and are currently in the high-risk pool of agencies. Delegate Orrock asked about the audit cycle for DGS since they are on the list of high-risk agencies. Ms. Henshaw explained that DGS is considered high-risk due to a lack of internal controls for their administration of the Voyager fuel card program.

Following Ms. Henshaw's presentation, Delegate Orrock requested the Commission's approval of the APA workplan and proposed salary scales. There being no objections, the APA workplan and salary scales were approved by the Commission.

Subsequently, Ms. Mavredes presented the Commission with information regarding the audit results and findings of the APA's work in 2016. Delegate Orrock asked if there are any findings that can be addressed through legislation to prevent additional deficiencies in agencies. He asked if the deficiencies are shared with the House and Senate subcommittees to help make them aware of the issues. Senator Hanger asked about the auditing authority of local governments. Ms. Mavredes said that some Code of Virginia sections say the APA, but others say an external entity. Delegate Orrock said they should have a list of the approved credible audit firms.

Lastly, Mr. Greer announced that the Commission will not have a meeting in June. He stated that the next Commission meeting is scheduled for Monday, July 10, which will include presentations from VRS and VA529.

There being no further business, the Commission rose at 12:20 p.m.

Approved by: Hal E. Greer  
Hal E. Greer, Director

Date: 5/15/17

Prepared by: Paula C. Lambert  
Paula C. Lambert  
Manager, Fiscal and Administrative  
Services & Senior Legislative Analyst