

# JLARC Workplan

2016



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### **Director**

Hal E. Greer

# 1 JLARC Workplan

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The Joint Legislative Audit and Review Commission (JLARC) is the oversight arm of the Virginia General Assembly. It was established by the legislature in 1973 to review and evaluate the operations and performance of state agencies and programs. Major topics of research are developed and approved by the General Assembly and sometimes by the Commission. Since its establishment, JLARC's responsibilities have been expanded to include oversight and fiscal analysis in a number of areas of Virginia government.

As statutory mandates have expanded and changed over time, JLARC has developed a structured but flexible process for planning the work of the organization. This workplan, which is prepared annually and submitted to the Commission for review and approval, represents a staff proposal for a feasible work schedule. The workplan may be revised to reflect changes in organizational priorities and needs. The workplan sections that follow cover JLARC's three major work functions: Studies, Oversight and Fiscal Analysis, and Support.

## Proposed meeting schedule 2016

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<b>May 9</b>	Director's report 2016 JLARC workplan Results of APA 2015 work (by APA leadership) 2016 APA workplan (by APA leadership)
<b>June 13</b>	Development and Management of State Contracts VITA status report (by VITA leadership) Proposed process: JLARC fiscal review of executive orders
<b>July 11</b>	VRS oversight report VRS status report (by VRS leadership) VA529 oversight report VA529 status report (by VA529 leadership)
<b>August</b>	No meeting
<b>September 12</b>	Impact of Regulations on Virginia's Manufacturing Sector VITA disentanglement from Northrop Grumman contract VITA status report (by VITA leadership)
<b>October 11</b>	Effectiveness of Virginia's Water Resource Planning and Management State spending: 2016 update
<b>November 14</b>	Efficiency and Effectiveness of VEDP Department of Veterans Services status report (by Secretary of Veterans and Defense Affairs) Status of JLARC recommendations
<b>December 12</b>	Managing Costs in Virginia's Medicaid Program Spending on the K-12 Standards of Quality: 2016 Update VRS oversight report



## 2 Studies

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Major research studies are the primary work of the agency. Studies follow individual work-plans, which are developed by project teams and reviewed by leadership to ensure that high quality work can be completed in the time allotted.

Studies to be initiated or completed in 2016 are summarized below. Study resolutions are included in the appendix.

### **Development and Management of State Contracts in Virginia**

*Mandate: Commission resolution, passed September 8, 2014*

*Scheduled briefing: June 13, 2016*

Recent problems with some state contracts in Virginia have raised concerns about the adequacy of the state's approach to procurement and contract management. In 2015, state entities procured goods and services through contracts worth over \$6 billion. Although a few entities play a lead role in contracting, the system is largely decentralized such that all state entities are involved in procurement and contract management.

In June 2016, JLARC staff will report on multiple aspects of procurement and contract management, with a particular focus on value and risk: whether the state is well positioned to maximize value through its contracting processes, and whether state oversight, policies, and processes are sufficient to mitigate the risks the state and the public are exposed to through contracting.

JLARC staff will also report on methods of procurement used by agencies, and whether these methods maximize value and mitigate risk, whether procurement preferences for small businesses impact value and risk, and whether grievance procedures available to vendors are adequate. JLARC will evaluate the procurement models used by other governments and organizations for practices that could be applied in Virginia.

### **Impact of Regulations on Virginia's Manufacturing Sector**

*Mandate: SJR 274 (2015)*

*Scheduled briefing: September 12, 2016*

Manufacturing is a key sector of the Virginia economy, but the past decade has seen the long-term trend of declining employment continue such that 22 percent fewer Virginians are employed by manufacturers than in 2005. Regulations, and the costs to manufacturers of compliance, may have also changed over the past 10 years.

JLARC staff will update the 2006 JLARC study of the impact of regulations on Virginia's manufacturing sector. The 2006 study found that the cost to Virginia manufacturers of complying with state and federal regulations ranged from \$923 million to \$3.49 billion.

In September 2016, JLARC staff will report on the regulatory actions that state agencies have taken since 2005, and whether those regulations expand substantially upon federal regulations. The update will provide a new estimate of the current cost to Virginia manufacturers of complying with regulations.

## **Effectiveness of Virginia's Water Resource Planning and Management**

*Mandate: SJR 272 (2015) and Appropriation Act Item 33 (2016)*

*Scheduled briefing: October 11, 2016*

The state and its localities manage Virginia's water resources, the largest proportion of which are used for electric power generation and the public water supply. The Department of Environmental Quality recently reported that the supply of surface and ground water in Virginia may be insufficient to meet demand over the long term.

JLARC staff will study Virginia's water sustainability, planning, and permitting; review the impact of proposed changes to regulations for surface water withdrawal permitting; and identify strategies to preserve and increase water supplies.

JLARC staff are partnering with Virginia Tech's Water Resource Research Center to address certain scientifically complex aspects of this study. The Water Resource Research Center has convened an advisory panel of higher education faculty, and the advisory panel has selected scientists with expertise in Virginia's water resources and sustainability to help with the analysis.

## **Efficiency and Effectiveness of the Virginia Economic Development Partnership**

*Mandate: HJR 7 (2016)*

*Scheduled briefing: November 14, 2016*

The Virginia Economic Development Partnership (VEDP) was created in 1995 to stimulate and support the development and expansion of the state economy. To this end, VEDP engages in activities aimed at attracting new companies to the state, helping existing companies grow, expanding international trade, and promoting the advantages of conducting business in Virginia. In fiscal year 2015, VEDP awarded nearly \$50 million in incentives for companies to locate or expand in Virginia through the nine grant programs it administers.

JLARC staff will evaluate the organizational and operational efficiency of VEDP and its performance, particularly the effectiveness of its initiatives. JLARC staff will examine the governance and oversight mechanisms in place to facilitate VEDP's efficiency and effectiveness; the coordination of state, regional, and local economic development initiatives; and models used by other states. This will be JLARC's first review of VEDP since the partnership's inception.

# Managing Costs in Virginia's Medicaid Program

*Mandate: HJR 637 and SJR 268 (2015)*

*Scheduled briefing: December 13, 2016*

Total Medicaid spending exceeded \$8.2 billion in FY15, making Medicaid the largest program in the state's budget. Increased spending on Medicaid has been a longstanding concern because the program accounts for a growing share of state spending. Many reform initiatives have been implemented in recent years, but there is continued interest in controlling costs without compromising the quality of health care services. JLARC staff will build on these initiatives when making recommendations.

The 2016 study will assess whether appropriate services can be provided in a more cost-effective manner. The report will identify evidence-based practices and strategies that have been successfully adopted in other states. JLARC issued two reports under the mandate in the fall of 2015, addressing the Medicaid eligibility determination process and Medicaid non-emergency transportation services.

## Virginia's community college system

*Mandate: HJR 157 (2016)*

*Scheduled briefing: 2017*

Community colleges play an important role in higher education, but it is unclear whether Virginia's system is fulfilling its role effectively and efficiently. Two-year higher education institutions offer a lower cost way to earn college credits that transfer to a four-year institution or accrue toward an associate degree. Despite this cost advantage, a smaller percentage of all undergraduates are enrolled at community colleges than a decade ago. The growth in state spending on the community college system is the eighth highest among all state agencies, and the system's central office spending increased by 128 percent during the past decade.

JLARC staff will review spending and the allocation of funds within Virginia's community college system and assess how effectively and efficiently the system provides students the education, training, and credentials they need to be successful in the workplace. This study is underway as of May 2016, and the report will be briefed to the Commission in 2017.

## Early childhood development programs

*Mandate: SJR 88 (2016)*

*Scheduled briefing: 2017*

Early childhood development programs can ensure that children are healthy and have basic social and educational foundations upon which to build successful lives. Children who do not have this basic foundation in place before they turn five years old may have educational difficulties; for example, they are more likely to require special education services and less likely to graduate from high school.

Virginia spends hundreds of millions of dollars each year on early childhood programs but lacks a central system for tracking information about the programs. The state also lacks an authoritative assessment of the relative cost effectiveness of the various early childhood development programs.

JLARC staff will assess the design and outcomes of early childhood development programs, including those that provide prenatal care. The study will build on this assessment to propose options for cost-effective investment in future programs. This study will begin as staff resources become available in fall 2016, and the report will be briefed to the Commission in 2017.

## **Industrial residuals and biosolids**

*Mandate: HJR 120 (2016)*

*Scheduled briefing: 2017*

Virginia's agricultural and other business sectors have applied biosolids and industrial residuals to land for many years. The use of these materials is regulated, but citizens have expressed concern that they pose a risk to the environment and public health. Various entities have published studies concluding that when biosolids and industrial residuals are applied properly, they represent a negligible risk to human health, but additional scientific research may be needed to close gaps in knowledge about the risks.

JLARC staff will study industrial residuals and biosolids in Virginia. The study will evaluate the impact of current regulations, review research literature on the risks, and examine a variety of issues related to monitoring, testing, and permitting. This study will begin as staff resources become available in fall 2016, and the report will be briefed to the Commission in 2017.



# 3 Oversight and Fiscal Analysis

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JLARC provides oversight, fiscal analysis, and ongoing evaluation for the General Assembly. Several JLARC staff members are dedicated to providing these services, and others become involved as needed.

## Ongoing oversight

### Virginia Retirement System

The Virginia Retirement System Oversight Act (Chapter 10 of Title 30 of the Code of Virginia) authorizes oversight of the Virginia Retirement System (VRS). Under this authority, JLARC is directed to focus on

- the structure and governance of the retirement system;
- the structure of the investment portfolio;
- investment practices, policies and performance;
- the actuarial policy and the actuarial soundness of the trust funds; and
- the administration and management of the retirement system.

JLARC staff oversee and evaluate VRS on a continuing basis and as directed by the General Assembly. Work activities for oversight of the retirement system are intended to ensure that the General Assembly is informed about important aspects of the system's investments, actuarial status, and administrative effectiveness.

#### *Monthly meetings of board of trustees and committees – Ongoing attendance*

JLARC staff attend meetings of the VRS board of trustees and its committees, including the Benefits and Actuarial Committee, the Audit and Compliance Committee, the Defined Contribution Plans Advisory Committee, the Investment Advisory Committee, the Administration and Personnel Committee, and the Investment Policy Committee.

#### *VRS oversight reports – Scheduled briefings: July 11 and December 12, 2016*

JLARC staff inform the Commission about VRS operations and investments through two oversight reports, presented at the July and December Commission meetings. Both reports review VRS trust fund investments, defined contribution plans, and issues related to benefits administration and management. The July report will summarize legislation recently adopted by the General Assembly, and the December report will include information on the VRS budget and expenses. The December report will also include findings from a JLARC staff review of compensation provided to VRS investment professionals. VRS leadership will provide a status update on the retirement system at the July Commission meeting.

## Virginia529

The Virginia College Savings Plan Oversight Act (Chapter 51 of Title 30 of the Code of Virginia) authorizes oversight of the Virginia College Savings Plan (VA529). Under this authority, JLARC is directed to focus on

- the structure and governance of VA529;
- the structure of investment portfolios;
- investment practices, policies and performance;
- the actuarial policy and the actuarial soundness of the prepaid tuition program; and
- the administration and management of the plan.

JLARC staff oversee and evaluate VA529 on a continuing basis and as directed by the General Assembly. Work activities for VA529 oversight are intended to ensure that the General Assembly is informed about the plan's investments, actuarial status, and administrative effectiveness.

### *Meetings of the board of directors and committees – Ongoing attendance*

JLARC staff attend the regular meetings of the VA529 board of directors and its committees, including the Audit and Actuarial Committee, the Compensation Committee, the Investment Advisory Committee, and the Scholarship, Education, and Outreach Committee.

### *VA529 oversight report – Scheduled briefing: July 11, 2016*

JLARC is required to prepare a biennial oversight report on issues related to VA529. The report provides an overview of VA529's four college savings programs, including program growth and investment performance, the funded status of the prePAID college tuition program, and issues related to agency and program management. The report will also summarize VA529's implementation of the new legislatively required Achieving a Better Life Experience program, which will allow tax-free savings accounts for individuals with disabilities. VA529 leadership will provide a status update at the July Commission meeting.

## Virginia Information Technologies Agency

The Appropriation Act directs JLARC to review and evaluate the Virginia Information Technologies Agency (VITA) on an ongoing basis. Under this authority, JLARC is directed to focus on

- the state's IT infrastructure outsourcing contracts;
- VITA's planning and oversight responsibilities; and
- VITA's procurement services and oversight of state agency procurement activities.

Work activities for VITA oversight are intended to inform the General Assembly about important aspects of VITA and IT services in Virginia. Currently JLARC staff are placing particular focus on VITA's IT sourcing initiative. Under this initiative, the state will transfer central IT infrastructure services provided by Northrop Grumman to several new contracts with multiple vendors by 2019.

### *IT advisory meetings – Ongoing attendance*

JLARC staff attend meetings of the Chief Information Officers Council, the IT Advisory Council, the Information Security Council, the IT Sourcing Steering Committee, the Customer Advisory Council, and other key IT advisory meetings.

### *Northrop Grumman contract – Update on disentanglement*

*Scheduled briefing: September 12, 2016*

JLARC staff will brief the Commission on VITA's plans to disentangle from the current central infrastructure contract with Northrop Grumman, with a focus on the steps being taken to maintain quality IT services through the transition to a new service model. VITA staff will update the Commission on the progress of the IT sourcing initiative at both the June and the September meetings.

## **Other oversight activities**

### **Proposed health insurance mandates**

*Evaluation upon request*

At the request of the Health Insurance Reform Commission, JLARC staff participate in the evaluation of bills that would mandate insurance coverage of specific health care benefits. The Health Insurance Reform Commission currently has several mandate bills under review and may request evaluations from JLARC staff in 2016 (Statutory authority: §§ 30-58.1 and 30-343).

### **Higher education institution management agreements**

*Review upon request*

The Restructured Higher Education Financial and Administrative Operations Act requires that JLARC review the initial management agreements implemented by institutions of higher education and report on institutional compliance with the agreement requirements. Since 2008, JLARC staff have reported on the compliance of four institutions—the University of Virginia, Virginia Tech, William and Mary, and Virginia Commonwealth University—with their management agreements. There are no reviews of management agreements planned for 2016 (Statutory authority: § 23-38.88).

### **Administrative Process Act exemptions**

*Periodic review*

The Administrative Process Act applies to the creation and implementation of regulations by government agencies, and specifies that opportunities be provided for public notification and comment on the regulations. In many cases, regulatory activity that is exempt from the Administrative Process Act does not provide the same degree of opportunity for public notification and comment. JLARC is required periodically to review exemptions to the Administrative Process Act and assess whether any exemptions should be discontinued or modified. The Commission has the flexibility to initiate a review when it appears warranted, such as when there are issues or concerns related to regulatory agency use or abuse of the exemptions (Statutory authority: § 2.2-4005).

### **Council on Virginia's Future**

*Technical support and staff assistance upon request*

JLARC staff are available for support and assistance to the Council on Virginia's Future. The council was established to develop a strategic plan, long-term goals, and a performance tracking and accountability system (Virginia Performs) for state government (Statutory authority: § 2.2-2688).

# Fiscal analysis

JLARC provides fiscal analysis services to the General Assembly. Under this function, JLARC staff

- provide an independent capability to assess the fiscal impact of proposed legislation and executive orders;
- report on state spending in Virginia and how it compares nationwide;
- monitor and provide technical support for major forecasts related to the state budget; and
- provide other fiscal analysis support to the General Assembly as requested.

Work activities for fiscal analysis services are intended to keep the General Assembly informed of state spending trends and provide fiscal assessments and support as requested.

## Fiscal impact review of bills

*Upon request of a committee chair*

JLARC staff review fiscal impact statements for proposed legislation. These reviews serve as a second opinion on the projected cost of a specific bill. Through the 2016 General Assembly, JLARC staff have prepared more than 100 fiscal impact reviews (Statutory authority: Appropriation Act).

## Fiscal impact review of executive orders

*Upon request of a committee chair*

Legislation enacted during the 2016 session requires JLARC to review the fiscal impact of executive orders issued by the governor (SB 680). JLARC staff will provide a fiscal impact statement to the requesting chair and the chair of the corresponding committee in the other chamber. A primary work activity this year will be establishing this new function (Statutory authority: § 30-19.1:12).

## State spending

*Annual report scheduled for briefing October 11, 2016*

JLARC staff report every year on state spending, including expenditures and appropriations. This year's report will examine budget growth from FY07 through FY16 and identify the largest and fastest growing programs (Statutory authority: § 30-58.3).

## K-12 Standards of Quality

*Annual report scheduled for briefing December 12, 2016*

JLARC staff report every year on funding the state provides each locality for an educational program meeting the K-12 Standards of Quality (SOQ). The SOQ include minimum resource requirements, such as ratios of teachers to students, for elementary and secondary schools (Statutory authority: § 22.1-97).

JLARC has been directed to support a newly established joint subcommittee tasked with studying the future of public K-12 education. The joint subcommittee will study revising or reorganizing the SOQs and make recommendations as needed. The joint subcommittee is to conclude its work by November 30, 2017 (Statutory authority: HJR 112 [2016]).

## **Virginia Compared to the Other States**

*Booklet scheduled for publication January 2017*

Each year JLARC staff publish a booklet comparing all 50 states on a variety of economic and demographic indicators, including population, personal income, revenues, taxes, employment, and tuition at state colleges and universities.

## **Internal service funds oversight**

*Memorandum scheduled for release November 2016*

JLARC staff monitor 12 internal service funds: nine at the Department of General Services, one at VITA, and two at the Department of Accounts. In previous years, JLARC's annual memorandum on internal service funds was sent to Commission members during the legislative session. To improve the timeliness of the information, JLARC staff are planning to modify the memo and provide it to Commission members in November each year (Statutory mandate: §§ 2.2-803, 2.2-1101, and 2.2-2013, and Appropriation Act).

## **Expenditure forecasts**

*Ongoing monitoring*

JLARC's methodologist participates in a technical advisory group that develops forecast methodologies and alternative forecasts of the state's prison and jail populations. The technical advisory group's "consensus forecasting" process is overseen by the Secretary of Public Safety, with participation by representatives from the Department of Corrections, the Department of Criminal Justice Services, the Virginia Criminal Sentencing Commission, JLARC, and experts appointed by the Secretary of Public Safety.

JLARC periodically reviews other major forecasts related to the state budget, including elementary and secondary education average daily membership (school attendance), higher education enrollment, and Medicaid expenditures (Statutory authority: Appropriation Act).

## **Debt Capacity Advisory Committee**

*Participation by JLARC director*

The JLARC director serves on the Debt Capacity Advisory Committee, which is required to review the size and condition of the state's tax-supported debt. The committee provides to the governor and General Assembly an estimate of the maximum amount of new tax-supported debt that may be prudently authorized for the next biennium. As necessary, the JLARC director submits an informational memorandum to the chairs of the money committees (Statutory mandate: § 2.2-2712).

# **Ongoing evaluation**

## **Economic development**

The 2016 Appropriation Act directs JLARC to review and evaluate economic development initiatives and policies on an ongoing basis. JLARC's ongoing evaluation will focus on

- the performance of individual economic development incentive programs, including grants and tax preferences, and their spending levels;
- the effectiveness, value to taxpayers, and economic benefits of individual economic development incentive programs and tax preferences; and

- the economic benefits to Virginia of total spending on economic development initiatives.

Work activities are intended to provide the General Assembly with timely, accurate, and actionable information about economic development incentives. The primary activities for 2016 will be establishing a JLARC unit dedicated to this new function and working with the Commission to determine priorities and develop a plan of work. This will include developing procedures and identifying the methodologies best suited to inform the legislature, and generating a reporting cycle approved by the Commission. JLARC plans to hire two people to staff the new unit.

*Economic development advisory meetings – Ongoing attendance*

JLARC staff will attend regular meetings of the Virginia Economic Development Partnership board of directors and other key economic development advisory meetings.

# 4 Support Functions

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Several functions support the research and oversight work of JLARC staff: research methods, publications, fiscal and administrative support, and staff training and development.

## Research methods

JLARC has a methodologist who supports teams in developing and carrying out evaluations of state programs and agencies. The research methodologist

- supports the conceptualization, design, and implementation of research methods and techniques that produce valid results;
- advises team members on research design, statistical methods, and data analysis techniques;
- reviews work products for methodological soundness;
- develops and implements training to enhance staff capabilities; and
- provides technical assistance for the fiscal analysis function.

The methodologist serves as a member of the project review team. In addition to general review, the methodologist assesses the adequacy of methods and analysis, and verifies major analytic findings of reports.

## Publications

JLARC's publishing functions are carried out by a two-person team. The publications team works to

- sustain JLARC's standard of excellence for written products through strong writing, good design, and high-quality information graphics;
- uphold JLARC's established editorial standard of accuracy, consistency, and integrity;
- support members of the JLARC research staff as they transform complex, detailed technical work into coherent, accessible, useful information; and
- advance the communication of JLARC's work to the legislature and to the public.

The team handles design and layout of JLARC documents and publications; edits reports and other documents for clarity, logic, usage, and style; and participates in project review. The team contributes to the design of graphics; obtains photo images for use in reports, presentations, and on the website; and oversees output and distribution of JLARC publications online and in print. The publications team will focus on several initiatives for 2016, to include a new graphics guide and expanded resources for writers.

The team maintains the JLARC website, making sure that public information is accurate, and monitors media coverage of JLARC work.



## **Fiscal and administrative support**

JLARC's fiscal and administrative support function is carried out by a two-person team. The manager for fiscal and administrative services oversees daily operations of the function, which

- executes the agency's annual budget and ensures effective internal financial controls;
- provides human resources services to agency staff;
- manages the agency's fixed assets inventory;
- manages agency records and archives; and
- conducts administrative preparation and follow-up for Commission meetings.

The manager for fiscal and administrative services also serves on the JLARC leadership team, coordinates JLARC's staff recruiting efforts, and organizes tracking of JLARC-related legislation. In addition, this function provides administrative support to project teams as needed.

## **Staff training and development**

Staff training activities ensure that staff have the skills and knowledge necessary for their work requirements and to improve individual and organizational performance. The annual training strategy is intended to meet JLARC's training needs at the individual and organizational level. Training courses are designed to strengthen staff research, managerial, technical, writing, presentation, and human relations skills. The staff training and development function serves to

- orient new staff to JLARC processes and procedures;
- provide opportunities for staff to improve work performance and enhance their capacity for greater responsibility; and
- strengthen JLARC's approach to organizational and team management.

Staff training may include in-house training and tutorials, programs conducted by other state agencies or by consultants, and continuing education and skills development classes at Virginia universities and community colleges.



## **Appendix: Study resolutions for JLARC studies, 2016 and 2017**



## COMMONWEALTH of VIRGINIA

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*Director*

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### **A Resolution of the Joint Legislative Audit and Review Commission directing staff to review the development and management of state contracts.**

Authorized by the Commission on September 8, 2014

WHEREAS, state agencies develop and manage contracts across many different areas of government, including transportation, health care, higher education, information technology, and capital construction; and

WHEREAS, the Virginia Public Procurement Act (VPPA) states that, when public bodies obtain goods and services, “competition be sought to the maximum feasible degree, that procurement procedures involve openness and administrative efficiency, . . . that rules governing contract awards be made clear in advance of the competition, . . . [and] that specifications reflect the procurement needs of the purchasing body rather than being drawn to favor a particular vendor”; and

WHEREAS, state agencies have different types of procurement contracts at their disposal, including invitation for bids, request for proposals, sole source contracts, and public-private partnerships; and

WHEREAS, the value of state contracts can be significant, ranging up to billions of dollars per contract; and

WHEREAS, the procurement process is decentralized in Virginia, and state agencies vary in their expertise to develop and manage contracts; and

WHEREAS, improperly developed or managed contracts can result in significant costs to the Commonwealth; and

WHEREAS, other governments and organizations may provide a model for how to improve Virginia’s approach to developing and managing state agency contracts; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission, That staff be directed to review the development and management of state contracts, including contracts awarded under the VPPA, the Restructured Higher Education Financial and Administrative Operations Act, and through public-private partnerships. In conducting its study, staff shall review and assess (i) the adequacy of the state’s oversight and enforcement authority for different areas of procurement and types of contracts; (ii) the appropriateness of procurement methods used by state agencies, including the use of statewide contracts, invitation for bids, request for proposals, and public-private partnerships; (iii) the adequacy of the process and provisions used in contract development to

ensure that state agency needs are sufficiently defined, and to ensure contract compliance and performance; (iv) the adequacy of grievance procedures available when state contracts are awarded; (v) the adequacy of state agency contract administration and management processes; (vi) the level of transparency to the General Assembly and public of the potential risks of large state contracts and procurement projects; (vii) the adequacy of the state's expertise and processes to ensure that its interests are protected and to appropriately limit its risk in large contracts; (viii) the appropriateness of agency exemptions to the VPPA; (ix) the appropriateness and effectiveness of state policies for Small, Women-owned, and Minority-owned businesses; (x) procurement models used by other governments and organizations, including the potential benefits of more centralized approaches to procurement and contract management; and (xi) any other issues as appropriate.

All agencies of the Commonwealth, including the Department of General Services, Office of Transportation Public-Private Partnerships, Virginia Department of Transportation, Virginia Information Technologies Agency, Department of Medical Assistance Services, and institutions of higher education shall provide assistance, information, and data to the Joint Legislative Audit and Review Commission (JLARC) for this study, upon request. JLARC staff shall have access to all information in the possession of state agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting JLARC staff's access to information pursuant to its statutory authority.

The staff shall complete its work and submit a report of its findings and recommendations to the Commission by June 30, 2016.

## SENATE JOINT RESOLUTION NO. 274

*Directing the Joint Legislative Audit and Review Commission to update its 2006 study of the impact of regulations on Virginia's manufacturing sector. Report.*

Agreed to by the Senate, February 2, 2015

Agreed to by the House of Delegates, February 17, 2015

WHEREAS, Senate Joint Resolution No. 360 (2005) directed the Joint Legislative Audit and Review Commission (JLARC) to evaluate the total cost of compliance by Virginia manufacturers with state and federal environmental, economic, workplace, and tax regulations and to compare the cost of regulatory compliance borne by Virginia manufacturers with the costs of regulatory compliance borne by manufacturers in other Mid-Atlantic and Southern states; and

WHEREAS, the Joint Legislative Audit and Review Commission completed its study in November 2006 (Senate Document No. 18) and estimated that Virginia manufacturers spent between \$923 million and \$3.49 billion in 2005 in complying with state and federal regulations, which averages between \$3,121 and \$11,791 per employee as estimated by JLARC; and

WHEREAS, the Joint Legislative Audit and Review Commission study also concluded that Virginia's manufacturing sector lost approximately 66,000 jobs between 2000 and 2005; and

WHEREAS, while the Joint Legislative Audit and Review Commission concluded that Virginia's regulations do not greatly expand upon federal regulations, it is crucial for the economic vitality of Virginia's manufacturers that this remains the case; and

WHEREAS, updating the research and analysis performed by the Joint Legislative Audit and Review Commission in 2005 would provide General Assembly members with more current information for use in crafting regulatory policies in Virginia; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to update its 2005 study of the impact of regulations on Virginia's manufacturing sector.

In conducting its study, the Joint Legislative Audit and Review Commission shall (i) estimate the current costs to Virginia manufacturers to comply with federal and state regulations and provide an explanation of how current costs differ from costs evaluated in 2005; (ii) evaluate the degree to which Virginia expands upon federal regulations; (iii) review major actions taken by state agencies since 2005 that have either increased or decreased the costs of regulatory compliance for Virginia manufacturers; (iv) compare the costs of regulatory compliance by industry sectors in Virginia, including manufacturing; and (v) to the extent data is available, compare the costs of regulatory compliance borne by Virginia manufacturers with the costs of regulatory compliance borne by manufacturers in other Mid-Atlantic and Southern states.

All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2015, and for the second year by November 30, 2016, and the Director shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether JLARC intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

## 2015 SESSION

ENROLLED

### SENATE JOINT RESOLUTION NO. 272

### HOUSE JOINT RESOLUTION NO. 623

*Directing the Joint Legislative Audit and Review Commission to study Virginia's water resource planning and management. Report.*

Agreed to by the House of Delegates, February 9, 2015

Agreed to by the Senate, February 24, 2015

WHEREAS, Article XI, Section 1 of the Constitution of Virginia states that it shall be the policy of the Commonwealth to conserve, develop, and utilize its natural resources and protect its waters for the benefit, enjoyment, and general welfare of the people of the Commonwealth; and

WHEREAS, § 62.1-11 of the Code of Virginia stipulates that the right to the use of water or to the flow of water from any natural stream, lake, or other watercourse is limited to what may be reasonably required for the beneficial use of the public and that the intent of the Commonwealth is to maintain flow conditions to protect instream beneficial uses and public water supplies for human consumption; and

WHEREAS, Virginia has a complex water system that includes many aquifers, nine major watersheds, and 52,232 miles of rivers and freshwater streams with a total combined flow of 22.5 billion gallons per day; and

WHEREAS, there is no statewide, comprehensive assessment of state and local water resource plans and their role in the water withdrawal permit process, and the Department of Environmental Quality is currently developing a State Water Plan to build upon and guide local and regional water supply plans; and

WHEREAS, the Department of Environmental Quality issues water protection permits for surface water and groundwater withdrawals, and it has reported potential risk to the water supply, including groundwater, given changes in population and demand for water for industrial, recreational, and residential use; and

WHEREAS, recent withdrawals of groundwater in eastern Virginia may have contributed to topographical and hydrological changes, including lower water tables, land subsidence, and higher risk of saltwater contamination of groundwater; and

WHEREAS, the Department of Environmental Quality has appropriated approximately \$40 million annually for water protection functions, including planning, permitting, and compliance; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study Virginia's water resource planning and management.

In conducting its study, the Joint Legislative Audit and Review Commission shall (i) assess the extent to which groundwater and surface water consumption is unsustainable, the potential effects of any unsustainable consumption, and the risk of overconsumption in the future; (ii) assess the effectiveness of the state's permitting process for groundwater and surface water withdrawals; (iii) assess the effectiveness of state and local water resource planning, particularly with regard to groundwater, including the role state and local plans play in water withdrawal permitting; (iv) examine the adequacy of current funding and staff levels for managing Virginia's water resources; (v) consider the need for strategies and practices to preserve or increase the amount of groundwater and surface water available for future consumption; and (vi) review any other issues and make recommendations as appropriate.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Environmental Quality, the State Water Control Board, and the Virginia Department of Health. All agencies of the Commonwealth, local governments, and water resource authorities shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2015, and for the second year by November 30, 2016, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Joint Legislative Audit and Review Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

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## HOUSE JOINT RESOLUTION NO. 7

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Rules  
on February 9, 2016)

(Patron Prior to Substitute—Delegate Byron)

*Directing the Joint Legislative Audit and Review Commission to review the Virginia Economic Development Partnership Authority. Report.*

WHEREAS, in 2015 Virginia was ranked the 12th best state for business according to Consumer News and Business Channel (CNBC); and

WHEREAS, in 2007, only eight years ago, Virginia was ranked the top state for business by CNBC; and

WHEREAS, economic development opportunities are a decision driver for businesses considering whether to expand or relocate to Virginia; and

WHEREAS, in 1995 the Virginia General Assembly created the Virginia Economic Development Partnership Authority to foster increased expansion of the Commonwealth's economy; and

WHEREAS, the Virginia Economic Development Partnership Authority is a state authority governed by a Board of Directors, consisting of 18 citizens of the Commonwealth appointed by either the General Assembly or the Governor and six state government officials serving ex officio; and

WHEREAS, the Virginia Economic Development Partnership Authority's goal is to recruit new and expanding businesses to invest dollars and create jobs in Virginia and promote international sales of Virginia products and services; and

WHEREAS, the Virginia Economic Development Partnership Authority aims to achieve its goal with various initiatives related to business expansion, business attraction, international trade, and communications and promotions; and

WHEREAS, the Virginia Economic Development Partnership Authority is the central public agency for promoting economic development in Virginia; and

WHEREAS, numerous other state and local entities are engaged in economic development initiatives; and

WHEREAS, economic development operations in the Commonwealth are decentralized; and

WHEREAS, a review of economic development structures and approaches in other states and among other Virginia public entities may be helpful in developing the most effective economic development programs and policies; and

WHEREAS, the Virginia Economic Development Partnership Authority worked with over 5,000 businesses, 19,000 Virginia workers, and 119 Virginia localities in 2015; and

WHEREAS, the Virginia Economic Development Partnership Authority had an operating budget of \$20.4 million in General Funds and employed over 110 individuals in fiscal year 2015; and

WHEREAS, economic growth and job creation are critical priorities in Virginia; and

WHEREAS, the Joint Legislative Audit and Review Commission has not conducted a review of the Virginia Economic Development Partnership Authority; and

WHEREAS, 1991 was the last time that the Joint Legislative Audit and Review Commission undertook a review of state economic development policies, operations, and performance; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to review the Virginia Economic Development Partnership Authority. In conducting its study, the Joint Legislative Audit and Review Commission shall review (i) the Authority's operations, including its organizational structure, compensation, staffing, productivity, and efficiency; (ii) the Authority's performance, including the effectiveness of its initiatives; (iii) the Authority's accountability structure, including the level of oversight it receives and its governance; (iv) the level of coordination and integration of economic development programs and initiatives undertaken by other state and local entities; (v) structures and approaches used by other states to carry out their economic development functions; and (vi) any other issues and make recommendations as appropriate.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Virginia Economic Development Partnership Authority. All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2016, and for the second year by November 30, 2017, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Commission intends to submit to the General

**60** Assembly and the Governor a report of its findings and recommendations for publication as a House or  
**61** Senate document. The executive summaries and reports shall be submitted as provided in the procedures  
**62** of the Division of Legislative Automated Systems for the processing of legislative documents and  
**63** reports and shall be posted on the General Assembly's website.



## 2015 SESSION

ENROLLED

### HOUSE JOINT RESOLUTION NO. 637

### SENATE JOINT RESOLUTION NO. 268

*Directing the Joint Legislative Audit and Review Commission to study the Commonwealth's Medicaid program. Report.*

Agreed to by the Senate, February 27, 2015

Agreed to by the House of Delegates, February 26, 2015

WHEREAS, the Commonwealth's program of medical assistance services, also known as the Medicaid program, is the largest program in the Commonwealth's budget, accounting for more than \$8 billion in combined state and federal funds in fiscal year 2014; and

WHEREAS, the Commonwealth's Medicaid program has become increasingly complex as coverage has expanded to include services related to long-term care, behavioral health, and developmental disabilities; and

WHEREAS, elderly Virginians and Virginians with disabilities represent a minority of enrollees in the Medicaid program but account for the majority of expenditures for medical assistance services and generally receive services through a fee-for-service rather than a managed care system; and

WHEREAS, a review of the eligibility process, particularly for long-term care services, could lead to strategies that strengthen the integrity of the program, improve efficiencies, and ensure that limited financial resources are directed to the individuals and families who most require assistance; and

WHEREAS, in light of budgetary pressures facing states across the nation, promising models of care and administrative processes have been implemented to lower costs associated with medical assistance services while maintaining and improving patient outcomes; and

WHEREAS, a comprehensive and analytical review of the Medicaid program should build upon and not duplicate the knowledge and findings from completed studies; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study the Commonwealth's Medicaid program. In conducting its study, the Joint Legislative Audit and Review Commission shall review (i) the processes used to determine eligibility, including the financial eligibility screening process for long-term care services, whether asset sheltering could be further prevented and asset recoveries improved, and the effectiveness of existing fraud and abuse detection and prevention efforts; (ii) whether the most appropriate services are provided in a cost-effective manner; (iii) evidence-based practices and strategies that have been successfully adopted in other states and could be used in the Commonwealth; and (iv) other relevant issues, and make recommendations as appropriate.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Office of the Secretary of Health and Human Resources and the Department of Medical Assistance Services. All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2015, and for the second year by November 30, 2016, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Joint Legislative Audit and Review Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

ENROLLED



## HOUSE JOINT RESOLUTION NO. 157

*Directing the Joint Legislative Audit and Review Commission to review the Virginia Community College System. Report.*

Agreed to by the House of Delegates, February 11, 2016

Agreed to by the Senate, February 23, 2016

WHEREAS, the Joint Legislative Audit and Review Commission has not comprehensively reviewed Virginia's Community College System since 1991; and

WHEREAS, Virginia's Community College System works with local school systems, four-year public institutions of higher education, and employers to develop credit, noncredit, and dual enrollment courses for those seeking degrees, credentials, and course credits; and

WHEREAS, Virginia's two-year institutions of higher education offer a less costly alternative to four-year institutions of higher education, but enrollment at two-year institutions constitutes a smaller percentage of the Commonwealth's total undergraduate enrollment than a decade ago; and

WHEREAS between FY 2006 and FY 2015, general fund appropriations to the Virginia Community College System rose \$53 million, the eighth largest increase of all state agencies; and

WHEREAS, between FY 2006 and FY 2015, the Virginia Community College System's central office spending rose 128 percent and staffing rose 39 percent; and

WHEREAS, the Virginia Community College System comprises 23 two-year public institutions of higher education with varying levels of student enrollment and spending and differing circumstances in which to raise revenue from public and private sources; and

WHEREAS, the Virginia Community College System comprises 40 campuses across the Commonwealth with total capital assets valued at \$1.34 billion; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to review the Virginia Community College System.

In conducting its study, the Joint Legislative Audit and Review Commission (the Commission) shall (i) evaluate the system's success in providing Virginians with the education, training, and credentials needed to succeed in the workforce; (ii) determine whether the system's mission is aligned with the Commonwealth's educational and workforce development priorities and complements the missions of the Commonwealth's secondary and four-year higher education systems and its higher education centers, including through dual enrollment and transfer agreements; (iii) assess the system's success in making educational and training opportunities affordable; (iv) assess the spending and allocation of funds within the system; (v) assess how well the system's central office supports each institution; (vi) assess the adequacy of centralized data and information systems to measure institutional effectiveness and to support sound funding decisions; (vii) compare Virginia's Community College System to the community college systems in other states; and (viii) review other issues and make recommendations as appropriate.

All agencies of the Commonwealth, including the Virginia Community College System, the State Council of Higher Education for Virginia, the Department of Education, the Virginia Employment Commission, and local school divisions, shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2016, and for the second year by November 30, 2017, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

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## SENATE JOINT RESOLUTION NO. 88

*Directing the Joint Legislative Audit and Review Commission to study specific early childhood development programs, prenatal to age five, in the Commonwealth in order for the General Assembly to determine the best strategy for future early childhood development investments. Report.*

Agreed to by the Senate, February 10, 2016  
 Agreed to by the House of Delegates, March 4, 2016

WHEREAS, according to the Virginia Department of Education, children who repeat at least one grade in kindergarten through grade three cost taxpayers in the Commonwealth approximately \$80 million per year; and

WHEREAS, according to a 2013 Voices for Virginia's Children report, one in eight children in the Commonwealth begin kindergarten without the basic skills to succeed in school; and

WHEREAS, according to a 2011 Annie E. Casey Foundation report, children who do not demonstrate proficiency in reading in third grade are four times more likely to fail to graduate from high school than children who demonstrate proficiency in reading in third grade; and

WHEREAS, national data indicates that children who enter the elementary through secondary education system without sufficient preparedness are more likely to fall behind grade-level expectations, move into special education, and drop out of high school and are less likely to enter postsecondary education programs; and

WHEREAS, although the Virginia Preschool Initiative has been in effect since 1994, House Joint Resolution No. 729 of the Acts of Assembly of 2007 is one of the few studies directed by the General Assembly to evaluate the effectiveness, accountability, and program costs of the Initiative; and

WHEREAS, in 1993, the Virginia Board of Education, the Virginia Department of Education, and the former Virginia Council on Child Day Care and Early Childhood Programs developed a report entitled "A Study of Programs Serving At-Risk Four-Year-Old Children" that found that "[t]here is no central data base tracking all the funding streams or demographic information on at-risk children or the quality of the programs" and that such information is "either non-existent, or inconsistent as well as scattered among agencies"; and

WHEREAS, no effort to track such information in a central database has been completed; and

WHEREAS, according to a 2011 National Conference of State Legislatures report, Virginia spent more than \$229 million in federal, state, and grant funding on "early care" programs, including child care, the Virginia Preschool Initiative, home visiting programs, and other programs, notably mental health programs; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study specific early childhood development programs, prenatal to age five, in the Commonwealth in order for the General Assembly to determine the best strategy for future early childhood development investments.

In conducting its study, the Joint Legislative Audit and Review Commission (JLARC) shall:

1. To the greatest extent possible, focus on early childhood development programs that are currently supported with state assistance, including but not limited to early childhood development programs that also receive federal funds, the Virginia Preschool Initiative, locally based programs that receive federal child care and Title I assistance, family support and home visiting programs, and quality improvement models such as the Virginia Star Quality Initiative;

2. Include a listing of the lead agency, a description and the objectives of the program, an identification of the target audience, and a catalog of the types and amounts of funding for each early childhood program studied;

3. Identify eligibility requirements and characteristics of populations that each program serves;

4. Assess program design, implementation, and measurement of outcomes;

5. Assess program outcomes, including effectiveness and cost-effectiveness;

6. Assess alignment of programs with kindergarten readiness;

7. Identify best practices in the Commonwealth and other states for program design, implementation, and outcome measurement;

8. Review other aspects of each program as deemed appropriate; and

9. Provide options for improving early childhood development programs in the Commonwealth.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by appropriate state agencies. The Joint Legislative Audit and Review Commission shall have access to individual-level records of all early childhood development programs, including all education, health, and support programs. To assist JLARC in its work, local school boards shall provide standardized test

result data and other information to JLARC, and school board personnel shall meet with the staff of JLARC, upon request, to discuss program implementation and effectiveness so that JLARC may satisfy the requirements of this resolution. All agencies of the Commonwealth shall provide assistance to JLARC for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2016, and for the second year by November 30, 2017, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether JLARC intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

## HOUSE JOINT RESOLUTION NO. 120

*Directing the Joint Legislative Audit and Review Commission to study biosolids and industrial residuals in Virginia. Report.*

Agreed to by the House of Delegates, February 11, 2016

Agreed to by the Senate, February 23, 2016

WHEREAS, prior to 1994, the Department of Environmental Quality (DEQ) regulated all land application of treated sewage sludge, commonly known as biosolids, when biosolids were applied to agricultural lands; and

WHEREAS, in 1994, the General Assembly directed the Virginia Department of Health (VDH) to adopt regulations to ensure that (i) sewage sludge permitted for land application, marketing, or distribution is properly treated or stabilized; (ii) land application, marketing, and distribution of sewage sludge is performed in a manner that will protect public health and the environment; and (iii) the escape, flow, or discharge of sewage sludge into state waters in a manner that would cause pollution of state waters, as those terms are defined in § 62.1-44.3 of the Code of Virginia, will be prevented; and

WHEREAS, in 2007, the General Assembly authorized the transfer of all regulatory oversight of biosolids from VDH to DEQ; and

WHEREAS, since 2008, biosolids have been land applied in at least 68 localities in the Commonwealth, with at least 54 of those localities receiving biosolids annually; and

WHEREAS, between 2008 and 2013, an average of 221,000 dry tons of biosolids have been beneficially recycled over an average of 63,000 acres annually; and

WHEREAS, this acreage represents less than one percent of the available crop land, pasture land, and forest land in the Commonwealth; and

WHEREAS, the National Academy of Sciences reviewed current practices, public health concerns, and regulatory standards and concluded that the use of biosolids in the production of crops for human consumption, when practiced in accordance with existing federal guidelines and regulations, presents negligible risk to the consumer, to crop production, or to the environment; and

WHEREAS, in accordance with House Joint Resolution No. 694 of the 2007 Session of the General Assembly, the Secretary of Natural Resources and Secretary of Health and Human Resources convened a panel of experts to study the impact of land application of biosolids on human health and the environment; and

WHEREAS, the General Assembly posed specific questions to the panel and requested that it consider the typical contaminant concentrations and application rates of biosolids in its study; and

WHEREAS, the panel included stakeholders from a broad range of disciplines, including medicine, higher education, forestry, agronomy, environmental science, ecology, veterinary medicine, and law; and

WHEREAS, the Secretary of Natural Resources and Secretary of Health and Human Resources published the final report of the panel in 2008 (House Document 27); and

WHEREAS, the panel uncovered no evidence or literature verifying a causal link between biosolids and illness but recognized gaps in the science and knowledge surrounding this issue; and

WHEREAS, the panel stated that these gaps could be reduced through highly controlled epidemiological studies relating to health effects of land-applied biosolids and through additional efforts to reduce the limitations in quantifying all the chemical and biological constituents in biosolids; and

WHEREAS, the panel stated that there are gaps in the research that characterizes the composition, fate, and effects of pharmaceutical and personal care products and other persistent organic compounds in biosolids, as well as in other products, materials, and the environment; and

WHEREAS, House Joint Resolution No. 694 of the 2007 Session of the General Assembly also directed the panel to perform a detailed analysis of the chemical and biological composition of biosolids; and

WHEREAS, detailed analysis of the vast number of constituents of biosolids, combined with the specialized analytical methods employed to detect and quantify these constituents, involves significant cost; and

WHEREAS, because no funding was available to conduct new analyses, the panel was limited in performing a detailed analysis of the chemical and biological constituents of biosolids; and

WHEREAS, under § 405(d)(2)(C) of the federal Clean Water Act, the U.S. Environmental Protection Agency is required to conduct a review of the standards set out in 40 C.F.R. Part 503 not less than every two years for purposes of regulating new pollutants where sufficient data exist; and

WHEREAS, § 62.1-44.3 of the Code of Virginia defines industrial wastes as "liquid or other wastes resulting from any process of industry, manufacture, trade, or business or from the development of any

natural resources"; and

WHEREAS, the land application in Virginia of industrial wastes, including industrial residuals, is regulated by the Virginia Department of Agriculture and Consumer Services (VDACS) and DEQ; and

WHEREAS, VDACS regulates certain industrial residuals as "industrial co-products" in accordance with the regulations applicable to agricultural liming materials and fertilizer, providing for the marketing and distribution of industrial wastes; and

WHEREAS, the land application of industrial residuals that is not regulated by VDACS is regulated by the State Water Control Board and DEQ; and

WHEREAS, industrial residuals from more than 35 facilities are land applied in Virginia pursuant to the terms of a Virginia Pollution Abatement or Virginia Pollutant Discharge Elimination System Permit issued by DEQ; and

WHEREAS, since taking over the regulatory program from VDH, DEQ has conducted over 10,000 inspections of biosolids and industrial residual land application sites; and

WHEREAS, biosolids and industrial residuals are beneficially land applied on less than one percent of the cropland, pastureland, and forestland on Virginia farms; and

WHEREAS, on average, less than 10,000 dry tons of industrial wastes are land applied annually in Virginia, an amount representing less than five percent of the annual amounts of biosolids land applied in Virginia; and

WHEREAS, the permits issued by DEQ include authorization for land application of industrial wastes from a variety of facilities, including poultry hatching plants, breweries, rendering plants, chicken and pork processing and packaging plants, plants for the processing of apples, fish, meat, tomatoes, and wood, plants for the manufacturing of concentrated and dried soup stock, confections, beverages, and snack cakes, farmers' markets, and municipal potable water treatment plants; and

WHEREAS, the Department of Environmental Quality's permit application requires the applicant to submit details regarding the design of the industrial wastes treatment works, including the storage facility and land area determination, as well as characterization of the industrial wastes that includes analyses of heavy metals and other constituents; and

WHEREAS, DEQ examines the specific processes used at the facility generating the industrial wastes to determine whether any waste constituents may represent a threat to human health and the environment; and

WHEREAS, DEQ requires the permit applicant to provide analyses to determine the capacity of the land application site to assimilate nutrients, metals, and any other pollutants of concern, in order to demonstrate that the activity may be performed safely and protect the environment; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study biosolids and industrial residuals in Virginia.

In conducting its study, the Joint Legislative Audit and Review Commission (JLARC) shall (i) analyze the current scientific literature regarding the long-term effects of biosolids and industrial residuals on health, including potential impacts on well, surface, and ground water; (ii) evaluate the regulatory requirements for land application and storage; (iii) evaluate the differences between biosolids and industrial residuals rated as "Class A" materials and "Class B" materials; (iv) evaluate the feasibility, especially for local governments, and including an economic impact on citizens of the Commonwealth, of requiring municipal utilities currently permitted to generate, as a byproduct of the municipal wastewater treatment process, "Class B" material to upgrade those facilities to generate "Class A" material; (v) evaluate the effectiveness of the local monitoring component of the programs, while also analyzing the potential for private contractors to serve in a monitoring capacity; (vi) evaluate both the potential outcomes and the probable costs from additional testing requirements for these products; (vii) analyze potential alternatives for waste materials that are currently processed and treated to be land applied, and any potential costs that could be associated with such alternatives; (viii) evaluate the contractual relationships among Virginia localities and the impacts of local agreements and decisions that could affect wastewater treatment and land application, including septic tank pump out requirements; and (ix) where applicable, analyze the potential impacts of Virginia's biosolids and industrial residuals regulations on agricultural interests and future economic development in the Commonwealth.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Environmental Quality, the Virginia Department of Agriculture and Consumer Services, the Virginia Department of Health, the United States Geological Survey, and the members of the W3170, a multi-state workgroup composed of representatives of the U.S. Environmental Protection Agency, the U.S. Department of Agriculture, universities, and municipal governments from across the United States that is conducting research on understanding the potential hazards and value of constituents in biosolids and other residuals. All agencies and academic institutions of the Commonwealth, local governments, and other interested parties as necessary shall provide assistance to the Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2016, and for the second year by November 30, 2017, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

**ENROLLED**

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