

JLARC Workplan

2019



COMMISSION DRAFT

Joint Legislative Audit and Review Commission

Senator Thomas K. Norment, Jr., Chair

Delegate R. Steven Landes, Vice-Chair

Delegate Terry Austin

Delegate Betsy Carr

Delegate M. Kirkland Cox

Senator Emmett W. Hanger, Jr.

Delegate Charniele L. Herring

Senator Janet D. Howell

Delegate S. Chris Jones

Senator Ryan T. McDougle

Delegate Robert D. Orrock, Sr.

Delegate Kenneth R. Plum

Senator Frank M. Ruff, Jr.

Delegate Christopher P. Stolle

Martha S. Mavredes, Auditor of Public Accounts

Hal E. Greer, Director

1 JLARC Workplan

The Joint Legislative Audit and Review Commission (JLARC) is the oversight agency 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. Since its establishment, JLARC's responsibilities have been expanded to include oversight and fiscal analysis in a number of areas of Virginia government.

JLARC uses a structured but flexible process for planning the work of the agency. 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 sections that follow cover JLARC's major work functions: Studies, Ongoing Evaluation and Oversight, Fiscal Analysis, and Support.

Proposed Commission meeting schedule 2019

May 13	JLARC workplan JLARC Impacts: Actions taken on report recommendations (2015-2018) APA workplan and report on 2018 work
June 17	Implementation of STEP-VA CSB funding allocations Data center and manufacturing incentives
July	VRS Virginia529
August	<i>No meeting</i>
September	Office of the State Inspector General Medicaid expansion - Access to services
October	VITA Medicaid expansion - Eligibility determination State spending
November	Office of the Attorney General Gaming in the Commonwealth Unimplemented JLARC recommendations
December	Workers' compensation Department of Game and Inland Fisheries Medicaid expansion - Spending and enrollment Cardinal Economic development incentives VRS State spending report: K-12 Standards of Quality

2 Studies

Major research studies are the primary work of the agency. Research topics typically are developed by a topic selection subcommittee made up of Commission members and then are approved by the Commission.

Studies follow project-specific workplans, which are developed by study teams and reviewed by JLARC's project review team—director, associate directors, and methodologist—to ensure that high-quality work can be completed in the time allotted. The project review team examines each project at every major stage of the research process. JLARC staff are assigned to study teams on a full-time basis for the duration of the project.

Studies to be completed in 2019 are summarized below. Study resolutions are included in the appendix.

Community Service Board funding allocations

***Mandate: Requested by the Joint Subcommittee to Study Mental Health Services in the Twenty-First Century
Scheduled briefing: June 17, 2019***

Virginia's 40 community services boards (CSBs) are the public safety net providers for community-based mental health, substance use, and developmental and intellectual disability services, serving primarily indigent and Medicaid populations. CSBs are also responsible for conducting temporary detention order assessments in Virginia. Total CSB revenue from all sources (federal, state, local, and fees) was \$1.28 billion in FY18.

This review will be conducted under JLARC's Health and Human Resources Review and Evaluation Unit. JLARC staff will identify the specific sources and amounts of total funding for all 40 CSBs, evaluate how state funding has historically been allocated to the CSBs, and identify potential modifications for state funding approaches.

Implementation of STEP-VA

***Mandate: Recommended by the Joint Subcommittee on Health and Human Resources Oversight and approved by JLARC
Scheduled briefing: June 17, 2019***

STEP-VA (System Transformation Excellence and Performance) is a statewide initiative designed to reform Virginia's public behavioral health system by improving services provided by the state's 40 community services boards (CSBs). The initiative is designed to provide high-quality services consistently across the state, to improve the public's access to these services, and to ensure accountability. The initiative is based on recommendations by the Joint Subcommittee to Study Mental Health Services in the 21st

Century. STEP-VA has nine stages for service transformation with required implementation dates set by the General Assembly; all nine stages are to be completed by the end of FY21. To date, \$60.4 million has been appropriated to implement STEP-VA.

This review will be conducted under JLARC's Health and Human Resources Review and Evaluation Unit. JLARC staff will evaluate progress made by the Department of Behavioral Health and Developmental Services and the 40 CSBs in implementing the two stages of STEP-VA that have been funded to date, as well as progress made in planning for future stages.

Office of the State Inspector General

Mandate: Commission resolution

Scheduled briefing: September 2019

The General Assembly established a centralized Office of the State Inspector General (OSIG) in 2011. OSIG has several primary responsibilities, including inspecting facilities operated by the Department of Behavioral Health and Developmental Services, conducting performance audits of state agencies and higher education institutions, and investigating allegations of waste, fraud, and abuse. OSIG also reviews data on critical incidents in state prisons and juvenile facilities. In contrast with Virginia; the majority of states have inspectors general in individual agencies rather than consolidated in a single agency.

The JLARC study team will review how effectively OSIG is fulfilling its oversight responsibilities related to state-operated facilities, as well as consider whether OSIG should be given broader responsibilities for jail oversight. (The Board of Corrections and Department of Corrections currently have responsibility for jail oversight.) The team will examine the effectiveness of OSIG's performance audit program. The team also will evaluate OSIG's process to collect information about, and then investigate, allegations of waste, fraud, and abuse. The team also will determine how effectively and efficiently OSIG manages and staffs the agency.

VITA's new IT infrastructure model and governance structure

Mandate: Commission motion

Scheduled briefing: October 2019

The Virginia Information Technologies Agency (VITA) provides IT services to executive branch agencies. The agency hires private-sector vendors to supply the state with IT infrastructure goods and services and manages the contracts with these vendors.

In 2018, VITA implemented a multisource model to deliver Virginia's IT infrastructure. Eight vendors provide the state's IT infrastructure goods and services, with one vendor

acting as a service integrator. Previously a single vendor provided all of Virginia's infrastructure goods and services.

The JLARC study team will review VITA's new IT infrastructure model and governance structure. The team will determine whether the new IT infrastructure model is sufficient to ensure that the state receives high-quality, secure, and cost-effective goods and services. The team will also assess whether VITA's current governance structure ensures effective oversight of the state's centralized IT services.

Office of the Attorney General

Mandate: Commission resolution

Scheduled briefing: November 2019

The Office of the Attorney General (OAG) serves as the state's legal counsel, providing a wide variety of legal services to state agencies, higher education institutions, boards, councils, and commissions. Most legal services include advice, litigation services, or debt collection. Nearly all state agencies are required to use the OAG as their legal counsel. When OAG staff are unable to provide services, the OAG retains outside counsel to provide legal services to agencies. The OAG also houses the federally mandated Medicaid Fraud Control Unit, which investigates and prosecutes Medicaid provider fraud and elder abuse.

The JLARC study team will review whether the OAG is managing client relationships and providing legal services in accordance with the standards of the legal profession. The team will determine whether the OAG retains outside counsel when necessary and ensures outside counsel provide competent and affordable services. The team will assess whether the agency's Medicaid Fraud Control Unit effectively recovers funds, deters fraud, and prevents elder abuse. The team will also determine whether the agency is effectively managed, financed, and organized.

Gaming in the Commonwealth

Mandate: SB1126 (2019) and Item 31 #3c of the 2019-2020 Appropriation Act

Scheduled briefing: November 2019

The legalization of commercial gaming has expanded in the past 30 years. In 2018 commercial gaming was permitted in 24 states. Commercial gaming includes traditional casinos that offer slots and table games, but sports wagering and online gaming are becoming more common. The primary source of state revenue from gaming is typically generated by a direct tax on the gross gaming revenue generated by a casino. In 2017, commercial gaming facilities in the U.S. generated \$40.2 billion in gross gaming revenue, of which \$9.2 billion was paid in taxes to host states (and localities in some states). The General Assembly considered legalizing several forms of commercial gaming during the 2019 session, including commercial casinos, sports wagering, and online gaming.

The JLARC study team, in collaboration with its consultant, will examine the governance, regulatory, and administrative structures of legalized gaming in other states to identify effective structures and policies that should be considered in Virginia, should the General Assembly enact legislation to expand gaming activities. The study team and the consultant also will estimate the potential net state and local revenue and other economic impacts from multiple scenarios of legalized gaming, including the types of gaming, tax rates and structures, and the locations of commercial gaming facilities. In addition to state and local economic impacts, the study team and the consultant will estimate the impacts of expanded gaming activities on the Virginia Lottery, Virginia's charitable gaming activities, and the horse racing and associated industries.

Medicaid expansion

Mandate: Recommended by the Joint Subcommittee on HHR Oversight and approved by JLARC

Scheduled briefings: September, October, and December 2019

The 2018 Appropriation Act authorized the Department of Medical Assistance Services (DMAS) to (1) expand Virginia's Medicaid program to childless adults with incomes up to 138 percent of the federal poverty level and (2) to pursue federal authority to implement three major reforms to Virginia's Medicaid program through what is now referred to as Virginia's COMPASS waiver application. The initiatives are to be implemented independently of one another, and DMAS was directed to pursue parallel implementation timelines. Medicaid expansion started on January 1, 2019, as required by the Appropriation Act. The timeline for implementing the COMPASS waiver is still unknown, as it is dependent on receiving federal approval as well as the readiness of multiple state agencies and local partners to implement the waiver's provisions.

Medicaid expansion is projected to add up to 350,000 recipients to Virginia's Medicaid program, which is expected to cost \$2.4 billion in FY20. Medicaid expansion is paid for entirely with non-general funds. The federal government pays for more than 90 percent of the cost, and Virginia established a tax on private hospitals to pay for the state's share.

This review will be conducted under JLARC's Health and Human Resources Review and Evaluation Unit. Staff will review several issues related to Medicaid expansion, including whether Virginia determines Medicaid eligibility accurately and efficiently and how Virginia monitors access to care for Medicaid recipients. JLARC staff will report on Medicaid enrollment and total spending on expansion in FY19. Staff will also evaluate progress in planning implementation of the COMPASS waiver.

Workers' compensation

Mandate: Commission resolution

Scheduled briefing: December 2019

The workers' compensation system is intended to protect workers from the economic burden of work-related injuries or diseases and to protect employers from the cost and unpredictability of litigating each claim. When Virginia workers are unable to work because they have been injured on the job or have contracted an industry-related disease, they may receive partial wage replacement, known as "indemnity benefits," coverage of associated medical costs, and/or vocational rehabilitation expenses. Workers can also seek compensation for certain diseases considered "presumptive diseases," which the General Assembly has decided must be presumed to have been contracted through employment unless an employer can provide persuasive evidence to rebut the connection.

The JLARC study team will review Virginia's disease presumptions, determine whether the evidentiary requirements for claiming or rebutting them are reasonable, evaluate how efficiently and effectively the Workers' Compensation Commission resolves disputes between injured workers and their employers, and determine whether adequate steps are taken to minimize the risk of fraud and abuse. Staff will also determine whether workers' compensation benefits are coordinated with other state disability benefits.

Department of Game and Inland Fisheries

Mandate: Commission resolution

Scheduled briefing: December 2019

The Department of Game and Inland Fisheries (DGIF) has a wide range of conservation and enforcement responsibilities. DGIF administers a regulatory system through which hunters and anglers pay a fee to obtain licenses, permits, and stamps to hunt or fish. DGIF issues more than 100 permits and licenses for activities such as deer hunting and trout fishing. The agency issued more than 1.2 million licenses, permits, and stamps in FY18. The agency seeks to conserve and manage natural resources through wildlife conservation activities and the purchase, lease, and management of public land and waterways, including 42 wildlife management areas. DGIF's conservation police officers enforce laws and regulations related to conservation and management of wildlife, and certain lands and waterways.

The JLARC study team will review how effectively DGIF administers licensing and registration, assessing whether it collects sufficient revenue and encourages adequate participation. The team will assess how well DGIF manages and conserves state wildlife and state lands and waterways. The team will review whether the conservation police officer force appropriately enforces laws and regulations and whether it is adequately staffed. The team will review how well the Board of Game and Inland Fisheries and agency leadership manage the agency's operations and its employees. The team will also identify whether any DGIF functions could be coordinated or consolidated with other state agencies.

3 Ongoing Evaluation & Oversight

JLARC provides ongoing evaluation and oversight for the General Assembly. The General Assembly has directed JLARC to evaluate and oversee the following topics. Two JLARC staff members are permanently assigned to evaluation and oversight. Other staff members are assigned as needed.

Economic development incentives

The Appropriation Act directs JLARC to review and evaluate economic development initiatives and policies on an ongoing basis. The JLARC Economic Development Subcommittee selects the incentives to evaluate each year. JLARC contracts with the University of Virginia's Weldon Cooper Center for Public Service to perform evaluations. Evaluations analyze

- economic development incentives, such as grants and tax preferences;
- success by businesses in meeting goals in return for incentives;
- the economic benefits of incentives; and
- effectiveness of incentives in influencing business activity.

JLARC staff will present two reports in 2019:

Evaluation of data center and manufacturing incentives

Scheduled briefing: June 17, 2019

Annual economic development incentives report

Scheduled briefing: December 2019

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 evaluates

- 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 conduct independent research and attend meetings of the VRS Board of Trustees and committees to observe agency and board operations. JLARC staff will present two reports and prepare an update to the biennial legislator guide in 2020.

VRS oversight reports

Scheduled briefings: July and December 2019

Legislator guide to VRS

Scheduled publication: February 2020

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 (Virginia529). Under this authority, JLARC evaluates

- the structure and governance of Virginia529;
- 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 conduct independent research and attend meetings of the Virginia529 Board of Directors and committees to observe agency and board operations. JLARC staff will prepare an update to the legislator guide in 2020:

Legislator guide to Virginia529

Scheduled publication: February 2020

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 evaluates

- 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.

JLARC staff conduct independent analysis and attend IT advisory and agency relational meetings to observe VITA's operations. In response to a motion approved by the Commission, JLARC staff will conduct an in-depth review of VITA's new IT infrastructure model and governance structure in 2019:

Review of VITA's new IT infrastructure model & governance structure

Scheduled briefing: October 2019

Cardinal

In 2019 the General Assembly directed JLARC to begin reviewing and evaluating Cardinal, the Commonwealth's enterprise resource planning system, on an ongoing basis (2019 Appropriation Act, Item 31.C.) Under this authority, JLARC will evaluate

- procurements and contracts related to Cardinal;
- the development, implementation, performance, and costs of Cardinal;
- the viability of the technologies utilized in Cardinal;
- the system of governance for Cardinal; and
- the security of information contained in Cardinal.

JLARC staff will conduct independent analysis and attend advisory meetings to assist with its oversight of Cardinal. JLARC staff will present the following briefing in 2019:

Update on the status of Cardinal and planned expansions

Scheduled briefing: December 2019

4 Fiscal Analysis

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

- provide an independent assessment of the fiscal impact of proposed legislation and executive orders;
- report on state spending and how Virginia 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.

Several JLARC staff members work part-time on fiscal analysis. Activities and reports for this year include:

Second opinion fiscal impact reviews of proposed legislation

Upon request of a committee chair

Fiscal impact reviews of executive orders issued by the governor

Upon request of a committee chair

Annual state spending report

Scheduled briefing: October 2019

Annual report on state spending on the K-12 Standards of Quality

Scheduled briefing: December 2019

Annual Virginia compared to the other states publication

Scheduled publication: January 2020

Monitoring of major expenditure forecasts

Ongoing and periodic

Review of internal service funds

Upon request of JLARC, House Appropriations Committee, or Senate Finance Committee chairs

Debt Capacity Advisory Committee

Participation by JLARC director

5 Support Functions

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

Research methods

JLARC's chief methodologist supports teams in developing and carrying out evaluations of state programs and agencies. The chief methodologist

- supports the conceptualization, design, and implementation of research methods and techniques to improve the accuracy and validity of findings;
- advises study teams on data collection, approaches to analysis, and statistical methods;
- leads complex or critical analyses for teams;
- reviews work products for methodological soundness and accuracy of interpretation;
- develops and implements training to enhance staff capabilities;
- provides technical assistance for the fiscal analysis function; and
- serves as a member of the project review team.

Publications

JLARC's two-person publications team supports the study teams and works to advance the communication of JLARC's work to the legislature and to the public. The publications team

- participates in project review during the development of reports and briefing materials;
- edits reports and other documents for clarity, logic, usage, and style;
- contributes to the design of graphics;
- handles design and layout of JLARC documents and publications;
- maintains staff resources for writing and graphics; and
- oversees output and distribution of JLARC publications online and in print.

The JLARC publications team maintains the JLARC website, making sure that public information is current and accurate.

Business operations and administrative support

JLARC's business operations are carried out by a two-person team. The business manager oversees daily operations of the function, which include

- executing the agency's annual budget and ensuring effective internal financial controls;
- providing human resources services to agency staff;
- managing the agency's fixed assets inventory;
- managing agency records and archives;
- arranging travel for site visits;
- conducting administrative preparation and follow-up for Commission meetings; and
- coordinating staff recruiting efforts.

In addition, this function provides administrative support to study teams as needed.

Staff training and development

Staff training activities ensure that staff have the skills and knowledge necessary to perform their work, improve their individual performance, and contribute to the organization's overall performance. Several different types of training are offered to help staff meet their training needs and to address organization-wide training needs.

In 2019, training may include:

- in-house training for new staff, to be led by experienced or skilled JLARC staff members;
- external training and skills development courses, designed to address the professional growth or skills development needs of selected staff;
- professional development opportunities offered by the National Legislative Program Evaluation Society at its annual conference; and
- webinars relevant to the work of the agency, available through the National Conference of State Legislatures and other professional organizations.

Appendix: Study resolutions

SENATE OF VIRGINIA

R. CREIGH DEEDS

25TH SENATORIAL DISTRICT
ALL OF ALLEGHANY, BATH, HIGHLAND, NELSON,
AND ROCKBRIDGE COUNTIES; ALL OF THE CITIES OF
BUENA VISTA, CHARLOTTESVILLE, COVINGTON, AND
LEXINGTON; AND PART OF ALBEMARLE COUNTY
P.O. BOX 5462
CHARLOTTESVILLE, VIRGINIA 22905



COMMITTEE ASSIGNMENTS:
COURTS OF JUSTICE
PRIVILEGES AND ELECTIONS
TRANSPORTATION

December 5, 2018

The Honorable Thomas K. Norment, Jr., Chair
Joint Legislative Audit and Review Commission
P.O. Box 6205
Williamsburg, VA 23188

Dear Senator Norment:

I am writing on behalf of the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century (the Joint Subcommittee) to request that the Joint Legislative Audit and Review Commission study the Commonwealth's current model for funding the state share of community services board operating expenses for the delivery of publicly funded behavioral health services.

The Joint Subcommittee was established during the 2014 Session of the General Assembly to review the laws of the Commonwealth governing the provision of behavioral health services, assess the system of publicly funded behavioral health services, identify gaps in services and the types of facilities and services needed to meet the behavioral health care needs of the Commonwealth in the twenty-first century, and recommend statutory or regulatory changes necessary to improve access to services, the quality of services, and outcomes for individuals in need of services. Since 2014, the Joint Subcommittee has conducted a thorough review of the Commonwealth's publicly funded behavioral health services system and recommended a number of changes to that system designed to improve access to and the quality of publicly funded behavioral health services. Among these recommendations was implementation of STEP-VA, a behavioral health services delivery model designed to ensure the availability of and access to a comprehensive array of high-quality publicly funded behavioral health services for all Virginians.

The General Assembly approved STEP-VA during the 2017 Session. Chapters 607 and 683 of the Acts of Assembly of 2017 amended the Code of Virginia to require community services boards to provide, by July 1, 2019, same-day mental health screening services and outpatient primary care screening and monitoring services. Chapters 607 and 683 also required community services boards to provide, by July 1, 2021, (i) crisis services for individuals with mental health

or substance use disorders, (ii) outpatient mental health and substance abuse services, (iii) psychiatric rehabilitation services, (iv) peer support and family support services, (v) mental health services for members of the armed forces located 50 miles or more from a military treatment facility and veterans located 40 miles or more from a Veterans Health Administration medical facility, (vi) care coordination services, and (vii) case management services.

Implementation of STEP-VA will impose additional costs on both the state and localities. Currently, the Code of Virginia limits the state share of funding for community services board operating expenses to 90 percent of the total amount of funds allocated for such expenses. Localities must provide at least 10 percent of the total amount of funds allocated for operating expenses, unless a waiver is granted by the Department of Behavioral Health and Developmental Services; localities granted such a waiver may pay less than 10 percent of the total amount of funds allocated for community services board operating funds. The amount of state funding provided to a community services board each year is determined upon consideration of (a) the total amounts of state-controlled funds appropriated for community services board operating expenses; (b) previous allocations of state-controlled funds for each community services board; (c) requirements or conditions attached to appropriations of state-controlled funds by the General Assembly, the Governor, or federal granting authorities; (d) community services board input about the uses of and methodologies for allocating existing and new state-controlled funds; and (e) other relevant and appropriate conditions. The methodology for determining the state share of funding for community services board operating expenses does not take into account the characteristics of the community services board catchment area, including population, average income levels, Medicaid penetration rates, or ability of the locality to raise revenue.

Variability in the existing funding formula, together with differences in the amount of local contributions for community services board operating expenses, affects the availability of behavioral health services for individuals in need and the success of STEP-VA. The Joint Subcommittee believes that ensuring appropriate allocation of funds for implementation of STEP-VA is of fundamental importance in ensuring consistent access to high-quality behavioral health services for all adults and children in the Commonwealth. Therefore, the Joint Subcommittee requests that the Joint Legislative Audit and Review Commission study the current model for funding the state share of community services board operating expenses. Specifically, the Joint Subcommittee requests that the Joint Legislative Audit and Review Commission:

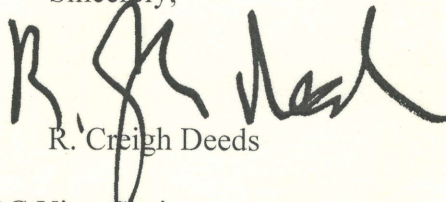
1. Prepare an inventory of sources of funding for community services boards that identifies each federal, state, and local source of funding for each community services board in the Commonwealth and the amount of funds from each source received by each community services board;

The Honorable Thomas K. Norment, Jr.
Page Three
December 5, 2018

2. Describe the criteria used to determine the amount of funds provided to each community services board for the primary funding streams identified in the inventory of sources of funding;
3. Identify alternative models for funding publicly funded behavioral health services, including the models and formulas for funding (i) publicly funded behavioral health services in other states and (ii) other public services such as health, social, education, and other services in the Commonwealth. Such information should include information about the criteria used to determine how funds are allocated; and
4. Evaluate the potential impact of adoption of alternative models of funding publicly funded behavioral health services in the Commonwealth, together with recommendations for the appropriate criteria to be considered in determining the proper allocation of funds under each model evaluated.

Thank you for considering undertaking this study.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Creigh Deeds", written over the printed name.

R. Creigh Deeds

cc: Delegate R. Steven Landes, JLARC Vice-Chair
Hal E. Greer, JLARC Director

Study Resolution

Review of the Office of the State Inspector General

WHEREAS, it has been five years since the creation of the Office of the State Inspector General (OSIG) as an executive branch agency; and

WHEREAS, the OSIG was created by consolidating a variety of functions that existed at other agencies; and

WHEREAS, when created, the OSIG was granted a new function to evaluate state agency performance; and

WHEREAS, the OSIG is statutorily directed to inspect facilities and providers; review and make comments on Departments of Behavioral Health and Developmental Services (DBHDS), Corrections, and Juvenile Justice reports and critical incident data; investigate state agency operations and evaluate state agency performance; investigate complaints alleging fraud, waste, abuse, or corruption; and administer the State Fraud, Waste and Abuse Hotline; and

WHEREAS, the OSIG has full authority to inspect DBHDS facilities and mental health units in correctional facilities, but has less clear and more limited authority to inspect and investigate incidents in jails and non-DBHDS state facilities where individuals are held under state authority; and

WHEREAS, OSIG's investigative and performance evaluation roles create the potential for duplication with other state agencies that have similar missions; and

WHEREAS, the OSIG has authority to designate up to 30 of its staff with the same powers as a sheriff or a law-enforcement officer when investigating allegations of criminal behavior; and

WHEREAS, the OSIG was appropriated \$6.7 million (FY17), the majority of which was general funds, and employs 33 full-time equivalent staff, and staffing has fluctuated annually; and

WHEREAS, other states use centralized and decentralized structures that feature varying degrees of independence to perform inspection, investigation, performance evaluation, and fraud complaint response functions; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission (JLARC) that staff be directed to review the Office of the State Inspector General. In conducting its study, staff shall evaluate the agency's (i) role and authority in inspecting jails and state facilities where individuals are held; (ii) role and authority in investigating incidents in jails and state facilities where individuals are held; (iii) role in performance evaluations of state agencies; (iv) performance, management, and stability; and (v) effectiveness, efficiency and independence of the current centralized OSIG in general, and as compared to when its role was de-centralized in different agencies. Staff shall make recommendations as necessary and review other issues as warranted.

All agencies of the Commonwealth shall provide assistance, information, and data to 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 the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete its work and submit a report of its findings and recommendations to the Commission by December 10, 2019.

Study Resolution

Review of the Office of Attorney General

WHEREAS, the Office of Attorney General (OAG) serves as the state's legal counsel; has responsibility for prosecuting certain types of criminal cases, including violations of alcohol beverage control, elections, child pornography, and environmental laws; and is responsible for collection of the state's debt; and

WHEREAS, the OAG's Division of Consumer Counsel is the state's clearinghouse for the receipt, evaluation, and referral of consumer protection complaints; and

WHEREAS, in FY17 the OAG received appropriations of \$30.1 million, two-thirds of which were general funds, and the remainder of which were special and federal trust funds; and

WHEREAS, the OAG has received substantial amounts in proceeds from asset forfeiture and expended these funds for a variety of purposes outside the state's budget process with minimal legislative oversight; and

WHEREAS, the OAG has unilaterally authorized staff salary increases; and

WHEREAS, the OAG has the authority to appoint private attorneys and special counsel if it is determined that it is impracticable or uneconomical for the office to provide required legal service, but concerns have been raised about whether this authority has been exercised properly; and

WHEREAS, in a recent review of state contracting by the Joint Legislative Audit and Review Commission (JLARC), only 21 percent of agency procurement staff reported seeking assistance from the OAG in developing contracts, and the OAG reported not having the capacity to review the substantive provisions of state contracts; and

WHEREAS, the JLARC review of state contracting concluded that the OAG should assume a stronger role in reviewing agency contracts to improve the state's protections against contract-related risks; and

WHEREAS, the Medicaid Fraud Control Unit, which is housed within the OAG and charged with policing provider fraud in the Medicaid program, has grown over time with relatively little supervision, and has devoted a substantial portion of its resources to national pharmaceutical cases, potentially at the expense of local provider fraud cases; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the operations and performance of the OAG. In conducting its study, staff shall (i) evaluate the allocation and expenditure of forfeiture and other non-general funds; (ii) examine the process for authorization of staff pay increases; (iii) examine the process for the retention of private attorneys and special counsel; (iv) evaluate the adequacy of legal assistance provided in the development of state contracts; (v) assess whether the OAG has adequate resources and expertise to efficiently and

effectively serve as the state's legal counsel; (vi) evaluate the performance of the Medicaid Fraud Control Unit; (vii) evaluate the performance of the Division of Consumer Counsel; (viii) make recommendations as necessary; and (ix) review other issues as warranted.

All agencies of the Commonwealth shall provide assistance, information, and data to 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 the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete their work and submit a report of findings and recommendations to the Commission by December 10, 2019.

SENATE BILL NO. 1126

AMENDMENT IN THE NATURE OF A SUBSTITUTE

2. That the Joint Legislative Audit and Review Commission shall conduct a review of casino gaming laws in other states. For purposes of the review, "casino gaming" shall have the same meaning as set forth in § 58.1-4002 of the Code of Virginia, and shall also include the lottery, historical horseracing, and horse racing and pari-mutuel wagering. The Joint Legislative Audit and Review Commission shall report any findings and recommendations to the Chairmen of the Senate Committee on General Laws and Technology and the House Committee on General Laws on or before December 1, 2019.

Budget Amendments - HB1700 (Conference Report)

JLARC Funding to Analyze Proposals for Expanding Legalized Gaming in Virginia

Item 31 #3c

Language

I. Included within the appropriation for this item is \$200,000 in the first year from the general fund for the Joint Legislative Audit and Review Commission to contract with one or more third-party independent reviewers to evaluate the Commonwealth's current and potential gaming governance structures, current and potential revenues to the Commonwealth, and any other relevant subjects it deems necessary pursuant to the study. In conducting this evaluation, the Joint Legislative Audit and Review Commission shall consider the impact of additional gaming and sports wagering, including both physical casino facilities and online gaming and sports wagering, as well as increased charitable gaming, on existing thoroughbred racing, breeding and related agribusiness industries, as well as the current and future revenues of the Virginia Lottery. The Joint Legislative Audit and Review Commission shall coordinate the study, and all state agencies, public bodies, and officials shall cooperate with the Joint Legislative Audit and Review Commission pursuant to completion of the study, as it deems necessary, upon its request.

Explanation

(This amendment provides \$200,000 from the general fund in fiscal year 2019 to support consultant costs associated with JLARC's analysis of proposals to expand legalized gambling in Virginia.)

Study Resolution

Review of the Department of Game and Inland Fisheries

WHEREAS, the Department of Game and Inland Fisheries (DGIF) interacts with many Virginians each year through its natural resource service, conservation, and enforcement responsibilities; and

WHEREAS, DGIF issues hunting and recreational fishing licenses, and administers all titles and registrations of recreational boats in Virginia; and

WHEREAS, DGIF owns and maintains over 200,000 acres of land across the state, including nearly 6,000 acres acquired over the past two years; and

WHEREAS, DGIF employs approximately 450 full-time-equivalent staff, including 160 conservation police officers who are vested with similar law-enforcement authority as sheriffs and other law-enforcement officers in the Commonwealth; and

WHEREAS, DGIF was appropriated \$63 million in FY18 from entirely non-general fund revenue sources, including revenue from the sales of hunting and fishing licenses, federal funds, and a portion of the sales and use tax derived from watercraft and outdoor-related goods and equipment; and

WHEREAS, DGIF retains substantial end-of-year fund balances; and

WHEREAS, DGIF relocated its headquarters to Henrico County in 2015 after initial plans to relocate to Hanover County were unsuccessful; and

WHEREAS, in its 1996 report, *Feasibility of Consolidating Virginia's Wildlife Resource Functions*, the Joint Legislative Audit and Review Commission determined that overlap existed and consolidation could be considered among DGIF and other state agencies with natural resource missions, including the Virginia Marine Resources Commission, the Department of Conservation and Recreation, and the Department of Agriculture and Consumer Services; and

WHEREAS, DGIF is overseen by the Board of Game and Inland Fisheries, which is a supervisory board responsible for, among other things, appointing the director; acquiring public lands; managing game bird, game animal, fish and other wildlife populations in the Commonwealth; establishing and revising various fees, including fees charged for hunting, fishing, and trapping licenses; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the operations, performance, and management of the Department of Game and Inland Fisheries. In conducting its study, staff shall (i) determine whether DGIF's revenue sources, including balances retained at year end, are appropriate to support its mission; (ii) evaluate the effectiveness of DGIF's customer service operations, including the use of technology in customer-facing operations; (iii) examine DGIF's land acquisitions; (iv) examine the powers and authorities of conservation police officers; (v) determine whether efficiencies could be gained by consolidating DGIF's functions and

those of other agencies with similar missions; (vi) evaluate the role of and representation on the Board of Game and Inland Fisheries; (vii) make recommendations as necessary; and (viii) review other issues as warranted.

All agencies of the Commonwealth, including the Department of Game and Inland Fisheries, the Virginia Marine Resources Commission, the Department of Conservation and Recreation, the Department of Agriculture and Consumer Services, and the Department of Planning and Budget shall provide assistance, information, and data to 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, including all documents related to proceedings or actions of the board. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete their work and submit a report of findings and recommendations to the Commission by December 10, 2019.

Review of the Virginia Information Technologies Agency (VITA)

Authorized by the Commission on December 10, 2018

JLARC staff are directed to review the Virginia Information Technologies Agency (VITA) and assess (1) VITA's new infrastructure model, including procurements, contract management, and transparency of rates charged to agencies; (2) VITA's current governance structure in light of the new model; and (3) other relevant topics identified during the course of the review.

Study Resolution

Review of Workers' Compensation

Authorized by the Joint Legislative Audit and Review Commission on December 10, 2018

WHEREAS, the Virginia Workers' Compensation Act (hereinafter referred to as “the Act”) was enacted in 1918 to balance the interests of injured workers, employers, insurers, and other stakeholders in the spirit of the “compensation bargain” between employers and employees; and

WHEREAS, under the “compensation bargain” and the Act, in exchange for agreeing not to sue employers in tort via common law for workplace injuries, employees were guaranteed a no-fault system of wage replacement and medical treatment for injuries they might sustain due to their employment; and

WHEREAS, the Virginia Workers' Compensation Commission administers the workers' compensation program in Virginia and oversees the resolution of claims in accordance with the Act through mediation and hearings; and

WHEREAS, the Virginia Workers' Compensation Commission received more than 48,000 claims, and docketed nearly 12,000 cases for adjudication in 2017; and

WHEREAS, in most cases, in order to receive benefits under the Act, employees are required to prove by a preponderance of the evidence that they were injured and that they suffered the injury during and in the scope of the employment; and

WHEREAS, exceptions were created in the Act over the years to allow the presumption that certain conditions and diseases occur as a result of certain types of employment, unless these presumptions are overcome by a preponderance of evidence to the contrary; and

WHEREAS, at the time these presumptions were enacted, employees were having a difficult time proving claims for these particular types of conditions and diseases due to limitations in medical science, and there have been significant advancements in medical knowledge, diagnostic technology, and in exposure prevention since these presumptions were enacted; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission (JLARC) that staff be directed to review the operation and performance of the Virginia workers' compensation system and use of presumptions. In conducting its study, staff shall assess (i) whether claims are reviewed and processed promptly and fairly; (ii) whether the dispute resolution process is timely, effective, and equitable toward all parties; (iii) whether appropriate measures are in place to minimize the potential for fraud and abuse; (iv) whether Virginia's disease presumptions are appropriate and how they compare to presumptions established in other states; (v) whether the level of evidence required to claim or rebut a disease presumption is reasonable and appropriate; and (vi) whether workers' compensation benefits are appropriately coordinated with other benefits available to injured workers. JLARC shall make recommendations as necessary and review other issues as warranted.

All agencies of the Commonwealth, including the Workers' Compensation Commission, local governments, the Virginia Association of Counties, the Virginia Association of Counties Risk Pool, the Virginia Municipal League, the Virginia Municipal League Insurance Programs, public safety and firefighter stakeholder groups, and private employers of firefighters shall provide assistance, information, and data to 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, including all documents related to all claims adjudicated or otherwise resolved by the Workers' Compensation Commission. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.



JLARC.VIRGINIA.GOV

919 East Main St. Suite 2101
Richmond, VA 23219