



# Workplan 2021

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# Justin Brown

## Senior Associate Director

- **2021 studies**
  - Transportation infrastructure and funding
  - Juvenile justice system
  - Tax progressivity  
*(status update in 2021; to be completed in 2022)*



Briefing: Nov 2021

## Transportation Infrastructure & Funding

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Staff: Mark Gribbin, Dan Hiller, Kate Hopkins

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## Study resolution

- Review Virginia's transportation system infrastructure and funding, including
  - condition of highways and transportation infrastructure
  - funding sources used by transportation entities
  - trends in vehicle miles traveled and changes in commuting patterns
  - impact of the increasing use of fuel-efficient and alternative fuel vehicles on funding and needs
  - preparedness to adapt to changes

Study mandate: Commission resolution, November 16, 2020

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# Background

- Virginia has widely distributed, multi-modal transportation infrastructure
  - 130,000 miles of state-maintained roads
  - 26,000 miles of urban streets
  - 19,000 bridges and culverts
  - 41 public transit systems
- State, local & regional, federal, and other transportation revenues will total  $\approx$ \$7.8 billion in FY21

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## Background

- 2020 General Assembly made substantial changes to transportation revenue, which is expected to increase available revenue over time
  - increased gas tax and indexed to inflation
  - added regional gas tax
  - added new fee on fuel-efficient and electric vehicles
- COVID-19 pandemic temporarily reduced transportation revenue, but revenue still exceeds amount available prior to 2020 changes

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## Study issues

- What is the condition and performance level of the state's major transportation infrastructure?
- What trends could affect Virginia's transportation system and how prepared is the state to adapt to changes?
- How effectively does Virginia plan for identifying and addressing transportation needs?
- Are transportation revenues sufficient to address needs, and what options could be considered to ensure revenue sustainability over the long term?

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## Research activities

- Interviewing state, regional, and local officials; industry associations; and transportation experts
- Reviewing state, regional, and local planning, infrastructure condition and performance documentation
- Comparing Virginia's condition and performance, planning, and revenue to other states
- Analyzing historical revenue data and projecting near- and long-term revenue



Briefing: Dec 2021

## Review of Virginia's Juvenile Justice System

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Staff: Drew Dickinson, Tess Hinteregger, Kapria Lee,  
Brittany Utz

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## Study resolution

- Review Virginia's juvenile justice system, including
  - intake, petition, detention, and adjudication & disposition
  - racial or regional disparities in the treatment of youth in the juvenile justice system
  - youth with cognitive or behavioral health disabilities
  - status of DJJ's recent reforms
  - future facility needs, including placement of youth relative to their primary residence
  - educational and training services

Study mandate: Commission resolution, November 16, 2020

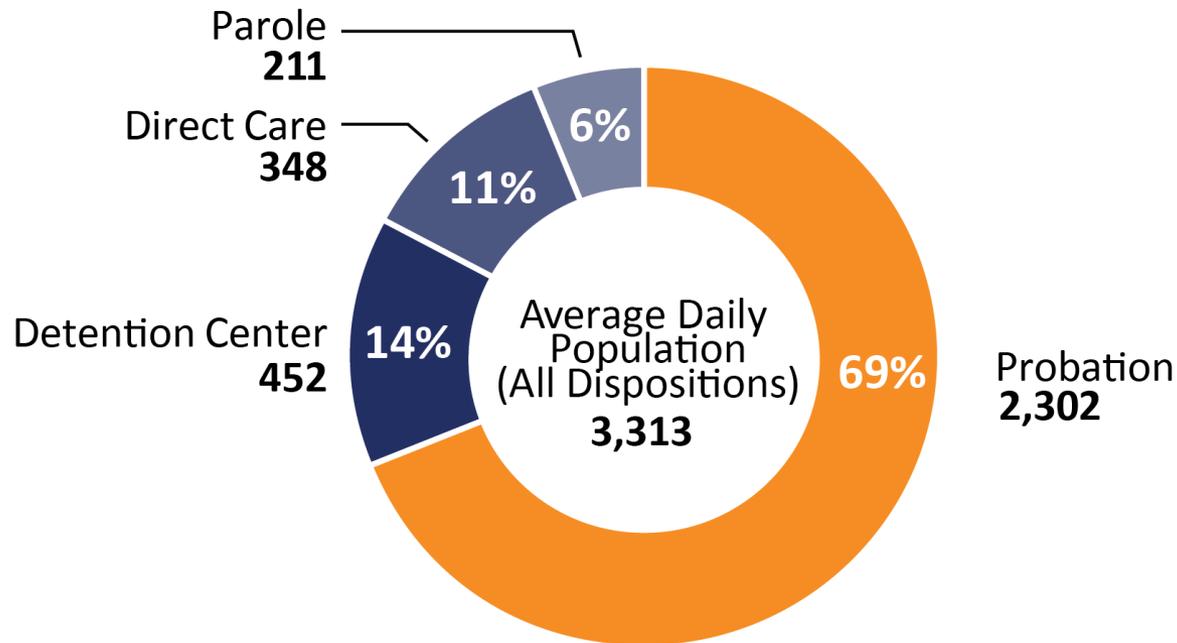
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## Background

- Virginia's juvenile justice system must balance public safety and accountability with child and family welfare
  - divert to the extent possible, consistent with public safety, youth who can be cared for or treated through alternative programs (§16.1-227)
- Nationally and in Virginia there has been a steady, long-term decline in juvenile arrests and incarceration
- \$232 million in state and federal funds appropriated for juvenile justice services (FY21)

# Background

- More than 40K complaints against youth in Virginia (FY20)
- Many complaints either dismissed or youth diverted
- Majority of remaining youth granted probation



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## Study issues

- How have trends and juvenile outcomes changed over time (including before and after the transformation)?
- Does Virginia appropriately, consistently, and fairly hold youth accountable for wrongdoing?
- Does Virginia ensure conditions of confinement are appropriate and promote rehabilitation and reentry?
  - education
  - facility proximity to youth's family
- How appropriately and effectively does Virginia use probation and diversion?\*

\*Will incorporate intent of HB 1777 (2021) on serious / habitual juvenile offender participation in the **Serious or Habitual Offender Comprehensive Action Program**.

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## Research activities

- Comparison of processes and conditions to juvenile justice best practices
- Data analysis on
  - juvenile dispositions and outcomes by risk level, race, gender, and region
  - educational requirements and costs
  - facility requirements, costs, & location
- Surveys of key state and local staff, juveniles & families



## Individual Income Tax Progressivity

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Staff: Justin Brown, Erik Beecroft, Ellen Miller, Kimberly Sarte

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## Background

- Study increasing the tax progressivity of Virginia's individual income tax system (HJ 567, Watts 2021)
- Individual income tax  $\approx 70\%$  of general fund revenue
- Multiple factors determine progressivity of taxation, including income brackets and available deductions
  - Less than \$25,000 in income  $\approx 5\%$  of revenue
  - \$100,000+ in income  $\approx 60+\%$  of revenue
- Study team will review tax policy literature, interview stakeholders, analyze current tax structure and revenue, review other states, and work with TAX to model impact of potential changes

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# Tracey Smith

## Associate Director

- **2021 studies**
  - Guardianship and conservatorship
  - Virginia Employment Commission
  - Affordable housing



Briefing: Oct 2021

## Virginia's Guardian and Conservator System

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Staff: Joe McMahon, Kate Agnelli, Kimberly Potter, Christine Wolfe

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## Study resolution

- Review the adequacy of Virginia's system of court-appointed guardians and conservators, including
  - oversight of the public guardian and conservator system
  - maximum number of clients per guardian
  - appropriate training, qualifications, and oversight requirements for court-appointed guardians
  - type/amount of information guardians should be required to provide when making decisions
  - processes that could be implemented to receive/investigate complaints against guardians
  - opportunities to strengthen laws to protect incapacitated or elderly adults

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## Background

- Circuit court judges appoint guardians and conservators for incapacitated adults
  - Guardians make decisions about personal affairs
  - Conservators manage financial affairs
- Some or all of the rights of individuals under guardianship or conservatorship are removed
- Petitions for guardianship/conservatorship can be filed by family members, friends, or institutions
- Adult Protective Services is primary system for addressing adult abuse, neglect, exploitation, including of adults under guardianship/conservatorship

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# Background

- **Public guardian system**

- Overseen by Dept. for Aging and Rehab Services (DARS)
- \$4.5M in state funding, 1,049 “slots” available
- Maximum client:guardian ratio (20:1)
- “Professional” guardians work for non-profit organizations that are under contract with DARS
- Clients must be indigent

- **Private guardianship system**

- Minimal centralized oversight
- Paid for by the client
- No maximum client:guardian ratio
- Variety of individuals can serve as guardians (e.g. family members, friends, attorneys, non-profits)

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## Study issues

- What are the characteristics and living arrangements of Virginians under guardianship and conservatorship, and who are their guardians?
- Do Virginia's circuit courts and their processes for conducting guardianship hearings prioritize the best interests of incapacitated adults?
- Is oversight of and funding for guardianship and conservatorship adequate?
- Does Virginia's APS system adequately prevent and address adult abuse, neglect, and exploitation, especially for individuals under guardianship or conservatorship?

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## Research activities

- Analyze DARS and civil/criminal court data pertaining to number and circumstances of guardianship clients
- Review guardianship court case files and annual reports filed with local departments of social services
- Interview public guardian organizations, COAs, APS staff, attorneys, judges, GALs, family members
- Survey local APS programs, public guardianship provider organizations, COAs
- Review other states' guardianship and conservatorship policies and practices

COA = Commissioner of Accounts, APS = Adult Protective Services, GAL = Guardian ad Litem



Briefing: Nov 2021

## Review of the Virginia Employment Commission

Staff: Lauren Axselle, Sarah Berday-Sacks, Nick Galvin,  
Landon Webber, Dillon Wild

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## Study resolution

- Review the operations of the Virginia Employment Commission, including
  - COVID-19's impact on VEC and the effectiveness of VEC's response
  - VEC's administration of Unemployment Insurance, including overpayments, appeals, and customer responsiveness
  - VEC's IT systems
  - VEC's ability to connect Virginians with meaningful employment opportunities
  - sufficiency of VEC's funding

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## Background

- VEC's primary responsibility is to administer Virginia's Unemployment Insurance ("UI") program
- Claimants can receive a maximum of \$378 per week for up to 26 weeks
- Benefits are paid out of the UI trust fund, which is funded through UI taxes paid by employers
- Federal government's COVID-19 response significantly expanded eligibility for UI benefits
  - added new job categories, such as "gig" workers
  - increased amount and duration of benefits

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## COVID-19 impact on VEC

- 1.4M UI claims in 2020, compared with 136K in 2019
  - UI trust fund depleted
- UI IT system modernization project put on hold
  - prevented claimants from tracking claim status & submitting documentation electronically
  - significantly complicated implementation of new federal programs
- Implemented federal relief programs that expanded eligibility for UI and extending duration of payments
- Closed most field offices

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## VEC's claims volume has decreased, but performance has lagged

- Initial UI claims decreased 57% since March 2020
- Key performance metrics have not improved
  - As of March 31, VEC processed only 2.4% of claims that require further review within 21 days, ranking last in the country
  - Average age of claims currently under appeal\* is 247 days
- UI claims backlogs (as of March 31, 2021)
  - ~612,500 claims awaiting information on employee separations
  - ~137,000 claims awaiting adjudication
  - ~45,800 appeals awaiting hearing or decision

\*Under first-level appeal

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## VEC has taken several actions to improve performance

- Launched automated phone system\* (March 2021)
- Resumed IT modernization project (April 2021)
- More than doubled pre-pandemic UI staffing, including by repurposing existing staff

\*For weekly Pandemic Unemployment Assistance claims only

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## Study issues

- Does VEC administer UI claims and appeals in a timely, fair, and responsive manner?
- Do VEC's IT and phone systems enable the agency to efficiently and effectively administer its programs?
  - update on IT modernization project
- Does VEC appropriately manage UI trust fund and monitor UI fraud?
- Is VEC appropriately structured, staffed, managed, and funded to fulfill the agency's mission?
- Do VEC's workforce services effectively meet job seekers' and employers' needs?

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## Research activities

- Analysis of VEC UI claims data to measure timeliness and identify process inefficiencies
- Analysis of UI modernization contract management documentation to evaluate project performance
- Reviews of other states' UI systems and responses to surges in unemployment claims
- Survey of and interviews with VEC staff and contractors
- Interviews with employer and customer groups (e.g. chambers of commerce, legal aid justice center), employers, claimants, national UI experts
- Analysis of VEC staffing and administrative spending data



# Review of the Commonwealth's Housing Needs

Staff: Stefanie Papps, Rhonda Newsome, Ellie Riggsby

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## Study resolution

- Review the Commonwealth's housing needs and state and local agencies' role in addressing them:
  - analyze “housing cost burden” and compare demand for affordable housing to supply across the state
  - evaluate impacts on Virginians of a lack of affordable housing and high housing cost burdens
  - identify factors that limit supply of affordable housing, including zoning requirements
  - evaluate effectiveness of state and local affordable housing programs, and coordination among them
- Evaluate importance of housing availability to state/local revenues and economy

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## Background

- Housing costs exceed 30 percent of income for 1/3 of Virginians, making them “housing cost burdened”
- Unmet demand for government assistance to lower the cost of housing
  - Housing Choice Voucher program has significant waiting lists
- Rising costs of labor, land, building materials hinder development of new affordable housing
- Virginia Housing (formerly VHDA) and DHCD are state’s primary agencies to address affordable housing needs

VHDA = Virginia Housing Development Authority, DHCD = Department of Housing and Community Development

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## Study issues (December report)

- How many Virginia households are “housing cost burdened,” and how does this vary by region and demographic characteristics?
- What are the social, financial, and economic impacts of a lack of affordable housing?
- What state and local programs and initiatives are used to increase the supply of affordable housing and provide financial assistance to homeowners and renters and how effective have they been?
- What are the barriers to expanding the supply of affordable housing, such as local zoning ordinances?

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## Study issues (June 2022 report)

- To what extent does Virginia Housing operate according to its mission to “help Virginians obtain quality affordable housing”?
- Has Virginia Housing strategically and effectively used its discretionary funds to address the state’s housing needs?

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## Research activities

- Analysis of housing cost burden experienced by VA households and availability of affordable housing stock (by region and locality)
- Interviews and surveys of local government planners, housing developers, voucher administrators, mortgage brokers, landlords, renters
- Interviews with Virginia Housing and DHCD staff
- Analysis of affordability of housing units produced using multi-family rental development financing programs
- Analysis of benefits provided through single-family home purchase assistance programs
- Analysis of Virginia Housing's financial position and the effectiveness of its "REACH" program\*

\*REACH = Resources Enabling Affordable Community Housing  
JLARC staff will procure a consultant for this analysis

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# Kimberly Sarte

## Associate Director

- Ongoing evaluation and oversight
  - Evaluation of economic development incentives
  - Oversight of VRS, Virginia529, VITA, and Cardinal
  - Other support - racial and ethnic impact statements, review of state employee health plan, health insurance mandates
- Fiscal analysis
  - Annual reports
  - Fiscal impact reviews



Briefings: June and December 2021

## Ongoing Evaluation of Economic Development Incentives

Staff: Ellen Miller

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## Effectiveness of trade and transportation incentives (June 2021)

- Common carrier sales tax exemptions for railroads, airlines, shipping
- Sales tax exemptions for railroad rolling stock and aircraft repair parts
- Tax credits and grant to increase traffic volume through Port of Virginia\*
- Incentives to increase international exports (VALET and trade show assistance program)

\*Port Volume Increase Tax Credit, International Trade Facility Tax Credit, Barge and Rail Usage Tax Credit, Port of Virginia Economic and Infrastructure Development Grant

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# Annual economic development incentives report (December 2021)

- Spending for all incentives
- Performance of completed projects receiving grants



Briefings: Ongoing in 2021

## Ongoing Oversight: VRS, Virginia529, Cardinal, and VITA

Staff: Kimberly Sarte, Jamie Bitz, Danielle Childress

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# Virginia Retirement System

- Oversight reports (July and December)
- Update from VRS director and chief investment officer (July)
- VRS Legislator's Guide (February 2022)
- Attend meetings of the board and advisory committees (year-round)

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# Virginia529

- Independent actuarial audit of the legacy Prepaid529 program (July)
- Update from Virginia529 chief executive officer and investment director (July)
- Virginia529 Legislator's Guide (February 2022)
- Attend meetings of the board and advisory committees (year round)

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# Cardinal

- Update on status of Human Capital Management Project (November expected)
  - Recent testing problems delayed project 'go-live dates' by six months
  - Project budget currently within allocated contingency funding
- Attend meetings of the steering committee (year-round)



Briefing: September 2021

# Virginia Information Technologies Agency

Staff: Jamie Bitz, Danielle Childress

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# Study mandate

- Review of VITA's
  - organizational structure
  - staffing
  - recruitment and retention

Study mandate: Motion approved by Commission, October 5, 2020

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# Background

- VITA provides IT infrastructure services to over 60 executive branch agencies
  - Transitioned to a new multi-supplier IT infrastructure model in 2018
- VITA has state IT oversight responsibilities
  - Agency IT projects, security and risk management, and IT strategic planning
- Over 260 staff and contractors carry out VITA's infrastructure and oversight responsibilities

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## Study issues

- Is VITA structured effectively to ensure current and future operational success of the new infrastructure model?
- Is VITA appropriately staffed to carry out its responsibilities, particularly under the new model?
- Is VITA able to effectively recruit and retain qualified staff to carry out its responsibilities?

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## Research activities

- Interview VITA staff and agencies
- Survey VITA staff
- Analyze staffing data from VITA and the Department of Human Resource Management
- Compare VITA's organizational structure and staffing with industry standards and other states



## Other Evaluation Support

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Staff: Kimberly Sarte

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# Racial and ethnic impact statements

- New JLARC responsibility (HB 1990)
- Impact on racial and ethnic disparities of proposed criminal justice legislation
- Conducted at request of House Courts of Justice chair or Senate Judiciary chair
  - Up to 3 requests each per session
- Develop procedures and methodology prior to 2022 session

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## Other evaluation support

- Reviews of proposed mandated health insurance benefits\*
  - Prosthetic devices
  - Donated human breast milk
- Actuarial review of the state employee health insurance plan (September)

\*Reviews of proposed mandated health insurance benefits are provided at the request of the Health Insurance Reform Commission.



Briefings: Ongoing in 2021

## Fiscal Analysis

Staff: Kimberly Sarte, Justin Brown, Ellen Miller, Nick Galvin

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# Annual reports

- Review of State Spending (October)
- State Spending on K–12 Standards of Quality (December)
- Virginia Compared with Other States (January 2022)

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# Fiscal impact reviews

- Second opinions on the fiscal impact of proposed legislation (2022 session)
- Fiscal impact reviews of executive orders issued by governor (as requested)

NOTE: Reviews must be requested by committee chairs.

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# Proposed meeting schedule for 2021

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**JUNE 7** Trade and transportation incentives

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**JULY 6** VRS  
Virginia529

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**AUGUST** *No meeting*

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**SEPTEMBER 20** VITA  
State employee health insurance program  
Income tax progressivity study update

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**OCTOBER 18** Guardianship and conservatorship  
State spending  
Racial and ethnic impact statements

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**NOVEMBER 15** Virginia Employment Commission  
Transportation Infrastructure & Spending  
Cardinal

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**DECEMBER 13** Affordable housing  
Juvenile Justice System  
VRS  
Economic development incentives report  
State spending report: SOQ

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## New directed studies

- Individual income tax progressivity
- Pandemic impact on K–12 education
- Cost of education and Standards of Quality
- Capacity to conduct two additional studies in 2022