Joint Legislative Audit & Review Commission
1989 Report to the General Assembly
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Director
Philip A. Leone
September 11, 1989

To the Honorable Members
of the Virginia General Assembly
State Capitol
Richmond, Virginia

My Dear Colleagues:

As Chairman of the Joint Legislative Audit and Review Commission, I am pleased to transmit to you JLARC's 1989 Report to the General Assembly. The report overviews the work of the Commission and its staff during the past two years, follows up on previous study recommendations, and previews future and ongoing projects.

Herein you will find summaries of our most recent studies, and I believe you will agree with me that lately we have had to grapple with some particularly complex and sensitive subjects. For example, our studies of indigent health care funding formulas, information technology, the funding of the educational standards of quality, and child day care regulation have addressed many difficult issues. Our job is to provide the General Assembly with factual information that can be used for legislative decisionmaking.

Reading through these overviews, I can't help but notice a recurring theme: cooperation. To deal effectively with pervasive and difficult issues such as these, cooperation is essential. In many cases, both the study effort and the successful use of recommendations could only have come about through the close collaboration of key legislators, the JLARC and budget committee staffs, executive agency personnel at all levels, and the Governor and his cabinet secretaries.

When the legislative and executive branches work together as they recently have, much can be accomplished: improved equity, accountability, economy, and efficiency. Dollars are only one measuring stick for our success, but this report documents more than six million dollars in savings to the Commonwealth as a result of recent JLARC studies.

During the 1988 Session, JLARC was expanded to 14 members of the Assembly. We are fortunate now in having more shoulders to bear the load. And I speak for the entire Commission when I thank all members of the House and Senate for their continuing good faith and support in our oversight efforts.

Respectfully,

[Signature]

Robert B. Ball, Sr.
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The Joint Legislative Audit and Review Commission (JLARC) is an oversight agency for the Virginia General Assembly. It was established in 1973 to review and evaluate the operations and performance of State agencies, programs, and functions.

The Commission is composed of nine members of the House of Delegates, of whom at least five also serve on the House Appropriations Committee, and five members of the Senate, of whom two also serve on the Senate Finance Committee. Delegates are appointed by the Speaker of the House, and Senators by the Privileges and Elections Committee. The chairman is elected by a majority of Commission members, and traditionally the chairmanship has rotated every two years between the House and Senate. The Auditor of Public Accounts is a non-voting, ex-officio member.

The Commission has a full-time staff. A staff director is appointed by the Commission and confirmed by the General Assembly for a six-year term of office.

The duties of the Commission and the nature of its studies are specified in Sections 30-56 through 30-63 of the Code of Virginia. Report findings and recommendations are to be submitted to the agencies concerned, the Governor, and the General Assembly. These reports are to address:

- areas in which functions of State agencies are duplicative, overlap, fail to accomplish legislative objectives, or for any other reason should be redefined or redistributed
- ways in which agencies may operate more economically and efficiently
- ways in which agencies can provide better services to the State and to the people.

The Commission has also been assigned authority to make special studies and reports on the operations and functions of State agencies as it deems appropriate and as may be requested by the General Assembly. In addition, the Commission is authorized to prepared supplemental studies and reports relating to its evaluations. Once each biennium, the Commission conducts a systematic follow-up of its work. From time to time, usually coinciding with this biennial report, agencies are requested to file “status of action” reports on their efforts to address the Commission’s findings and recommendations. Special follow-up studies are required in cases where the Commission has cited waste, extravagance, fraud, or misuse of public funds.

Under authority of Section 2.1-155 of the Code, the Commission also serves as the point of legislative focus for financial audit reports. The specialized accounting and audit resources of the Office of the Auditor of Public Accounts are available to the Commission. The ability of the Legislature to assess agency performance is enhanced by this combination of program and fiscal reviews.

Section 2.1-196.1 of the Code gives JLARC authority to establish new internal service funds and to discontinue those no longer needed. JLARC can also authorize the transfer of excessive retained earnings from internal service funds to the State general fund. To carry out these responsibilities the Commission reviews, on a continuing basis, internal service funds for graphics, systems development, telecommunications, central warehouse, computer services, central garage, buildings and grounds special projects, and State and federal surplus property.
The Legislative Program Review and Evaluation Act


While the principal function of the Evaluation Act is the scheduling of functional area reviews, it also encourages (1) coordination with the standing committees, (2) agency self-studies, and (3) committee hearings on JLARC reports. The Act does not require or restrict standing committee activities in any way.

Fulfilling the Mandate: The Audit and Review Process

To carry out its oversight responsibilities, JLARC issues several types of legislative reports. Performance reports evaluate the accomplishment of legislative intent and assess whether program expenditures are consistent with appropriations. Operational reports assess agency success in making efficient and effective use of space, personnel, or equipment. Special reports are made on State operations and functions at the direction of the Commission or at the request of the General Assembly.

Many of these special reports require elaborate statistical applications to assess policy and program effectiveness.

To date, JLARC has issued 104 reports, each of which is annotated in this publication. Nine projects are currently in progress. In addition, numerous letter reports have been prepared on specific topics of interest to the Commission.

A JLARC study begins when the Legislature identifies a topic for review. The Commission authorizes (continues, p. 4)
Objectives of Legislative Oversight

- **An Informed Legislature:** Oversight studies help inform citizen legislators about agencies, programs, and activities. A primary objective for JLARC is to gather, evaluate, and report information and make recommendations that can be used in legislative decision-making. Reports provide information that may be useful to legislators during deliberation on legislation, during committee hearings, and in responding to constituent questions or requests for assistance. Oversight reports are also valuable as a long-term memory of program information, and may be useful to legislators and agency administrators as reference materials.

- **Program and Agency Savings:** Program cost savings are frequently the product of legislative oversight studies, and are usually the most visible of all possible outcomes. Savings directly related to JLARC studies total over $172 million to date. Harder to pinpoint, but just as important, are the opportunities for savings which may result from the implementation of recommended efficiencies or adoption of program alternatives. The amount of potential savings depends on the extent to which changes are made. In some instances, changes may result in more spending to achieve greater effectiveness.

- **Compliance with Legislative Intent:** Writing and enacting legislation is the law-making function of the General Assembly. This establishes legislative intent. The oversight function helps ensure that laws are being carried out as the Legislature intended. In some cases, intent may not have been clearly understood by program administrators; in other cases, statements of intent may have been ignored. In those instances where legislative intent is not explicit in statute, an oversight study can assess and report to the General Assembly on how an agency has decided to implement its mission.

- **Improved Efficiency and Effectiveness:** JLARC is required by statute to make recommendations on ways State agencies may achieve greater efficiency and effectiveness in their operations. Achieving efficiency means finding ways to accomplish the same tasks at reduced cost; achieving effectiveness means findings ways to better accomplish program and agency objectives. Significant changes have been made in program efficiency and effectiveness in response to oversight reports and recommendations. The fact that a regular program of legislative oversight exists also stimulates agency self-evaluation, which may bring about improved operations.
project initiation, and the project is assigned to a staff team. A workplan is then prepared which documents the research approach to be used.

After the team completes its research, it prepares a report which is reviewed internally and subjected to quality assurance standards. Subsequently, an exposure draft is distributed to appropriate agencies for their review and comment. A revised exposure draft, which also contains agency comments, is reported to the Commission.

The Commission or one of its subcommittees reviews the report, indicates any additional legislative concerns, and authorizes publication of the study as a legislative document. The printed report is distributed to all General Assembly members, the Governor, and other interested parties.

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**How JLARC Functions**

The JLARC staff director is responsible for preparing the budget, hiring personnel, managing research, and long-range planning.

The staff is organized into two research divisions, each headed by a division chief, and three support functions. Project teams, typically ranging from two to four people, are assigned to the divisions for administrative and research supervision. Team leaders have responsibility for managing projects and directing teams on a day-to-day basis. The teams are supported by specialists in research methods, computer applications, and publications services.
A Balance Sheet on Legislative Oversight

The 1987 Report to the General Assembly documented over $166 million in savings, cost avoidance, and new revenues resulting from JLARC recommendations since the Commission's inception. Additional savings to the State reported by agencies during the past biennium include the following, which are discussed in more detail throughout this report.

- Additional estimated savings recently reported by the Department of Information Technology, primarily from staffing reductions and the segregation of IBM and Unisys technologies: $3,000,000
- Maintenance budget savings reported by the Department of Transportation, attributable to adjusting workload standards to reflect actual performance: $2,700,000
- Interest reported by the Division of Unclaimed Property on funds transferred from general receivers, as recommended by JLARC: $200,000
- Excess funds accumulated by the Maintenance and Repair Projects internal service fund, transferred to the General Fund: $130,000
- Suspension of purchases of Southeastern Americana by the University of Virginia's Alderman Library (based on average of last four years' expenditures): $80,000

Total savings since the 1987 Report to the General Assembly: $6,110,000

Cumulative savings documented in previous updates: $166,000,000

Cumulative savings since JLARC's inception: $172,110,000

JLARC's cumulative budget expenditures through 1988: $13,983,465

Ratio of JLARC's savings to its budget expenditures: $12 : $1

* Cumulative savings are conservatively estimated based on one or two years of implementation. Many of these savings continue to accrue indefinitely. For example, set-off debt collection, as recommended by JLARC, was operationalized in 1981. These collections by the Department of Taxation for 1988 alone totaled over $8.5 million, but are not included above.
The varied education, training, and professional experience of the research staff are important to the Commission. Among the fields represented by undergraduate and graduate education are business administration, economics, education, English, law, philosophy, planning, political science, policy analysis, psychology, public administration, and urban systems. Most members of the research staff have graduate degrees.

Staff titles reflect formal education, training, and experience at JLARC. The titles are assistant, associate, senior associate, senior, principal, and chief analyst. Promotions are based on merit. Salaries are competitive with those of similar types of executive and legislative employment, and each staff member participates in State-supported benefit programs.

Professional development is encouraged through membership in relevant associations. Training is carried out through on-campus credit instruction in fields related to the work of the Commission, and through in-service training programs. Emphasis is placed on enhancing communication, team management, and technical skills.

JLARC is housed on the 11th floor of the General Assembly Building, adjacent to the State Capitol. The close proximity of the other legislative staffs and support services encourages communication and contributes to JLARC's research efforts.
The State and local hospitalization program (SLH) was established in 1946 by the General Assembly to provide hospitalization to indigent and medically indigent persons. Under this program, the Department of Social Services has been distributing appropriated funds to local governments solely on the basis of population. Local participation has been voluntary, and the State has financed 75 percent of program operations.

The program has come under frequent scrutiny by the Legislature, and revision of the current funding formula has been discussed for more than ten years. JLARC's 1978 study of inpatient care, for example, recommended that the formula be revised. The 1986 General Assembly mandated JLARC to study the formula, make recommendations for improvements, and include cost estimates for alternative plans.

The study found that the funding formula for the SLH program was clearly outdated. Population-based allocation of funds did not reflect actual need for the program, nor account for the ability of each locality to raise revenues for the required matching funds. Some localities did not fully match their State allocation, and others chose not to participate in the program. It was also found that the use of retrospective reimbursement procedures could discourage localities from participating.

In evaluating funding alternatives, JLARC staff focused on two primary goals: equal access to needed program services, and tax equity. In order to promote equal access, the State needed to explicitly recognize local costs for hospital-related services. Because these costs depended on local demand, JLARC staff developed a measure of the minimum demonstrated level of demand for the program, using both paid SLH applications and those applications that had been rejected for reimbursement because local SLH funds had been depleted. Demand in non-participating localities was also estimated.

JLARC staff concluded that the second goal, tax equity, would be achieved if the proportion of resources required from local governments to fund hospital-related services did not vary greatly across localities. Therefore, a measure was developed for representing and comparing local resource expenditures.

This measure utilized local revenue capacity for determining local ability to pay for the program. Additional adjustments could also be made to the measure in order to reflect the income levels of local residents in relation to statewide income. This approach would ensure that localities with the greatest abilities to pay would bear appropriate responsibility for funding the program, while localities with lesser abilities to pay would be provided with greater State assistance. It also recognized that localities whose residents had lower incomes might have greater difficulty in taxing at statewide rates.

The report also made several other important recommendations, including minimum mandatory service requirements, uniform eligibility criteria, and participation by all cities and counties. A more rational basis for an SLH reserve fund was recommended. Specific suggestions were made to encourage better data collection from the localities for use in program administration.

During the 1989 Session, through the collaborative efforts of the two budget committees, a task force of General Assembly members interested in indigent care, and the Secretary of Health and Human Resources, decisive action was taken on the long-standing problems associated with the
SLH program. Many of JLARC’s concerns were addressed. As recommended, all localities will be required to participate. Program allocations will be based on several factors, including local costs, current population, and per-capita demand for services. Also as proposed by JLARC, the local share of program funds will be determined according to local revenue capacity, adjusted by a local income factor. Legislation also directed the Department of Medical Assistance Services to define a minimum program to be implemented in all localities, as well as uniform eligibility criteria.

A major initiative was the transfer of the program to the Department of Medical Assistance Services, effective July 1, 1989. Determination of eligibility, however, will remain with the Department of Social Services through the local boards of welfare or social services.

### Funds Held in Trust by Circuit Courts

Circuit courts order funds to be held in trust if the beneficiary cannot be located, cannot administer the funds, or needs to be determined following a legal proceeding. The judge may either appoint a general receiver or have the clerk of the court administer the funds for the court.

SJR 147 (1987) directed JLARC to study funds held in trust by clerks and general receivers. The resolution mandated that JLARC determine the total amount of monies held in trust and assess current fund administration practices.

JLARC found that at the end of FY 1987, clerks and general receivers held approximately $56 million in trust funds. Many of the fund administrators, however, were not complying with statutes requiring them to transfer unclaimed funds to the Division of Unclaimed Property (Department of Treasury). The Commonwealth was losing an estimated $48,000 to $165,000 each year in interest income from these funds.

The JLARC study made recommendations to:
- have the Division of Unclaimed Property audit the funds and transfer over $2 million to the Division
- prohibit trust fund administrators from collecting fees on those unclaimed funds which should have been transferred to the Division
- improve the investment practices of fund administrators
- set an appropriate and uniform fee schedule to be charged by general receivers for managing trust funds
- ensure that fund administrators be sufficiently covered by bond
- improve oversight by requiring improved recordkeeping and by providing the Auditor of Public Accounts (APA) authority to audit trust funds held by general receivers.

The General Assembly’s support for these recommendations was evident in the 1988 Session. Legislation was passed establishing or clarifying the responsibilities, fees, recordkeeping practices, and bond requirements for clerks and general receivers. Annual fund audits by the APA, to begin this year, were also approved.
The Division of Unclaimed Property reports that trust fund administrators had remitted over $2.4 million in unclaimed funds by May 1989, with a number of audits still in progress. Interest accruing on these funds has surpassed $200,000.

In response to a number of specific JLARC recommendations, two separate administrative manuals (one for circuit court judges and one for trust fund administrators) were prepared to improve trust fund administration. The Office of the Executive Secretary of the Virginia Supreme Court was charged with the responsibility for developing and distributing these manuals, with assistance from the APA, the Cash Management and Unclaimed Property divisions of the Department of Treasury, the Department of Safety’s Division of Risk Management, and JLARC staff.

The study recommended that judges retain the flexibility to appoint general receivers, if necessary. However, administration by the clerks was clearly preferable due to stronger accountability. As a result of the recommended uniform fee schedule, some general receivers have turned their accounts over to the clerks.

Funding the State and Local Cooperative Health Department Program

The State and local cooperative health department program (CHD) was created by the General Assembly in 1954 to ensure the provision of public health services to all Virginians. The program is administered by the Virginia Department of Health (VDH). Local CHDs have been funded primarily through cooperative budgets composed of State and local funds, along with federal block grants. Local contributions have been set at a minimum of 18 percent and a maximum of 45 percent.

The formula that has been used to distribute CHD funding is based on estimated true value of locally taxable real property (ETV). Over time, however, the limitations of this funding approach became clear: (1) fund allocation was not based on any systematic assessment of community health needs, (2) ETV was no longer an accurate measure of local ability to generate revenues to pay for CHD services, and (3) inflation had driven up the value of local real estate so that a majority of localities had to pay the maximum share for their programs.

JLARC had recommended revising the CHD formula in 1978, and the formula had become a major source of discussion over the past several years. A variety of study groups and legislative proposals had attempted, without success, to make revisions. The 1986 Session of the General Assembly directed the JLARC staff to study the formula and make recommendations for improvements.

As in the companion study of State and Local Hospitalization (see page 7), this JLARC study assessed the CHD formula for success in meeting two goals: equal access to needed program services, and tax equity. As in the SLH study, an alternative funding approach utilizing local revenue capacity was recommended. The study also noted that a systematic, rational system for recognizing local needs for the CHD program should be developed by the Virginia Department of Health.

Subsequent to the study, the 1988 Appropriations Act directed the VDH to revise the CHD formula, using local revenue capacity and income data as factors in the new formula. VDH submitted a revised allocation plan in September 1988, including an assessment of implementation costs. The
1989 General Assembly appropriated funds to phase in implementation of the new formula beginning in FY 1990. Concurrently, VDH has undertaken an assessment to define core health service needs in the localities.

**Review of the Division of Crime Victims' Compensation**

The Crime Victims’ Compensation (CVC) program within the Department of Workers’ Compensation (DWC) provides financial assistance to innocent victims of crime. The program makes awards to eligible victims of violent crimes, or their surviving dependents, for disabilities or financial hardships suffered as a result of their victimization.

Since its creation in 1976, the program has accomplished much: establishing a rigorous investigation process to validate claims, serving an increasing number of victims, and expending public funds in a conscientious and frugal manner. Concerns had arisen, however, about the adequacy of program funding, claim processing procedures and turnaround time, and the appeals process. These concerns led to HJR 184 (1988), which directed JLARC to study methods to improve claim processing and the possible transfer of the program to the Department of Criminal Justice Services (DCJS).

The JLARC staff report focused on improving the CVC program’s administration, particularly the processes used to establish, investigate, and approve or deny claims. Written policies and procedures were lacking, and appeals procedures needed clarification. Other recommendations addressed program funding, organization, management, and staffing. Relocation of the division to DCJS was not recommended.

The Industrial Commission reacted quickly and positively to the JLARC report, and within six months nearly all recommendations had either been carried out or adopted for implementation. The following agency actions are summarized from the Industrial Commission’s May 1989 report to the Virginia State Crime Commission:

- The CVC division’s adoption of recommendations to revise forms, letters, pamphlets, manuals, checklists, etc. has improved communication with crime victims, Commonwealth’s Attorneys, medical care providers, and employers. The JLARC recommendations have “produced positive results in improving specific administrative practices which have in the past caused delay in processing claims.”

- The Chief Deputy Commissioner has assumed direct management responsibility for the CVC program. He has begun to implement, per JLARC’s recommendation, a system to monitor CVC workload and productivity. In order to maintain closer administrative and operational control, the Commission has also placed a staff attorney in a position to observe CVC operations and report directly to the Chief Deputy Commissioner. To determine the cost of CVC activities to the Department of Workers’ Compensation, three one-month test
"We have been given guidelines for our future internal review and we are looking at costs and personal accountability for tasks in a better and different manner."
— Letter from the Chairman of the Industrial Commission

periods of time utilization are being conducted. In the future, appropriate charges will be made against CVC for DWC personnel costs.

■ The JLARC report recommended disseminating additional public information on the CVC program, particularly in areas of the state lacking other victim-witness assistance. In response, CVC is in the process of preparing materials for radio, TV, and print media. The materials will also be provided to Commonwealth's Attorneys and to legislators.

**Review of Community Action in Virginia**

Community action programs are designed to help low-income individuals improve their quality of life and become self-sufficient. In Virginia, these programs are provided by the 27 local community action agencies (CAAs) and four statewide organizations. These entities are primarily private non-profit organizations.

For most of its history, community action has been a federally funded and locally controlled program. However, in 1981 the federal government began involving the states by distributing the community services block grant (CSBG) to the states, which in turn distribute the grant to individual CAAs. The states are responsible for providing the federal government with assurances that all the requirements of the CSBG Act are being met. A small office in Virginia's Department of Social Services distributes the block grant and oversees the agencies.

Although total community action funding has increased over the past six years (to nearly $50 million in FY 1988), the amount of the federal CSBG has decreased. This has caused the CAAs to look to the State as a possible additional source of funding. These and other factors prompted the General Assembly to have JLARC study community action in Virginia. The 1987 Appropriations Act directed JLARC to "conduct a performance audit and review of the programs and activities of Community Action Agencies."

A system-wide assessment showed that CAA performance is mixed — not all CAAs perform equally well. Extreme variability was evident in the number of programs offered, as well as in the success with which these programs are conducted.

CAA funding is received from numerous sources, and provides
various services, making accountability imperative. However, problems were found with certain CAA programs and procedures, making accountability difficult. Special attention was needed in the areas of records maintenance practices and the establishment and documentation of eligibility requirements. The study also found that the Department of Social Services (DSS) needed to significantly strengthen both program and financial oversight of community action.

A review of fund distribution procedures identified several problems. The formula used by DSS to distribute both the CSBG and the State non-program-designated appropriation was inequitable, giving inappropriate weight to historical funding of the CAAs. Procedures used by DSS to distribute other federal grant monies appeared to conflict with the intent of the Virginia Public Procurement Act, and could result in the appearance of partiality. The funding formula for one of the statewide organizations, Project Discovery, also appeared questionable.

In all, the JLARC report made 20 major recommendations for improving fund distribution; bringing procurement practices into compliance with the Public Procurement Act; tightening financial reporting requirements for the CAAs; monitoring CAA administrative expenses, program operations, and financial management; improving records management; ensuring appropriate composition of, and training for, the community action boards; implementing eligibility requirements; and encouraging cost savings.

In response to the study, DSS has submitted an action plan, and has reported that it intends to implement all the JLARC recommendations. Two major JLARC recommendations will involve a cooperative effort between Social Services and the Secretary of Health and Human Resources:

- revising the formula for distributing the federal CSBG allocation
- assessing the feasibility of requiring a 20 percent funding match for any future State appropriation of non-program funding to CAAs.

These efforts are currently under way, and will be updated in the next Report to the General Assembly.

A Head Start program in session at the Richmond Community Action Program. Head Start is one of the better-known Community Action services.
The Department of Personnel and Training (DPT) conducts an annual survey of salaries paid in the private sector. The primary purpose of the survey is to provide information for adjusting the State classified salary structure. Millions of State dollars are budgeted and appropriated each year, based on this estimation. In the 1986-88 biennium, for example, over $110 million was spent on salary increases.

Legislative interest in the salary survey led to a mandate in the 1988 Appropriations Act for JLARC to study the methods DPT uses to gather and evaluate the survey data and the methods used to determine the minimum salary scale adjustment for State employees. The staff analysis concluded that, overall, DPT's methods were generally consistent with statutory provisions and adequate for producing an approximation of the gap between State and private sector compensation. However, considering the survey's potential financial impact on the State, the accuracy of the estimated salary differential could be improved.

JLARC staff evaluated each phase of DPT's complex survey and estimation process for methodological rigor. Fifteen technical improvements to data collection and analysis were recommended, including:

- defining systematically the private firms to be sampled
- increasing the number of private firms sampled
- estimating and taking into account the random error that is inevitable when using a sample
- estimating the difference between State and private sector salaries with a more stable measure that better represents State employees.

In addition, the study found that a one-time comprehensive study of ways to compare and estimate fringe benefits was needed.

As JLARC recommended, DPT prepared a plan for implementing the technical improvements and presented it to the House Appropriations and Senate Finance Committees prior to the 1989 legislative Session. Subsequently, the General Assembly approved an additional position at DPT to assist in implementing the recommendations. DPT is currently in the process of conducting the revised survey, the results of which are to be presented to the General Assembly before the 1990 Session.

In 1984, the Central Garage became an internal service fund. Because JLARC has statutory responsibility for oversight of internal service funds, JLARC staff performed a comprehensive review of fleet use and operations. This review also served to follow up JLARC's 1979 study of the Central Garage. The earlier study had found a need for improved management of the garage and better utilization of the vehicles in the fleet. Many employees were using vehicles for commuting without reimbursing the State. In response to these findings, the Department of Transportation reorganized the garage, established new utilization guidelines, and implemented commuting charges as mandated by the General Assembly.

JLARC's 1988 review found that many of the recommendations from the earlier study had been successfully
implemented, and that overall operation of the garage had improved. Some very important changes, however, had not been achieved. Utilization of vehicles, for example, had not improved: 31 percent of the fleet was still underutilized despite the fact that the mileage requirement had been reduced. Further, most employees continued to commute without paying the required fee, at a cost to the State of more than $341,000 for FY 1987 alone.

The 1988 study found that the garage was collecting insufficient information to properly enforce vehicle assignment requirements. Need for vehicles was not being determined systematically; rather, agency assignments were being made basically upon demand.

On the other hand, many employees were found to be using their personal vehicles for work-related travel in excess of assignment criteria, at a greater cost to the State than the use of State-owned vehicles. All told, the JLARC study identified more than $2.7 million in annual savings that could result from improved management.

Many of the continuing problems appeared to result from confused authority and responsibility for setting and enforcing fleet policies and regulations. JLARC recommended, therefore, that the Central Garage Car Pool be established as a division of the Department of Transportation, and that exclusive authority for management and operation of the fleet be assigned to the Commissioner of Transportation. Day-to-day management of the fleet, including assignment of vehicles, review of utilization, and operation of the Central Garage, would be delegated to a fleet administrator.

Numerous other specific recommendations were also made, including proposals for:

- improving the collection of information upon which vehicle assignment decisions are made
- revising the minimum mileage required for assignment
- reducing the reimbursement rates when travel in personal vehicles exceeds the level at which a State vehicle should be assigned
- clarifying and enforcing commuting regulations
- increasing user awareness and accountability
- revising the mileage criteria for replacement of vehicles
- revising the methodology used to develop the rates charged for vehicle use
- ensuring the garage’s cash balances are maintained at reasonable levels
- redesigning the State vehicle license plate to better distinguish it from those used by local governments.

It was also recommended that some employees with special needs, such as law enforcement personnel, be exempted from minimum mileage requirements for vehicle assignment.
The 1989 General Assembly gave VDOT clear authority to manage the fleet, and the department reports it has taken positive action on the many operational recommendations contained in the JLARC study. A newly-organized Division of Fleet Management began operating the garage, effective July 1, 1989, and requirements for assignment and use of vehicles for commuting have been clarified. Implementation has been a major effort both administratively and operationally, and future JLARC follow-ups will monitor the new division's success.

In addition, the General Assembly supported redesigning State/public vehicle license plates, and implementation by the Department of Motor Vehicles is under way.

Internal Service Funds
Within the Department of General Services

Internal service funds are used to finance and account for goods and services provided by one State agency to another on a cost-reimbursement basis. JLARC has certain oversight responsibilities for internal service funds as defined in the Code of Virginia. In keeping with these responsibilities, reviews of the funds are completed about every five years.

This review examined the five internal service funds within the Department of General Services (DGS): Central Warehouse, the Office of Graphic Communications, State Surplus Property, Federal Surplus Property, and Maintenance and Repair Projects (a responsibility of the Bureau of Facilities Management).

Both financial and operational aspects of each fund were evaluated. The study team assessed service delivery, rates and charges, fund balances, billing procedures, operational efficiency, and user satisfaction. The report made more than 30 recommendations ranging from minor procedural changes to significant administrative initiatives. Examples of the recommendations and agency responses for each area are provided below:

- JLARC found that Maintenance and Repair Projects had accumulated over $130,000 in excess funds. Per a study recommendation, these funds were transferred to the General Fund. Based on other recommendations, the Bureau of Buildings and Grounds has taken steps to improve the accuracy of worker timesheets, eliminate inconsistencies in the calculation of overhead charges, improve communications with the agencies served, and better define and monitor the work of both day custodians and contracted nightly custodial crews. Service agreements similar to the legislative service agreement have been developed with the State Corporation Commission and the Virginia Department of Transportation.

- Central Warehouse has made several changes recommended by JLARC to improve operations. Steps have been taken to improve inventory controls, decrease error rates, keep customer agencies updated on prices and availability, and fill orders more accurately. Questionable accounting practices have been brought into compliance with generally accepted accounting principles. To begin eliminating the Warehouse's cash deficit, JLARC has approved a revised mark-up on its merchandise. In addition, Warehouse operations are being more closely supervised by Division of Purchases and Supply management and by the Bureau of Fiscal Services.
Funding the Standards of Quality
Part II: SOQ Costs and Distribution

Since 1971 the Constitution of Virginia has required the Board of Education to prescribe educational standards of quality (SOQ) which specify the minimum requirements for a high-quality program in all school divisions. These standards establish the "foundation" program for public education in the Commonwealth.

Since the adoption of the Standards of Quality, questions have been raised about the methods for calculating SOQ costs and about the adequacy and equity of State funding in support of these standards.

The HJR 105 Subcommittee, in expressing its concern about these issues, recommended that JLARC assess the method for estimating SOQ costs. Since JLARC had already been scheduled (SJR 35, 1982) to review public education, an SOQ study was scheduled as the first project in this series. This comprehensive study extended over a three-year period and required the cooperation and assistance of the Department of Education, the Department of Planning and Budget, the Senate Finance Committee, and the House Appropriations Committee.

In February 1986, a JLARC staff report entitled "Funding the Standards of Quality — Part I: Assessing SOQ Costs" was released. This first phase of the analysis dealt only with the costs of implementing the existing standards. The study incorporated new data sources and improved analytical techniques, resulting in a more thorough and sophisticated approach to estimating costs than had previously been possible.

The study showed that the existing methods for estimating SOQ costs overestimated the costs for both instructional personnel and support. However, consistent with the findings of another JLARC study on State mandates and local financial resources, the report found that the State needed to increase funding for the standards.

The JLARC staff proposed alternative statistical and computational techniques to address inadequacies in the existing costing methods. The recommended approach was based on an analysis of prevailing costs in the school divisions across the Commonwealth.

The study was of considerable interest both to the General Assembly and to the educational community, and had significant impact on budget decisions of the 1986 Session. The JLARC methodology was adopted for use in determining the State budget for SOQ programs.

The SOQ costs estimated in this first-phase report were derived within...
the constraints of the existing framework for defining and funding the standards, which included the requirement that a major portion of the funding for school divisions be based on a single "per pupil" amount. The study dealt with existing standards, not with the question of what the standards "should be," nor with the issues of equity or distribution.

The second phase of the SOQ study was completed just prior to the 1988 Session. It broadened the review to include distribution issues, and revised the methods for calculating SOQ costs used in the first phase. The study resulted in two primary findings. First, the basic structure of funding for elementary and secondary education in Virginia is essentially sound. Virginia's approach to funding for public education includes the recognition of need and ability to pay. These strengths reflect a long-standing commitment by the State to ensure that a program of high quality education is available to all children in Virginia.

The second finding, however, was that the State could be doing more to reduce funding disparities. The report identified a number of significant changes to both the method for calculating costs and the method for distributing funds which should help to reduce disparities. The changes promote two goals for the funding of the Standards: pupil equity and tax equity.

Pupil equity would be better promoted by a more accurate calculation of the costs of implementing the Standards in the school divisions. The revised methods recommended in the phase II report are more sensitive to the unique circumstances of the school divisions in terms of required staffing, salaries, and pupil transportation costs.

The report concluded that tax equity would be advanced by a more accurate measure of local ability to pay, and by broader, more uniform use of this measure in distributing funds. Measures assessed included the composite index and revenue capacity.

To illustrate the impacts of different distribution alternatives on funding, the report developed seven funding options for consideration by the Governor and the Legislature. These scenarios provided a framework for legislative deliberation and informed policy decisions about how to reduce disparity in funding the Standards of Quality.
Acting on many of the JLARC recommendations, the 1988 General Assembly undertook a major restructuring of public school funding. Consistent with JLARC's findings, the Governor's budget recommended and the General Assembly concurred with the following changes:

- a cost of competing adjustment to salaries for school divisions in Northern Virginia
- funding localities based on the JLARC methodology for calculating SOQ-required instructional staff positions
- a new methodology for calculating pupil transportation costs
- allocating of a much greater proportion of total state funding to the local school divisions on the basis of each locality's ability to pay.
Preface

As in previous years, this Report to the General Assembly presents study activities, findings, and agency responses in brief, summary form. Overviews, however, may fail to communicate the complexity of the typical JLARC study, the number of participants involved, and the length and intensity of the effort. This article, therefore, attempts to provide more perspective by "telling the story" of one JLARC study — "Review of Information Technology in Virginia State Government" — in greater detail.

Experience in Virginia and other states has shown that strong legislative oversight and executive leadership are vital in the complex realm of information technology. This study effort is a good example of how the executive and legislative branches work together to identify a problem and propose solutions.

Effective and efficient communication and management of information are key to any successful endeavor, from the smallest business enterprise to the largest conglomerate. For an entity as large as Virginia State government, coordinating the flow of information and the use of computer services has become a monumental and costly task.

Virginia State government's use of information technology has grown at a rapid rate. During the FY 1986-88 biennium alone, the Commonwealth spent more than $500 million on automated data processing and telecommunications. Costs are sure to rise as the trend toward automation increases and agencies expand their computer use.

Responsibility for managing information and communication services within State government lies with the Department of Information Technology (DIT). An internal service fund agency, DIT recovers 89 percent of its revenues through charges for telecommunications, systems development, and computer services.

Created in 1984-85, DIT was the product of a merger of three agencies — the Departments of Telecommunications, Management Analysis and Systems Development, and Computer Services. Information technology had been fragmented among the three agencies, hindering planning and management efforts.

The consolidation, however, did not solve all of the State's information problems. DIT continued to operate as three separate agencies without a unified direction. Questions about DIT management, computer services costs, and staffing began to surface among various customer agencies as well as JLARC, the House Appropriations and Senate Finance Committees, and the Department of Planning and Budget (DPB). In addition, Virginia lacked a comprehensive strategic statewide plan for information technology, which proved to be a growing concern among members of the General Assembly and the executive branch.
The Early Stages

In the fall of 1985, JLARC was planning an internal service fund review of DIT. JLARC is required by Section 2.1-196.1 of the Code of Virginia to monitor internal service funds, and had been in continuous contact with DIT. JLARC staff were therefore aware of some of the agency's problems. At the same time, DPB had its own questions about DIT operations and was considering a cost analysis evaluation of the agency.

In a cooperative effort, JLARC and DPB combined resources to conduct a comprehensive review of information technology in Virginia State government, concentrating on DIT. At its December 1985 meeting, the Commission authorized the JLARC staff to evaluate DIT's performance and costs. A joint executive and legislative initiative, the information technology review encompassed a wide variety of issues, data, and staffs. DPB played a key role in identifying some of the issues and reviewing research products. DPB also provided funds — an allocation through the Appropriations Act — to hire a consulting firm for evaluating technical and financial issues.

JLARC staff, assisted by the Auditor of Public Accounts and the Division of Legislative Automated Systems, prepared a request for proposals, which drew responses from a number of highly respected private firms. After carefully considering each proposal and complying with all relevant State purchasing procedures, JLARC awarded the contract to Ernst & Whinney, an international consulting firm with considerable information technology experience.

Research Activities

As is the case for most JLARC reviews, a team of four research analysts (headed by a "team leader") was assembled to begin defining issues and developing research methods. JLARC staff concentrated on management issues: personnel, procurement, organization, staffing, and the question of statewide information management. The team's basic mission was to determine if DIT was achieving its reorganizational goals: effective and efficient delivery of services, staffing economies, integration of related technologies, timely and simplified procurement processes, and facilitation of State planning for information resource management.

JLARC research activities included a survey of all DIT customer agencies, review of data processing procurement records and procedures, assessment of project management and demand for systems development, analysis of DIT's staffing organization, and an assessment of planning for the development of the State's computer and telecommunications resources. Intense and varied questions about DIT staffing prompted the most detailed analysis of personnel that JLARC has ever done.

In a parallel effort, Ernst & Whinney reviewed DIT's accounting and cost allocation procedures and compared the agency's computer services costs and rates with other organizations. The consultant also assessed computer use by seven State agencies — a representative mix of DIT's customer base.
Management of the Project

While cooperation among state agencies is key to any JLARC project, the DIT study posed several unusual circumstances. Although DPB provided the funding, JLARC was responsible for actively managing the consulting firm, a first-time effort for the staff. Ernst & Whinney was, in essence, an extension of the JLARC team, and in that respect office location (most of the firm's project personnel worked out of Baltimore, Maryland) proved to be a constraint. JLARC's director, the division chief in charge of the project, and the team leader were in constant contact with Ernst & Whinney staff, either by telephone or through travel, to ensure that research efforts and standards were maintained.

Integrating the consultant's research style and methods into the JLARC structure also required considerable time, organization, and cooperation. Ernst & Whinney, experts in assessing information technology issues, had to be oriented to JLARC's critical evaluative review process, and JLARC staff had to become accustomed to working with another organizational unit.

Another unique aspect of this study was the fact that agencies had to deal with both JLARC and Ernst & Whinney. Typically, JLARC staff conduct analyses and survey agencies alone. In this case, however, DIT and customer agencies were responding to questions from two research units, each with its own methods, at the same time. Cooperation and coordination, again, proved essential.

Study Findings

One of JLARC's larger studies, the Review of Information Technology in Virginia State Government took about 19 months to complete. Begun in January 1986, the effort concluded in August 1987 after more than 27,200 hours of JLARC staff time and a major consultant study.

Because Ernst & Whinney's report was very technical, it was not widely distributed. Instead, JLARC staff incorporated the consultant's findings into its more than 200-page report. The team and division chief sifted through case studies, financial data, and technical information, merging it with JLARC's findings and recommendations. That process represented another unique aspect of the study.

Through its evaluation, JLARC staff found that although DIT had been successful in operating the State's mainframe computer — a major part of its mission — improvements were necessary in other areas. Among the findings:

- **Procurement** — Internal and external controls over procurement needed to be strengthened through staff training, better justification and validation of sole-source purchases, clarification of the definition of a qualified minority vendor, and fuller compliance with competitive bidding requirements.

- **Computer Services** — Although agencies' use of DIT's computers had increased, additional planning and management efforts to efficiently and effectively use the mainframe resources were needed. JLARC recommended that DIT provide increased assistance in areas such as product research, training, and cost-containment, and work with agencies to develop more efficient data processing
Satellite dishes allow DIT to arrange world-spanning teleconferences. A recent example was a "space bridge" between Old Dominion University and the Soviet Union.

and storage techniques. A major recommendation in this area was to segregate rates charged for the two technologies — IBM and Unisys — which DIT provides for user agencies. This would result in agencies paying the actual costs of the technology they used. It was felt that this and other recommendations in the computer services area could result in substantial rate reductions.

- **Telecommunications** — JLARC staff found that agencies could benefit from additional DIT assistance in redesigning and upgrading telecommunications systems and recommended that DIT expand its services. In addition, the staff determined that State government was not receiving the full benefit of shared telecommunications networks. Plans, policies, and standards were needed in that area. The report noted a number of possible improvements aimed at consolidating telecommunications services and reducing Centrex and SCATS rates.

- **Financial Management** — Ernst & Whinney and JLARC evaluations determined that DIT's computer services rates were higher than necessary and were over-recovering expenses. Also, DIT's computer services bills were too complex. JLARC staff recommended that DIT and the State's largest users of computer services form a task force to develop methods for more accurately projecting computer services use. JLARC also recommended a more simplified DIT billing system.

- **Staffing and Organization** — JLARC found that numerous DIT staff positions were inappropriately classified. Recommendations included new position descriptions, and routine on-site audits of DIT by the Department of Personnel and Training.

Also among the report's 65 recommendations was a plan to reorganize DIT. The reorganization proposed six major divisions: operations support, data center, telecommunications, customer services, systems development, and administration. The plan was aimed at creating a streamlined and better organized agency while reducing duplication of effort. Reorganizing would also achieve a more uniform division size, reduce managerial layers, and eliminate unnecessary management positions. This and other recommendations would provide more than $2 million in cost-saving opportunities for State government. Perhaps the most ambitious proposal to come out of the study was
a recommendation to establish a State-level oversight board to set goals and standards for information technology and implement a strategic planning process. In the 20 years prior to JLARC's study, a number of statewide plans for information management in Virginia had been developed, all with limited or no success. JLARC's proposal centered on the creation of an independent Council on Information Management (CIM). Responsibilities of the CIM would include statewide planning, standard setting, and procurement. It would provide a means for agencies to plan based on a single goal for information technology throughout the State. The council was to be comprised of seven public members and the Secretaries of Administration and Finance as ex-officio, voting members. Advisory committees with representatives from higher education institutions, agencies, and DIT would also be established.

**Implementation of Study Recommendations**

DIT has implemented a majority of JLARC's recommendations in some form, and has instituted internal reviews to evaluate its services. The Council on Information Management (CIM) was created by the 1988 General Assembly and formed in August 1988. CIM presented an interim report to the Governor earlier this year. Developing a strategic information plan for Virginia's future promises to be a lengthy and complex process.

One of JLARC's follow-up efforts in preparing this *Report to the General Assembly* was a status-of-action request of DIT. The Department responded with a comprehensive report on the implementation of JLARC recommendations. Also provided was a brief overview, most of which is reproduced on the following two pages, as it succinctly summarizes DIT's efforts in response to JLARC's concerns, as well as some new agency initiatives.
DIT has accomplished the major objectives in our internal service fund operations which JLARC recommended. Significant examples may be found in the following areas:

**COMPUTER SERVICES**

- Rates for computer services have been cut four times, representing a cumulative reduction of 53% over two and one half years. Declining rates are the result of expanded customer usage, the deferral of equipment purchases through more careful CPU capacity planning, and internal budget discipline. Total expenditures for computer services will decrease by $5,671,000 in the second year of this biennium from what was originally projected in the Appropriations Act.

- Segregation of rates for IBM and Unisys technologies has reduced the cost to IBM customers who no longer “subsidize” the Unisys system. This encourages migration to more economical technology solutions, as well as competitive pricing of Unisys products and services.

**TELECOMMUNICATIONS**

- Centrex rates have been reduced by 28% since June 1, 1986, by reducing overhead and renegotiating contracts.

- SCATS rates have been cut four times since June 1986, representing a cumulative reduction in the day, evening, and night rates for long-distance telephone service of 30%, 46%, and 57%, respectively. This is the result of first-time competitive procurement of goods and services, requiring vendors to produce more accurate billing data, and auditing and recovery of carrier overcharges. Creation of a T-1 “backbone” network has improved efficiency and reduced the cost of interlata traffic in Virginia, and adding student traffic to the long-distance network has substantially reduced the evening and night rates.

- DIT’s Telecommunications Billing/Engineering Task Force, established in September 1987, completed a plan in August 1988, which will further reduce the current SCATS day, evening, and night rates of 21 cents, 13 cents, and 9 cents per minute. Rates will be cut by eliminating many “free” engineering services which have been subsidized by SCATS and Centrex charges; by charging some of those services to separate billing elements; by converting to a time- and distance-sensitive billing system; and by eliminating hundreds of costly dedicated tie lines, extended Centrex lines, and other convenient but wasteful network facilities. This has required re-engineering of the SCATS network, development of a new automated billing system, and a revised, federally-approved cost allocation plan. JLARC rate approval will be sought....
SYSTEMS DEVELOPMENT

- Fund balances in this labor-intensive internal service fund operation have traditionally proved negative, requiring periodic rate increases to avoid deficits. FY 87-88 closed with a positive balance sufficient to defray increases and avoid any rate increase this year, notwithstanding the elimination of most general funds for interagency system development projects. This has been achieved through more efficient use of resources and enhanced customer satisfaction (and business) ...

PROCUREMENT

- A 260% growth in procurement transactions since 1979 has been accommodated with the addition of two clerical positions and no additional procurement staff. The volume has more recently increased from 1,459 procurements in FY 1986 to an estimated 2,180 this year, a 49% increase. Continued delegation of procurements and the enhancement of DIT's automated procurement tracking system have thus far avoided staff increases.

- Vendor protests of procurements have declined. Out of 5,711 Agency Procurement Request transactions since January, 1986, only 42 were protested, and four of those were granted by DIT. Only four appeals were filed, and the agency has prevailed in three (with one now pending).

- Minority procurements have consistently met or exceeded goals established by the Department of Minority Business Enterprises. Last year's award of a major contract for microcomputers to a qualifying Northern Virginia firm will significantly enhance the level of minority business participation with an estimated $5 million in purchases.

AGENCY REORGANIZATION

- Balancing of service and control functions, now consolidated in separate agency directorates, has enabled an empirical, unbiased strategic planning program to coexist with an enhanced service-oriented directorate which manages the internal service fund programs. Service operations are balanced by a third directorate, equally strong, which is responsible for capacity planning and financial controls which are controlling costs and reducing rates.

COUNCIL ON INFORMATION MANAGEMENT

- DIT supported formation of the CIM by the 1988 Session of the General Assembly, transferred the FTEs necessary for its staff, and is actively supporting this new agency in its strategic planning mission. By providing the CIM additional technical and staff support under DIT's Deputy Director for Planning, Policy, and Regulation, most of the anticipated general fund cost of this new program has been avoided.
The Council on Information Management

With the support of the Secretary of Administration and the Department of Planning and Budget, The Council on Information Management was created by the passage of HB 510 during the 1988 Session, which emphasized the development of a comprehensive planning process along with specific responsibilities to review budgets, procurements, policies, standards, and guidelines pertaining to the use of information technology. The Council, the two advisory committees recommended by JLARC, and the Director were appointed effective August 1, 1988.

Among this new agency’s first accomplishments are the following:

- Bylaws and operating procedures have been developed.
- An interim report (Senate Document 23 of the 1989 Session) has been released outlining a preliminary strategic planning process for information technology.
- A strategic directions policy for telecommunications within State government has been developed.
- A standardized reporting format for technology budget requests has been developed. CIM will review these requests and make recommendations to the Department of Planning and Budget on funding priorities.
- A proposed format has been developed to be used by agencies in preparing required information technology resource plans.
- As specified in the 1989 Appropriations Act, CIM has evaluated and issued a report on the information systems operated by the central support agencies of State government.
- CIM staff have developed a procedure for reviewing technology procurements and collecting baseline data of the scope of technology within the overall State budget.
- The Council is sponsoring a State information technology forum in September 1989 to assist CIM in evaluating various options for a statewide strategic plan for information technology, targeted for release in July 1990.

The Bottom Line

Less than two years after the JLARC study, the Commonwealth appears to be well on its way to the comprehensive, long-term perspective contemplated in the report. Through the efforts of the Secretary of Administration, the Department of Planning and Budget, the House Appropriations and Senate Finance staffs, DIT and CIM personnel, and other personnel in the legislative and budget sectors, the State appears to be meeting both current and future challenges of the ever-expanding information technology field, while ensuring accountability and fiscal restraint. As an indication of the latter, a recent update from DIT estimates that the total cost avoidance to customer agencies resulting from rate reductions alone will total over $37 million for the 1988-90 biennium.
Organization of the Executive Branch

In 1984, JLARC released four reports assessing the structure and roles of numerous components of the Executive Branch, including the secretarial system. As is often the case with older JLARC reports, the findings and recommendations of these studies have recently found acceptance by both the General Assembly and the Executive Branch. As recommended, the secretariat previously overseeing resources and commerce was separated by the 1986 General Assembly into two separate secretariats (now the Secretary of Natural Resources and the Secretary of Economic Development). Recently, there has been considerable interest in creating separate cabinet secretaries for transportation and public safety. The recommended separation of the administration and finance secretariats was implemented in 1984.

The State Corporation Commission

A 1986 JLARC study of the organization and management of the State Corporation Commission (SCC) made recommendations to address shortcomings in financial management, personnel and staffing practices, and the scope of SCC authority and responsibility. Most of these recommendations were implemented and were reported in the last Report to the General Assembly. The SCC’s recent update on implementation activities included the following:

- The JLARC study found structural, management, and operational weaknesses in the Bureau of Insurance. Beginning in 1987, under a new commissioner of insurance, all operations of the Bureau were reviewed. The SCC reports that major steps have been taken to consolidate administrative and support functions, improve coordination and lines of communication, and simplify the Bureau’s management and operational structure.

- The study recommended that the General Assembly grant SCC the authority to enforce motor carrier safety regulations. This authority was placed in statute by the 1989 Session. All SCC investigators have since received in-service training in this area from the State Police Safety Team, and have begun citing carriers for safety violations.

- The SCC has developed data-collection procedures to address JLARC’s concern about subsidization which occurs in the regulation of utilities. A time recording project has been implemented to track the time of certain employees working in the utilities area, so that regulatory expenses can be properly allocated among various industries.

- JLARC was also concerned about subsidization between various financial institutions. In response, the Bureau of Financial Institutions has revised fee schedules used to assess banks, saving institutions, and industrial loan associations for regulatory expenses.

- JLARC staff recommended that the SCC revise some of its staff cost allocation formulas to ensure accuracy. The SCC created a task force to propose revised formulas. Several have been revised, and others are still under study.

- Per a study recommendation, all three SCC Commissioners now have legal assistants.

Follow-Up of Previous JLARC Studies
As recommended, the Division of Support Services has been designated as a staff unit because of its internal support functions.

Previous to the organization and management study, JLARC had studied automated data processing contracts at the SCC. JLARC staff have continued to follow up on related issues, and recently reviewed the following SCC computer procurement activities: (1) the selection of software and hardware vendors for the SCC's Corporate Information System, (2) the competitive negotiation process used with respect to the Agent's Licensing System of the Bureau of Insurance, and (3) the award of software maintenance contracts for the two systems. The SCC's new director of planning and development is currently implementing recommendations from these studies.

The Department of Transportation

Over the years, JLARC has published more than a dozen reports concerning aspects of highway construction and maintenance and other operations of the Virginia Department of Transportation (VDOT). JLARC staff have continued to follow up on the hundreds of study recommendations, and VDOT has provided comprehensive updates. Below are a few highlights from the reported activities which have occurred since the last Report to the General Assembly:

- The Management Services Division's Productivity Center was established in 1987 to enhance efficiency. In view of the 1986 passage of SJR 7, which directed VDOT to reduce costs of administration and maintenance by 5 percent as compared to the 1987-88 appropriations, the work of the Center has become more critical to the Department's operations. The Center, in conjunction with the Maintenance Division, is now examining productivity at the area headquarters level. In 1988, 37 headquarters were visited to perform a detailed analysis of flexible pavement maintenance techniques. A written report and a training videotape are in preparation. Other maintenance activities are currently under study.

- Per a JLARC recommendation, greater emphasis is being placed on bridge condition evaluation. A two-week training course, designed to teach proper condition rating techniques, has been developed and taught for bridge personnel in all districts. The department is also developing, in
conjunction with the VDOT Research Council, a mathematical technique to forecast the deterioration rates of various bridge components.

A project to develop a pavement management system specifically for the secondary system is near completion. Also, a rating system for rigid pavements has been developed and will be implemented once all pavement rating teams have been fully trained.

A JLARC study recommended that VDOT review the workload standards used to develop maintenance budgets. The department recently completed an analysis of five years of historical maintenance performance data in order to compare actual performance to established standards. By adjusting the standards to reflect actual performance, the department was able to reduce its maintenance budget by approximately $2.7 million.

JLARC recommended that the Department modernize its data processing system. VDOT reports that two major on-line systems are operational, with several others under development. Right-of-way and program/project management systems, utilizing video display terminals in both the central office and district offices, has been fully operational for more than two years. Systems for managing equipment, construction manpower, highway and traffic records, finances, and purchasing/inventory should all be operational by 1990.

The Virginia Housing Development Authority

JLARC's 1985 study of the Virginia Housing Development Authority (VHDA) recommended that the agency find ways to better target its programs to low- and moderate-income persons. The 1987 Report to the General Assembly noted numerous steps taken by the agency in this regard.

In the past two years the Authority, the Governor, and the General Assembly have each embarked on new housing initiatives which respond to JLARC concerns. Among them are the following:

The 1987 Session amended VHDA's legislation to allow the agency to acquire, own, and operate rental housing. Two properties, one in Chesapeake and one in Lynchburg, have been acquired to date.

The 1988 Session established the Virginia Housing Partnership Revolving Fund, to be administered jointly by VHDA and the Department of Housing and Community Development. This permanent loan and grant fund, partly capitalized by oil overcharge money, is to be used for safe and decent housing affordable by low- and moderate-income persons.

The 1989 Session authorized a State Low-Income Housing Tax Credit Program to complement the federal program.

In 1988, the Governor announced plans to establish the Virginia Housing Foundation to attract investment to housing for low- and moderate-income Virginians. The foundation will initially be funded by VHDA, but is expected to become self-sustaining after one year.

As reported in 1987, the $45 million Virginia Housing Fund has been established using VHDA's reserve funds (per a JLARC recommendation) to make additional lower-income housing available. Significant progress has been made in implement-
VHDA has consolidated its staff in The Virginia Housing Center, a new building between the Virginia War Memorial and the State Penitentiary. It is hoped that this attractive new landmark will encourage revitalization of this area of the capital city.

To date this initiative, with about $43.5 million committed to specific projects and innovative programs. To date approximately 1,400 units of housing have received financing commitments, of which 60 percent have been for low-income families and 40 percent for those with special needs, such as the mentally handicapped. By means of this fund, and working with the Department of Aging and the Department of Mental Health, Mental Retardation, and Substance Abuse Services, VHDA has created special programs for the elderly and the mentally handicapped. The Fund also loaned $1.5 million to the Federation of Appalachian Housing Enterprises to establish a loan fund in southwest Virginia to address that area's special housing problems.

To improve service delivery, VHDA has merged two of its divisions, and has also opened a satellite office in southwest Virginia. The new office, located in Wytheville, has obtained excellent results in soliciting and providing information to new lenders and potential users.

Collection of Southeastern Americana at the University of Virginia's Alderman Library

This special study found numerous problems with the procurement and management of a special collection of southeastern Americana books and esoterica at the University of Virginia's Alderman Library. Further purchases for the collection were immediately suspended. Most of the report's 14 major recommendations were subsequently implemented by the University, as reported in the 1987 Report to the General Assembly. In a final update, the University reports completion of the remaining long-term recommendations:

- A written collection development policy has been developed for the collection and the holdings of the collection have been reviewed.
- Cataloging of the 12,000-volume collection has recently been completed, allowing users complete access.
- A management study of the library was conducted by the University, resulting in a reorganization of reporting lines to strengthen efficiency and effectiveness.
Successful "deinstitutionalization" means discharging clients from State mental health and mental retardation facilities and linking them with community-based service providers. It is a complex process involving a number of different agencies.

As reported in the last Report to the General Assembly, JLARC staff were directed by the 1984 General Assembly to provide technical assistance to the newly created Commission on Deinstitutionalization. Having reviewed this area in 1979, the JLARC study was a follow-up, as well as an assessment of emerging issues. The Commission on Deinstitutionalization's report to the 1986 General Assembly was the impetus for numerous pieces of legislation, several new studies in the area, and major community funding initiatives.

Recommendations from the 1985 JLARC study continue to influence agency-level activities in this area. The agencies with major roles are the Department of Social Services (DSS) and the Department Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSA), which have reported the following:

- The two agencies in collaboration developed a model for improving service delivery to mentally disabled residents of homes for adults. A major survey that sampled 89 homes for adults revealed needed improvements in rate structures, service planning mechanisms, staff/service resources, administrative orientation, and other areas. The recommended model, aimed at enhancing the quantity, quality, and coordination of supporting services, is based on new funding concepts and incentives. It was submitted to the Governor and General Assembly in House Document 17 (1988). Subsequently, the 1989 General Assembly directed DMHMRSA to develop a funding plan for the next biennium, which will be presented to the Governor and Chairmen of the House Appropriations and Senate Finance Committees by November 1, 1989.

- DMHMRSA has taken several actions to improve pre-admission screening and pre-discharge planning, including a major system review of emergency services, revision of client service management guidelines, and improved information sharing with Community Service Boards (CSBs). Uniform discharge forms, recommended in the JLARC study, have now been in use for two years.

- Linkage of clients to community services is being improved by increasing the number of case managers, as recommended. DMHMRSA is in the process of preparing guidelines for case management functions. A local service management pilot program, initiated by the Secretary of Health and Human Resources, has also provided important information for improving service linkages.

- In the area of housing, DMHMRSA has developed a housing action plan as mandated by the 1987 General Assembly. The plan, which is now in the implementation stages, brings together the efforts of DMHMRSA, the Department of Housing and Community Development, and the Virginia Housing Development Authority. This area is also a major focus for CSB service development.

- DMHMRSA reports: "Major improvements in service and fiscal accountability have been implemented over the last two years. These include..."
the new evaluation and licensing processes, continuing improvements in the Comprehensive Plan and budget review process, and the implementation of staffing recommendations from a facility staffing study. These improvements will be further enhanced by the implementation of a management improvement plan as part of Secretary Teig's Local Service Management Pilot.”

The 1988-90 community funding initiative has provided significant new resources for community mental health, mental retardation and substance abuse services. CSBs have used some of these funds for local hospital purchase. DMHMRSA reports that a special prevention initiative is planned for 1990-92.

The Department of Corrections

Between 1983 and 1986, JLARC released nine reports on various aspects of the corrections system in Virginia. Recommendations contained in the corrections series continue to be implemented:

- A consensus inmate forecasting process, promoting the input of key participants in the criminal justice system, has been implemented to provide more reliable forecasts and improve planning.

- The Department of Corrections (DOC) has revised its methodology for calculating prison capacity to more accurately reflect actual capacity and usage.

- Youth services are being separated from the adult correctional system. The new agency is now in a period of transition: a new board and director have been appointed, and the agency officially begins operations in July 1990.

- A JLARC report noted a lack of adequate guidance on the use of overtime by security personnel in DOC’s adult institutions. Recommendations were made for proper monitoring and control. The department has responded by bringing overtime under control, eliminating the necessity of an emergency overtime contingency fund that had previously been appropriated about $2 million per year.
Local Fiscal Stress

Two JLARC studies, *State Mandates on Local Governments and Financial Resources* (1984) and *Local Fiscal Stress and State Aid: A Follow-up* (1985), explored the financial condition of local governments, the impacts of State mandates, and ways to improve the formulas which distribute State aid to localities. The General Assembly expressed considerable interest in the information which these studies generated on local fiscal capacity, tax effort, and fiscal stress. A major recommendation from the studies was for greater analysis and use, in distributing State funds, of fiscal stress indicators like those developed by JLARC staff.

Over the past two years, the JLARC approach has won greater acceptance and use through the efforts of the Commission on Local Government. In June of 1989, the Commission published its first Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress. This report included updated capacity and stress indices, as well as important refinements to the original JLARC methodologies.

Fiscal stress and/or revenue capacity now play a role in the distribution of funding for state and local hospitals, community health departments, housing and community development, and water control.
Child day care is a State and national issue of growing proportions. The large number of women entering the workplace who are mothers of young children has raised concerns about the adequacy and affordability of care. SJR 41 and HJR 116 of the 1988 Session requested a study of child day care regulation in Virginia, including an examination of:

- opinions of parents, providers, and associations regarding licensure
- the appropriateness of exemptions and exceptions
- the definition and regulation of family day care
- the funding needed to regulate if the number of exemptions and exceptions is reduced
- initiatives to improve availability and promote quality care
- the training of child day care providers
- the type of system that would equalize the impact of regulation.

Compiling the data necessary to assess these issues was a major study effort. Research activities included a public forum, a random statewide survey of more than 1800 households, surveys of more than 900 day care providers and associations, site visits, and a survey of all licensing specialists in the Department of Social Services. Parents were asked about their day care arrangements, their satisfaction with care, and about the availability, affordability, and quality of day care in their area.

Among the survey findings were the following:

- About one third (337,000) of all children under 13 in Virginia are in child care on a regular basis.
- Only about three percent of day care providers (caring for about 20 percent of all children in care) are currently subject to State regulation.
- While 96 percent of responding parents who use child care were satisfied with the care their children received, 41 percent had changed their care arrangements due to problems with location, affordability, quality, and/or other problems.
- Eleven percent of households not using child care reported having a family member who was unable to work due to child care problems.

### Estimated Number of Children Currently in State-Regulated vs. Unregulated Child Care

<table>
<thead>
<tr>
<th>Children receiving non-parental care in their own homes</th>
<th>76,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children cared for in family day care homes</td>
<td>176,000</td>
</tr>
<tr>
<td>Children cared for in child care centers and other children's programs</td>
<td>81,094</td>
</tr>
<tr>
<td></td>
<td>2,486</td>
</tr>
</tbody>
</table>

Key:
- Child day care not currently regulated by the State.
- Child day care currently regulated by the State.

Graphic from the JLARC report, based on JLARC surveys.
More than three quarters of parents favor State regulation.

The study found that Virginia can improve its regulation of child day care by (1) revising the current standards to focus on the health, safety, and well-being of children, (2) applying minimum standards to an expanded number of day care providers, and (3) providing parents with information to help them locate and evaluate the appropriate type of day care for their children.

The draft report from this study is under consideration by the Commission as this Report to the General Assembly goes to press. The Secretary of Health and Human Resources and the Department of Social Services support the study recommendations. The Secretary is working with the Joint Subcommittee Studying Early Childhood and Day Care Programs to develop a plan for implementing study recommendations.

The massive research effort undertaken during this study provided, for the first time, a comprehensive picture of the day care environment in Virginia. The final report should provide a much-needed factual basis for legislative decision making on several pervasive and sensitive day care issues.

Staffing Standards and Funding for Constitutional Officers

In Virginia there are more than 750 local constitutional officers: Commonwealth's attorneys, circuit court clerks, commissioners of revenue, treasurers, directors of finance, and sheriffs. Their offices employ from as few as one to over 300 personnel. The constitutional officers and many of their staff positions are supported by both State and local funds. Over the years, concern has mounted that the State lacks adequate criteria for making allocations decisions for these officers.

Item 13 of HB 30 (1988) directed JLARC staff to study standards and policies to be utilized for allocation of staff positions to locally elected constitutional officers. In addition, SJR 55 requested a study of part-time Commonwealth's attorneys.

The JLARC staff identified three major research issues for this multipart study:

- Can standards be developed based on the prevailing staffing practices of the offices?

- Can the practices of Virginia's most efficient offices be used to develop standards for staffing?

Study activities have included identification and analysis of staffing standards, surveys of constitutional officers to collect workload and staffing data, site visits with a sample of constitutional officers, and regression or correlation analysis of staffing levels.

This study is in its final stages and should be reported before the 1989 Session. The findings will be published in four companion reports--on the legal officers, the financial officers, the sheriffs, and funding. A progress report, dealing with the status of part-time Commonwealth's attorneys, was presented to the Commission in November 1988.
Item 11 of the 1985 Appropriations Act directed JLARC to plan and initiate a comprehensive performance audit and review of the operations of the independent agencies of State government. These agencies include the State Corporation Commission and the Department of Workers' Compensation (Industrial Commission). The studies are to address issues relating to appropriations, management, organization, staffing, programs, fees, and compliance with legislative intent.

The first phase of this review, a management and organization study of the State Corporation Commission, was completed in 1986. A study of a portion of the Department of Workers' Compensation, the Division of Crime Victims' Compensation, was completed in 1988. The final study in this area will focus on the remaining functions of the Department of Workers' Compensation.

The Division of Workers' Compensation is now housed in a modern building near the Division of Motor Vehicles.

The Department of Workers' Compensation is headed by a three-member Industrial Commission. The Department is primarily responsible for administering and resolving claims under the Workers' Compensation Act. This act benefits employers and employees by providing compensation for injured workers without assigning fault. The Department is also responsible for adjudicating claims arising under the birth-related neurological injuries compensation program.

A number of issues have been identified for review, including the following:

- Does DWC adjudicate claims and assist injured employees in a timely and efficient manner?
- Are the costs of workers' compensation borne by Virginia employers and insurance companies reasonable?
- Is the DWC's process for monitoring self-insured employers adequate?
- Is the current workers' compensation benefit structure appropriate?
- Is appropriate emphasis being placed on rehabilitation of injured employees?
- Are the Department's existing managerial roles and organizational structure effective?

Research activities for this study include structured interviews, claims review, analysis of other key DWC processes, financial analysis, and surveys of workers' compensation programs in other southeastern states. The study findings will be available to the 1990 General Assembly.
Economic Development in Virginia

HJR 262 of the 1989 Session directs JLARC to study the Commonwealth's economic development policies and the organization, management, operations, and performance of the Department of Economic Development. The study will include a broad assessment of economic development policies and programs that are conducted by numerous State, local, and regional entities. It will also include a review of the planning, budgeting, staffing, procurement, mission, and policy and program functions of the Department of Economic Development.

This project is currently in the scoping phase and is scheduled for completion in the fall of 1990. The JLARC staff held an economic development workshop in conjunction with a recent Commission meeting. Experts in the field presented information on economic development projects and programs across the country. The proceedings of the workshop are being prepared for distribution to all members of the General Assembly.

Review of the Department of Transportation Cost Responsibility Study

SJR 121 of the 1989 Session requests that the Virginia Department of Transportation (VDOT) review and report on “the cost responsibility of vehicle classes using the highways, roads, and streets of the Commonwealth and make recommendations to the 1991 General Assembly on the need for modifications to the current mix of revenues from the vehicle classes.”

Because JLARC did a comprehensive cost responsibility study in 1981, the resolution directs that the Commission receive VDOT's report, and that the JLARC staff review and comment on the methods and analysis used by Department. JLARC staff and a contracted specialist will review VDOT's methodology on an ongoing basis.

Security Staffing in the Capitol Area

Most security in the Capitol Square area is provided by the 77 members of the Capitol Police Force. Security is also provided by the Department of General Services, however, and by in-house police or security operations in some agencies in Richmond. In addition, several agencies have security contracts with private vendors.

At the request of a member of the General Assembly to the JLARC Chairman, JLARC staff are assessing the various means of providing security in the area.

As part of this study, agencies have been surveyed about security arrangements, satisfaction with services, and costs. JLARC staff have made field visits to assess the appropriateness of all security posts. Interviews were conducted with security personnel from all the different arrangements. In addition, security procedures in other states are being examined.
The study will examine:

- types and extent of security coverage in the Capitol area
- agency satisfaction with security arrangements
- the cost and effectiveness of various arrangements
- criteria which could be used for assignment of Capitol Police.

Study findings will be made available to the 1990 Session.

The Department of Education

Senate Joint Resolution 75 of the 1988 Session requested JLARC to review the organization, management, operations, and performance of the Department of Education. The study is to include a review of the planning, budgeting, staffing, procurement, and policy and program development functions of the Department. Originally scheduled to be reported to the 1990 Session, this study will be delayed in order to accommodate the Constitutional Officers study, which was expanded by the General Assembly.

Higher Education Series: Review of the Virginia Community College System

Senate Joint Resolution 18 of the 1988 Session designated higher education as the next functional area of State government to be reviewed under the Evaluation Act. SJR 135 of the 1989 Session identified four areas within higher education to be reviewed: (1) the Virginia Community College System, (2) relationships between secondary schools and institutions of higher education, (3) capital outlay, land, and maintenance, and (4) the State Council of Higher Education for Virginia. A review of the Virginia Community College System has been initiated and will be reported in the summer of 1990. The other three studies will be initiated as staff resources become available.

The Virginia Community College System (VCCS) was founded in 1966 to broaden the base of higher education in Virginia, and to provide a wider variety of post-high school education and technical training opportunities that had previously been available. The system now consists of 23 community colleges with 34 campuses located throughout the State, and a central office located in Richmond.

JLARC conducted an evaluation of the VCCS in 1975. That study found that VCCS should be commended for developing a comprehensive system of community colleges which were generally accessible throughout the Commonwealth in terms of location,
admissions, tuition, and educational programs. However, the study also found a lack of attention to day-to-day management in both academic and administrative affairs.

The current study will follow up on these issues and the implementation of previous study recommendations. The study will also examine new issues in six major areas: mission and planning, system organization, system resources, programs and services, personnel practices, and management information systems.

### Monitoring of Internal Service Funds

Internal service funds are a type of proprietary fund used to finance and account for goods and services provided by one State agency to another on a cost-reimbursement basis. Section 2.1-196.1 of the Code of Virginia directs JLARC to establish internal service funds, discontinue those no longer needed, and authorize the transfer of excess fund balances to the general fund.

Internal service funds are monitored on a continuing basis. The Commission reviews the status of fund accounts, and evaluates requests to change the nature and scope of the services provided or the customers served. The Commission also approves in advance the rates employed by fund managers for billing customer agencies.

Funds of nine entities are now being monitored by JLARC:

- **The Central Warehouse** (Department of General Services), which stores and distributes various goods such as canned foods, paints, paper products, and cleaning supplies to State agencies, local governments, and school divisions.

- **The Office of Graphic Communications** (Department of General Services), which provides graphic design, layout, photography, and typesetting services to State agencies.

- **The Bureau of Facilities Management** (Department of General Services), which provides general building maintenance services to the General Assembly, the Department of Transportation, and the State Corporation Commission.

- **The State Surplus Property Division** (Department of General Services), which manages and disposes of surplus property for State agencies and institutions.

- **The Federal Surplus Property Division** (Department of General Services), which procures and disposes of federal surplus property.

- **The Computer Services Division** (Department of Information Technology), which provides data processing services to State agencies.

- **The Systems Development Section** (Department of Information Technology), which provides automated system design, development, and maintenance services to State agencies.

- **The Telecommunications Division** (Department of Information Technology), which provides telephone and data transmission services to State agencies.

- **The Central Garage** (Department of Transportation), which operates the State's car pool, and manages the fleet of passenger vehicles.


Program Evaluation: Water Resource Management in Virginia, September 1976 (authorized by Section 30-58.1, Code of Virginia) 178 pp. Evaluated State laws and management programs designed to provide protection against flooding, ensure adequate water supplies, and control pollution of Virginia's water resources.

Program Evaluation: Vocational Rehabilitation November 1976 (authorized by Section 30-58.1, Code of Virginia) 190 pp. Evaluated the vocational rehabilitation programs managed by the Department of Vocational Rehabilitation and the Commission for the Visually Handicapped.

Operational Review: Management of State-Owned Land in Virginia, April 1977 (authorized by Section 30-58.1, Code of Virginia) 64 pp. Assessed the processes for management and disposition of land owned by State agencies and institutions.


The Sunset Phenomenon, December 1977 (authorized by House Joint Resolution 178(3) 89 pp. Third and final report of the HJR 178 study. Contains legislation recommended to the General Assembly.


Medical Assistance Programs in Virginia: An Overview June 1978 (authorized by the 1978 Legislative Program Review and Evaluation Act) 86 pp. A descriptive report which focused on the individual programs that make up the medical assistance system in Virginia. Second in a series of reports on medical assistance programs.

Virginia Supplemental Retirement System Management Review, October 1978 (authorized by Section 30-60, Code of Virginia) 96 pp. Provided a management review of the VSRS to complement a financial audit of the system conducted by the State Auditor of Public Accounts.


Inpatient Care in Virginia, January 1978 (authorized by Section 30-58.1, Code of Virginia) 94 pp. Assessed the cost, utilization, and management of State institutions for the mentally ill and mentally retarded and the linking of discharged clients to community services. One part of a comprehensive review of the State's mental health care programs.

Homes for Adults in Virginia, December 1979 (authorized by Senate Joint Resolution 133 of the 1979 Session) 73 pp. Evaluated the state's homes for the aged, infirm, and disabled. Examined the licensure and inspection processes of the state Department of Welfare and the administration of the auxiliary grant program.


The General Relief Program in Virginia, September 1980 (authorized by Senate Joint Resolution 133 of the 1979 Session) 66 pp. Examined the accuracy of the eligibility determination process and assessed key aspects of case management in the Virginia General Relief Program.

Federal Funds in Virginia: Special Report, October 1980 (House Document No. 6 of the 1981 Session, authorized by House Joint Resolution 237 of the 1979 Session) 122 pp. Focused on federal influence over state and local programs and evaluated the procedures by which federal funds are sought, utilized, monitored, and controlled.

Federal Funds in Virginia, January 1981 (authorized by House Joint Resolution 237 of the 1979 Session) 20 pp. Summary study that assessed the impact of federal funds on state agencies and local governments. Provided information on the implementation of recommendations from earlier reports on this subject.

Methodology for a Vehicle Cost Responsibility Study: Interim Report, January 1981 (Senate Document No. 12 of the 1981 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 65 pp. Discussed the methodology to be used in carrying out JARC's vehicle cost responsibility study. Methodology was based on Virginia's highway programs, construction and maintenance standards, and revenue sources.


Title XX in Virginia, January 1981 (authorized by Senate Joint Resolution 133 of the 1979 Session) 103 pp. Reviewed the use and administration of Title XX funds in Virginia, including the types of clients and services provided, the adequacy of financial controls for the funds, the impact of funding limitations on local welfare agencies, and the adequacy of social service policy.

Organization and Administration of Social Services in Virginia, April 1981 (authorized by Senate Joint Resolution 133 of the 1979 Session) 126 pp. Assessed the effectiveness of the Department of Welfare in providing support and oversight of welfare programs. Evaluated child care centers and family day care homes to determine the adequacy of the licensing process.


Organization and Administration of the Department of Highways and Transportation, November 1981 (Senate Document No. 8 of the 1982 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 78 pp. Assessed highway construction needs, including construction of new highways, maintenance of existing roads, and public transportation. Provided funding options for consideration by the Legislature.


Publications and Public Relations of State Agencies in Virginia, January 1982 (Senate Document No. 23 of the 1982 Session, authorized by Senate Joint Resolution 166 of the 1981 Session) 115 pp. Assessed the value of the publications of state agencies, and other public relations efforts. Recommended changes in reporting requirements to achieve savings.


Working Capital Funds in Virginia, June 1982 (House Document No. 4 of the 1983 Session, authorized by Section


The Virginia Division for Children, December 1983 (House Document No. 14 of the 1984 Session, authorized by House Joint Resolution 10 of the 1983 Session) 38 pp. A "sunset" study reviewing the operations of the Division and focusing on its administration, effectiveness, and possible overlap with other agencies.

The Virginia Division of Volunteerism, December 1983 (Senate Document No. 6 of the 1984 Session, authorized by Senate Joint Resolution 36 of the 1983 Session) 60 pp. A "sunset" study reviewing the operations of the Division and focusing on its administration, effectiveness, and possible overlap with other agencies.

State Mandates on Local Governments and Local Financial Resources, December 1983 (House Document No. 15 of the 1984 Session, authorized by House Joint Resolution 106 of the 1982 Session and House Joint Resolution 12 of the 1983 Session) 218 pp. Reviewed the responsibilities of State and local governments for providing public services, the State's procedures for aiding local governments, the sources of revenue that were or could be allocated to the various types of local governments, and their adequacy. Included fiscal capacity and stress measures for all counties and cities.

An Assessment of Structural Targets in the Executive Branch of Virginia, January 1984 (House Document No. 20 of the 1984 Session, authorized by House Joint Resolution 33 of the 1982 Session and House Joint Resolution 6 of the 1983 Session) 134 pp. Examined the organization of the executive branch for the purpose of determining the most efficient and effective structure. Included specific recommendations regarding duplication, fragmentation, and inconsistent alignment.

An Assessment of the Secretarial System in the Commonwealth of Virginia, January 1984 (House Document No. 21 of the 1984 Session, authorized by House Joint Resolution 6 of the 1983 Session) 76 pp. Assessed the extent to which (1) the responsibilities and activities of the Governor's secretaries are consistent with the purposes of the system and (2) the structure is useful in effectively managing the State's resources and administrative processes.

An Assessment of the Role of Boards and Commissions in the Executive Branch of Virginia, January 1984 (House Document No. 22 of the 1984 Session, authorized by House Joint Resolution 33 of the 1982 Session and House Joint Resolution 6 of the 1983 Session) 90 pp. Assessed whether the boards' involvements in agency operations are consistent with statute and the management needs of the Commonwealth. Also addressed the relationships of boards, agency directors, and the Governor's secretaries, and the unique contributions of board members.


Interim Report: Central and Regional Staffing in the Department of Corrections, May 1984 (House Document No. 41, authorized by Item 545.1 of the 1983 Appropriations Act and amended by the 1984 session) 275 pp. Examined the utilization and needs within the department for existing and anticipated central office and regional staff. This was the first in a series of related reports examining corrections.


Special Education in Virginia’s Training Centers for the Mentally Retarded, November 1984 (Senate Document No. 3 of the 1985 Session, authorized by Senate Joint Resolution 19 of the 1983 Session) 130 pp. Examined eight issues concerned with the operation, funding, and quality of the educational programs for children and youths in mental retardation facilities operated by the Department of Mental Health and Mental Retardation. (First of two reports).

Special Education in Virginia’s Mental Health Facilities, November 1984 (Senate Document No. 4 of the 1985 Session, authorized by Senate Joint Resolution 13 of the 1983 Session) 149 pp. Examined eight issues concerned with the operation, funding, and quality of educational programs for children and youths in mental health facilities operated by the Department of Mental Health and Mental Retardation. (Second of two reports).

Special Report: ADP Contracting at the State Corporation Commission, November 1984 (House Document No. 4 of the 1985 Session, requested by the Speaker of the House and authorized by the Commission) 40 pp. Examined the SCC's compliance with the Commonwealth’s Public Procurement Act and related issues in contracting for automated data systems.

Special Report: The Virginia State Library’s Contract with The Computer Company, November 1984 (House Document No. 5 of the 1985 Session, requested by the Speaker of the House and authorized by the Commission) 94 pp. Examined whether the State Library followed State procedures in awarding the contract to TCC, and whether public libraries were satisfied with the services provided.

Special Report: The Virginia Tech Library System, November 1984 (House Document No. 6 of the 1985 Session, requested by the Speaker of the House and authorized by the Commission) 34 pp. Examined the ownership of proprietary rights in the software of a computerized library system, the sharing of royalties with a university employee, and the transfer of the system to the Virginia Tech Foundation for marketing and distribution.

Final Status Report: Recommendations Related to the Equity of the Current Provisions for Allocating Highway and Transportation Funds in Virginia, December 1984 (Report to the SJR 20 Joint Subcommittee from the staffs of JLARC and the Department of Highways and Transportation) 55 pp. Summarized results of meetings between JLARC and DHT staff regarding the highway funding equity report (see above, June 1984) and proposed legislation.


The Community Diversion Incentive Program of the Virginia Department of Corrections, April 1985 (House Document 35 of the 1985 Session, authorized by the 1984 Appropriations Act) 174 pp. Reviewed the effectiveness of the CDI programs designed to divert offenders from State prisons and local jails.


Security Staffing and Procedures in Virginia’s Prisons, July 1985 (House Document No. 3 of the 1986 Session, authorized by the 1983 Appropriations Act and amended by the 1984 Session) 300 pp. Examined staffing practices and security procedures both at the system level and in each of Virginia’s 15 major correctional facilities.

Local Fiscal Stress and State Aid, September 1985 (House Document No. 4 of the 1986 Session, authorized by the Commission as a follow-up to the 1983 State Mandates report) 86 pp. Provides updated information on local fiscal stress (through FY 1983) and summarizes 1984 and 1985 legislative actions impacting localities.


The Virginia Housing Development Authority, October 1985 (Senate Document No. 6 of the 1986 Session, authorized by Senate Joint Resolution 7 of the 1984 Session) 110 pp. Evaluated programs, operations, and management of VHDA. Assessed the extent to which the Authority’s programs have benefited persons of low and moderate income.

Special Report: Cousteau Ocean Center, January 1986 (Senate Document 13 of the 1986 Session, authorized by the
Commission under Section 4-5.07 of the Appropriations Act) 22 pp. A special audit of the Cousteau Ocean Center project. Examined the reasonableness of the project's planning and design, and the applicability of the Public Procurement Act.

Staff and Facility Utilization by the Department of Correctional Education, February 1986 (House Document No. 32 of the 1986 Session, authorized by Item 618 of the 1985 Appropriations Act) 134 pp. Evaluated the effectiveness of DCE's programs and the adequacy of staff and facilities to carry out these programs.


Deinstitutionalization and Community Services, October 1986 (Report produced under the mandate of Senate Joint Resolution 42 of the 1984 Session, which created the Commission on Deinstitutionalization and directed JLARC staff to provide technical assistance) 86 pp. Examined client management, community services, housing services, accountability, and the continuum of care in general. Followed up on JLARC's 1979 study of this area.


Special Report: Collection of Southeastern Americana at the University of Virginia's Alderman Library, May 1987 (Performed under the general powers and duties of the Commission as laid out in Section 30-5.1 of the Code of Virginia) 41 pp. Reviewed the procurement and management of a special collection of books at the library, in response to allegations that funds had been inappropriately spent.

An Assessment of Eligibility for State Police Officers Retirement System Benefits, June 1987 (House Document No. 2 of the 1988 Session, authorized by Item 13 of the 1986 Appropriations Act) 96 pp. Reviewed SPORS and identified the criteria implicit in its establishment as a separate system. On the basis of these criteria, compared other State-compensated law enforcement groups to the State Police.

Review of Information Technology in Virginia State Government, August 1987 (Performed under JLARC's authority to monitor internal service funds, as specified in Section 2.1-126 of the Code of Virginia, and authorized by the Commission) 400 pp. A joint executive and legislative
initiative. Assessed the success of the consolidation of formerly fragmented services into the Department of Information Technology and reviewed management of the department. Proposed improvements within both DIT and the user agencies.

1987 Report to the General Assembly, September 1987 (5th Biennial Report, authorized by Section 30.58.2, Code of Virginia) 48 pp. Summarized studies conducted by JLARC since the 1986 biennial report, provided updates on agency responses to previous studies, and spotlighted the recently completed corrections study series.

Funding the State and Local Cooperative Health Department Program, December 1987 (Senate Document 16 of the 1988 Session, authorized by Senate Joint Resolution 87 of the 1986 Session) Reviewed the CHD funding formula, examined methods for calculating local shares of program costs, and identified methods for distributing State and local responsibility for program funding.

Funding the State and Local Hospitalization Program, December 1987 (Senate Document No. 17 of the 1986 Session, authorized by Senate Joint Resolution 87 of the 1986 Session) 74 pp. Reviewed the formulas used to distribute funds for the State and local hospitalization program. Identified program costs, methods for calculating local shares of the costs, and methods for distributing State and local responsibility for program funding.

Internal Service Funds Within the Department of General Services, December 1987 (Senate Document No. 18 of the 1986 Session, conducted as part of JLARC's oversight responsibilities for internal service funds as defined in Section 2.1-196.1 of the Code of Virginia) 110 pp. Reviewed both financial and operational aspects of the five funds within DGS: Central Warehouse, Office of Graphic Communications, State Surplus Property, Federal Surplus Property, and Maintenance and Repair Projects. Assessed rates and charges, fund balances, billing procedures, operational efficiency, and user satisfaction.

Funds Held in Trust by Circuit Courts, December 1987 (Senate Document No. 19 of the 1986 Session, authorized by Senate Joint Resolution 147 of the 1987 Session) 96 pp. Examined funds held in trust by general receivers and clerks of the court, determined the total amount of monies held in trust, assessed current practices of administering the funds, and made recommendations to modify and improve the system.

Follow-up Review of the Virginia Department of Transportation, January 1988 (Senate Document No. 23 of the 1988 Session, conducted in response to Senate Joint Resolution 7 of the 1986 Special Session) 36 pp. Assessed the Department's response to previous JLARC study recommendations. An appendix to the study contains the Department's own status report.

Funding the Standards of Quality - Part II: SOQ Costs and Distribution, January 1988 (Senate Document 25 of the 1989 Session, authorized by Senate Joint Resolution 76 of the 1988 Session) 104 pp. Second report in a series on elementary and secondary education in Virginia. Whereas the first study (February 1988) reviewed methods for calculating the costs of the SOQ, this study broadened the review to include distribution issues. Methods for calculating SOQ costs were revisited, and distribution options were explored.


Technical Report: The State Salary Survey Methodology, October 1988 (House Document No. 5 of the 1989 Session, authorized by Item 13 of the 1988 Appropriations Act) 106 pp. Reviewed methods used to compile and evaluate data reported in the State annual salary survey, examined methods used to determine the annual salary structure adjustment for State employees, and made recommendations for improving these methods.


Progress Report: Regulation of Child Day Care in Virginia, January 1989 (House Document No. 48 of the 1989 Session, required by Senate Joint Resolution 41 and House Joint Resolution 116 of the 1988 Session) 9 pp. Provided background information on the nature of child day care in Virginia. Summarized the main issues and research activities that would be reported on in the full study, to be completed before the 1990 Session.

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