



The Joint Legislative Audit and Review Commission

1993 REPORT TO THE GENERAL ASSEMBLY

■ **Milestones: 20 Years of Service**

to the General Assembly (1973-1993)

■ **Evolving to Meet the Legislature's Needs**

■ **Recent Agency and Program Reviews**

■ **JLARC Medicaid Study Series**

■ **Work in Progress**

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September 13, 1993

**To the Honorable Members of the Virginia General Assembly
The 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 1993 *Report to the General Assembly*. The statutes which empowered the Commission also required this biennial report, as a means of updating the full Assembly on JLARC's work. Herein you will find an explanation of our role, summaries of our recent reports, status reports on previous studies, and previews of ongoing and future projects.

In addition, this year's report marks the 20-year anniversary of JLARC's creation -- a good time to reflect on our activities and accomplishments. I have had the privilege of serving, along with two other current members -- Delegates Vince Callahan and Lacey Putney -- on the Commission from its beginning in 1973. It has been gratifying to witness JLARC's evolution into one of the top legislative oversight bodies in the nation. Along the way, there have been many notable highlights, some of which are briefly overviewed in a special "milestones" section of this report.

During my years of service on the Commission, I have been particularly proud of the way we have responded to the oversight needs of the General Assembly on significant and controversial topics: the equitable allocation of public education and highway funding, child day care regulation, corrections security, and Medicaid. Legislative actions in these areas truly affect many Virginians.

An important role of the Commission has always been that of economizing -- finding ways to spend less, cut losses, increase revenues, and generally get more for State dollars spent. I am pleased to report that recently we reviewed the Tax Department, and our recommendations for strengthening tax compliance efforts are on course to close the tax gap by \$65 million this biennium. In total, JLARC has saved the Commonwealth more than \$260 million, a return of about \$12 for every dollar spent on oversight efforts.

An equally important goal of JLARC's work is better, more efficient and effective government. Our work in this area is demonstrated by our recent studies of the executive budget process and the Administrative Process Act, as well as our proposal for the constitutionally-based rainy-day fund which was approved by the citizens of Virginia last fall. These studies also show JLARC's ability to evolve and meet the changing needs of the Legislature. Finally, our achievements demonstrate the support and good faith of both the full Assembly and the executive branch agencies.

As I bring to a close my tenure as a Delegate, I am proud to have worked with the members and staff of JLARC and especially to have served these last three years as Chairman. The Commission's work, however, is a legacy of the entire General Assembly, and reflects the commitment of this body to public accountability and good government.

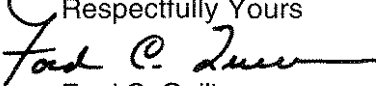
Respectfully Yours

Ford C. Quillen

Table of Contents

Page

Part One: JLARC's Purpose and Role

The Commission	1
The Statutory Mandate	1
The Legislative Program Review and Evaluation Act	2
Fulfilling the Mandate: The Audit and Review Process	3
Objectives of Legislative Oversight	4
JLARC Staff Resources	5
Evolving to Meet the Needs of the General Assembly	6
National Recognition of JLARC	6
Savings to the Commonwealth from Legislative Oversight	7
Milestones: 20 Years of JLARC	8

Part Two: Recent Agency and Program Reviews

Proposal for a Revenue Stabilization Fund in Virginia	10
Review of Virginia's Executive Budget Process	11
Review of the Department of Taxation	13
Study Series on Inmate Health Care	15
Review of Inmate Dental Care	16
Evaluation of Inmate Mental Health Services	16
Review of Virginia's Parole Process	17
Substance Abuse and Sex Offender Treatment Services for Parole Eligible Inmates	18
Study Series on State/Local Relations	20
Intergovernmental Mandates and Financial Aid to Local Governments	20
Catalogs of State and Federal Mandates on Local Governments	21
State/Local Relations and Service Responsibilities	22
Report on the Performance and Potential of the Center for Innovative Technology	23
Review of Virginia's Administrative Process Act	25

Part Three: Study Series on the Virginia Medicaid Program

Interim Report: The Virginia Medicaid Program	28
Evaluation of a Health Insuring Organization for the Administration of Medicaid in Virginia ...	29
Medicaid Asset Transfers and Estate Recovery	29
Medicaid-Financed Long-Term Care Services in Virginia	31
Medicaid-Financed Hospital Services in Virginia	32
Medicaid-Financed Physician and Pharmacy Services in Virginia	34
Funding of Indigent Hospital Care in Virginia	35
Final Summary Report	36

Part Four: Status of Previous JLARC Studies

Review of the Virginia Community College System	38
Publications Practices of Virginia State Agencies	41
Review of Information Technology in Virginia State Government	42
Management and Use of State-Owned Passenger Vehicles	44
Review of the Workers' Compensation Commission	45

Continues

Regulation and Provision of Child Day Care in Virginia	48
Study Series on Constitutional Officers	50
The Reorganization of the Department of Education	51
Economic Development in Virginia	52
Follow-Up Review of Homes for Adults in Virginia	54

Part Five: Work in Progress

Local Taxation of Public Service Corporation Property	56
Review of Inmate Health Programs	56
Organization and Management of the State Personnel Function	57
The Virginia Retirement System/Group Life	57
Review of Involuntary Commitment	58
State/Local Service Responsibilities	58
Surplus Property Utilization and Disposal	59
Transportation Allocations and Funding	59
Prison and Jail Population Forecasting	59
Solid and Hazardous Waste Facility Siting	59
Virginia Department of Taxation -- Continuing Oversight	59
Higher Education Series	60
Internal Service Funds -- Rate Reviews	60

Part Six: Appendixes

Annotated Bibliography of JLARC Reports	61
Selected Subcommittees Which Have Served With JLARC	70
JLARC Staff	72

JLARC's PURPOSE AND ROLE

The Commission

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 continuity of Commission membership has been critical to JLARC's success. Even though JLARC was enlarged from 11 to



Chairman Delegate Ford C. Quillen (left)
and Delegate Robert B. Ball, Sr.



Senator Richard J. Holland (left) and
Vice-Chairman Senator Stanley C. Walker

14 members in 1986, only 31 legislators have served on the Commission during its entire history. Three of the current members, including the Chair, have served with the Commission since its inception 20 years ago, and two other members have served 15 years or more. Further, the leadership of both houses of the General Assembly are represented on the Commission, including the budget committee chairs, the President *Pro Tempore* of the Senate, and the Senate Majority Leader.

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 Statutory Mandate

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:



Senator Hunter B. Andrews

- ☐ 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 prepare 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 of Virginia*, 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, building maintenance services in the Capitol area, and State and federal surplus property.

The Legislative Program Review and Evaluation Act

In 1978, JLARC embarked on a unique approach to oversight under the auspices of the Legislative Program Review and Evaluation Act. The Act provides for periodic review and evaluation of selected topics from among all seven program functions of State government: (1) Individual and Family Services, (2) Educa-

Delegate Vincent F. Callahan, Jr., (left)
and Delegate Lacey E. Putney



Delegate Alson H. Smith, Jr., (left)
and Delegate Franklin P. Hall

tion, (3) Transportation, (4) Resource and Economic Development, (5) Administration of Justice, (6) Enterprises, and (7) General Government.

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.

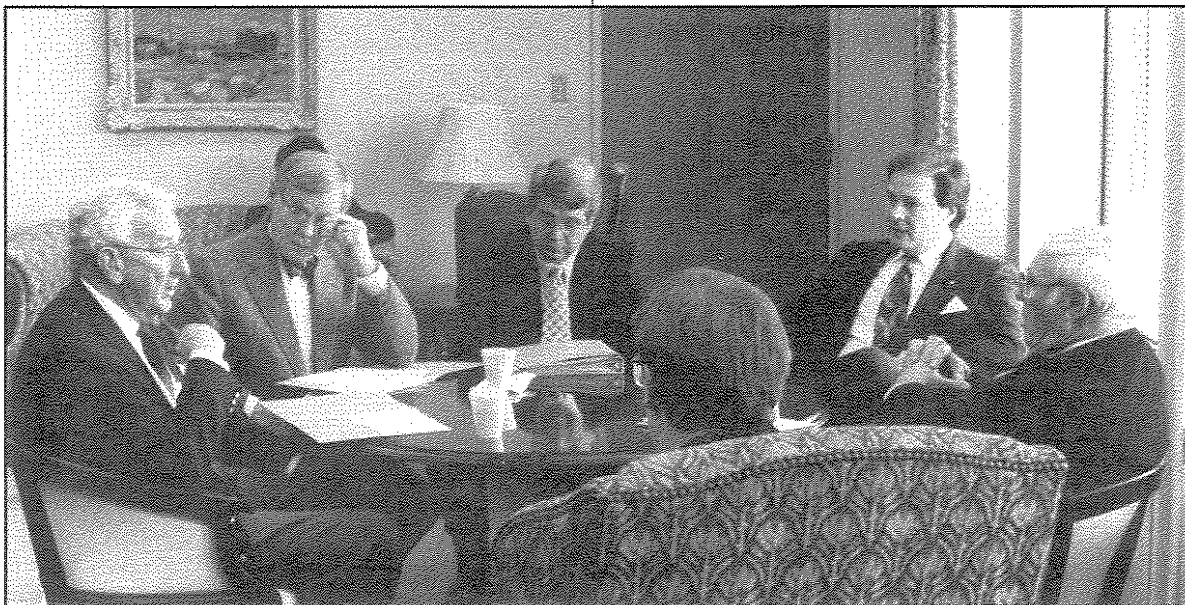
Photos are by Department of Transportation and JLARC staff.

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 about 150 reports, which are annotated in the last section of this publication. In addition, numerous letter reports have been prepared on specific topics of interest to the Commission. Six major projects and several smaller studies are currently in progress.

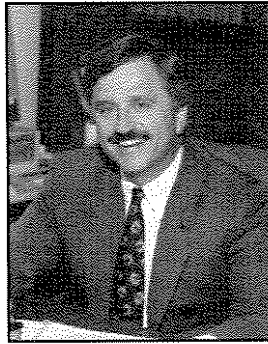
A JLARC study begins when the Legislature identifies a topic for review. The Commis-



A meeting of the JLARC Subcommittee on the Administrative Process Act.
From left to right: Senator Joseph V. Gartlan, Jr., Delegate W. Tayloe Murphy, Jr.,
Senator Robert E. Russell, Sr., Delegate Jay W. DeBoer, and Delegate Lewis W. Parker, Jr.



Mr. Kucharski
Auditor of Public Accounts



Mr. Leone
Staff Director

sion authorizes 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.

Objectives of Legislative Oversight

■ **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 \$261 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.

■ **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 finding 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.

Ongoing Savings

A single recommendation can sometimes lead to significant long-term savings for the Commonwealth. For example, **set-off debt collection** was recommended by JLARC and implemented in 1981. The cumulative savings from this recommendation for the first ten years alone have totaled more than \$75 million.

■ **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 decisionmaking. 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.

■ **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.

JLARC Staff Resources

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.

The varied education, training, and professional experience of JLARC's 28 research staff are important to the Commission. Since 1973, the composition of the staff has continued to evolve. Today, while the largest single group still comes into JLARC with backgrounds in public administration or policy analysis and a strong base of quantitative skills, many other academic disciplines are also represented. These fields include business administration, computer science, economics, education, English, philosophy, planning, political science, psychology, and urban systems. Most members of the research staff have graduate degrees.

Only one JLARC staff position — that of the Director — is filled through legislative appointment. All other positions — from new entry-level recruits to senior management positions — are filled through a merit-based competitive selection process.

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.

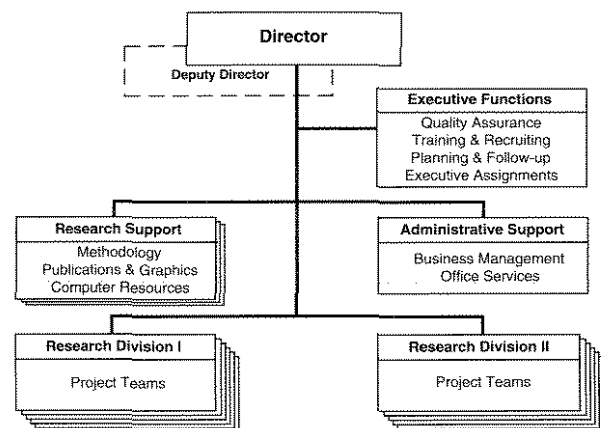
Professional development is encouraged through membership in relevant associations. Training is carried out through on-campus credit instruction in fields related to the work of the

Commission, and through in-service programs. Emphasis is placed on enhancing technical, communication, and team management skills.

JLARC's success over the past two decades has depended on the staff sharing a common body of institutional norms relating to such matters as standards of evidence, operating procedures, and rules of ethical behavior. Therefore, training and staff development efforts are designed to instill the JLARC ethic of accuracy, independence, and objectivity; an understanding of what these concepts mean in the JLARC environment; and a recognition of how to apply them in the day-to-day work of the organization.

Two measures of the staff's continuing reputation for excellence are awards of national

JLARC Staff Functional Organization



recognition received (see "National Recognition" on the next page) and the significant number of staff who have, over the years, gone on to positions of increasing responsibility in State government. Currently, for example, nine former members of the JLARC staff are serving the Commonwealth at the Director level or above.

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.

JLARC Continues to Evolve in Order to Meet the Changing Needs of the General Assembly

Over the past 20 years, JLARC has evolved in response to the changing needs of the General Assembly. New roles have been required as new tasks have been assigned, sometimes through statute (such as the Evaluation Act) and sometimes through a pattern of committee or Commission study requests.

During the early years, JLARC staff carried out performance audits and other studies that were largely initiated by the Commission. By the late 1970s, however, statutorily-mandated studies had absorbed almost all of JLARC staff resources. Along the way, JLARC staff have frequently been called upon to testify at meetings of the money committees and other standing committees of the General Assembly on such diverse subjects as education and transportation funding formulas, employee retirement programs, and mandates on local governments. Staff have also conducted research

in support of special legislative commissions and committees created to review, for example, mental health programs and the Center for Innovative Technology.

Since the early 1980s, the Commission and General Assembly have become more actively involved in the follow-up of JLARC studies. Subcommittees have been appointed by the Commission or the full Legislature to implement staff recommendations. For example, a joint select legislative subcommittee was created in 1984 to develop statutory changes to the transportation funding formula recommended by a 1983 JLARC study. Special subcommittees of JLARC have also drafted and endorsed legislation to alter the executive budget process, create a constitutionally-based rainy-day fund, and revise the Administrative Process Act. Actions such as these demonstrate the Legislature's confidence

National Recognition of JLARC

- 1975** The JLARC staff receive national award for "most distinguished research" from the Governmental Research Association for a review of the Virginia Community College System.
- 1979** JLARC staff receive the annual "outstanding legislative research report" award from National Conference of State Legislatures (NCSL) for a review of Virginia's capital outlay process
- 1981** JLARC staff receive award from the Executive Committee of NCSL's Legislative Program Evaluation Section for "outstanding contributions to the field of legislative program evaluation."
- 1983** The Eagleton Institute of Politics at Rutgers University conducts a national study of legislative oversight, ranking JLARC as one of the best such groups in the country. The Commission and General Assembly are lauded for their strong commitment to legislative oversight.
- 1991** NCSL's Legislative Program Evaluation Society recognizes JLARC for "excellence in research design and method" for a technical review of staffing standards for the funding of sheriffs.
- 1991** JLARC is cited by the journal *Education Evaluation and Policy Analysis* as an exemplary model for legislative oversight in state governance of education.
- 1993** *Financial World* magazine ranks Virginia as the best managed state. Among the reasons listed are "unmatched" legislative and executive program evaluation and the constitutionally established rainy-day fund.

in JLARC leadership and the supporting staff work.

An area where the evolution of the staff's capabilities is evident is the use of computers. Some of JLARC's recent studies have involved large databases and complex methodological approaches which could not have been undertaken in the 70s, before the advent of today's sophisticated analytical software.

It is difficult to trace or characterize all the changes that have occurred during JLARC's first 20 years. Their cumulative effect, however, has been to shape the organization into one which is adaptable, rigorous, and creative. Versatility and continuing development — in discipline, subject matter, analytical approach, data collection technique, and reporting method — have become the norm. Yet it is a norm that operates within a set of organizational values — emphasizing

accuracy, independence, and objectivity — which have remained constant over the past two decades. The strong support of the oversight function by the General Assembly and Commission members has made this possible.

The table on the following two pages,

"Milestones: 20 years of JLARC," provides some indication of the range and importance of JLARC's work for two decades. Versatility has been and will continue to be critical to JLARC's

Rainy-Day Fund: An Example of JLARC's Changing Role

JLARC passed a new historical milestone in 1992: its first amendment to the *Constitution of Virginia*. A JLARC proposal to create a "rainy day fund," after passing two successive sessions of the General Assembly, was overwhelmingly approved by Virginians in a general election. See full story under "Recent Reviews."

ability to respond to the General Assembly's study requests — whether for a performance audit, a program evaluation, or a broader policy analysis — over a wide range of issues. Legislative and executive use of these study efforts demonstrates that JLARC can examine complex issues affecting politically sensitive programs, yet maintain a position of objectivity and impartiality.

Recent and Cumulative Savings to the Commonwealth Resulting from Legislative Oversight

Department of Taxation: Department's estimation of additional revenues for FYs 93 and 94 resulting from implementation of recommended compliance efforts to close the tax gap **\$65 million**

Medicaid: Estimated savings from curtailing certain kinds of asset transfers and implementing an estate recovery program **\$9 to \$15 million**

Medicaid: Reduction in indigent care funds for the U.Va. Medical Center that had previously been expended for out-of-state patients **\$2 million**

Subtotal of recent savings: **\$76 to \$82 million**

Cumulative savings documented in previous
Reports to the General Assembly **\$185 million**

Cumulative savings since JLARC's inception **\$261 to 267 million***

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.

MILESTONES: 20 Years of JLARC**1973**

Joint Legislative Audit and Review Commission established as a permanent legislative commission by the General Assembly. Commission appoints subcommittee to hire Director.

1974

JLARC staffed and operational; first study requested is of the Virginia Community College System.

1975

An evaluation of the Virginia Community College System is the first report prepared and accepted by the Commission. The report describes a community college system in which Virginians can take considerable pride. At the same time, the review identifies administrative and educational issues that require the attention of VCCS and the Legislature to ensure the Commonwealth receives maximum return from its public expenditures.

1976

JLARC study uncovers numerous financial and general management problems at the Virginia Institute of Marine Science. The JLARC assessment is the beginning of a series of legislative and executive activities which eventually lead to VIMS being merged with the College of William and Mary.

1977

Study series on the "sunset" and zero-base budgeting approaches in vogue across the country recommends an alternative strategy for legislative oversight, which becomes the basis for the Legislative Program Review and Evaluation Act passed by the 1978 General Assembly. The Act provides for periodic review of the programs in all areas of State government.

1978

On-site assessments reveal that many homes for adults provide satisfactory quality of resident life,

but many homes -- especially those housing auxiliary grant recipients or mental health after-care clients -- continue to operate with significant violations of licensure standards.

1979

A special study of deinstitutionalization and community services is prepared for the Legislative Commission on Mental Health and Mental Retardation (the Bagley Commission). The report's ten recommendations are endorsed by the Commission.

1980

A study of federal funds finds that State agencies are consistently underestimating federal fund revenues and, consequently, major portions of State expenditures are not going through the legislative appropriations process. Immediate responses include \$29 million added to the 1980 budget bill as a result of last-minute agency-initiated amendments. Long-term response is implementation of comprehensive new control procedures and improved fund management by executive agencies.

1981

In response to a 1980 JLARC special study, Legislature creates set-off debt collection program, which is soon bringing in about \$4 million annually. As of 1992, this continuing program has netted the State over \$75 million in real cash savings.

1982

JLARC completes two comprehensive reports on occupational and professional regulation under the Evaluation Act.

1983

JLARC begins its continuing series on State/local relations that will eventually include assessments of local mandates and financial resources, local fiscal stress and State aid, and State/local service responsibilities.

1984

JLARC studies of the equity of highway and transportation fund allocations begin to reshape the funding structure of this "big ticket" item. Recommendations ensure that funds will be allocated on an objective, rational basis that includes a clear relationship to needs.

1985

A JLARC-sponsored Conference on Legislative Oversight reviews and reaffirms the Legislative Program Review and Evaluation Act.

1986

JLARC staff wrap up a two-year study series on Virginia's correctional system. Hundreds of recommendations point the way to improvements in population forecasting, staffing, facility utilization, community diversion, security procedures, and capital outlay planning.

1987

A three-year study is completed assessing the funding of the educational Standards of Quality. The JLARC methodology for calculating SOQ costs is adopted by the General Assembly. The study ultimately results in a restructuring of the school aid funding formula.

1988

In accordance with a proposal in JLARC's study of information technology in Virginia State government, the 1988 General Assembly creates the Council on Information Management, which is responsible for statewide strategic planning, standard setting, and procurement.

1989

JLARC's review of child day care in Virginia identifies inconsistencies in the way regulation is applied. The study recommendations are embraced over the next two years by both the legislative and executive branches, effectively doubling the number of children in day care who are subject to State regulation.

1990

A comprehensive follow-up study of homes for adults outlines a new blueprint for regulation, which will subsequently be implemented with strong support from the Joint Commission on Health Care, the full Legislature, and the Administration.

1991

A Commission study series on State financial management has significant outcomes:

- A review of the Department of Taxation estimates a tax gap of more than \$500 million. The General Assembly directs the department to implement a \$65 million revenue enhancement program.

- JLARC proposes a revenue stabilization or "rainy-day fund" that is approved by the Legislature in two successive sessions, then overwhelmingly approved by voters, becoming the first JLARC-originated amendment to the Virginia Constitution.

1992

A major staff study effort is devoted to a comprehensive review of Virginia's Medicaid program, producing a series of eight reports and over 100 recommendations. One study examines the extent to which applicants take advantage of legal "loopholes" to shift the cost of their care to the taxpayer while preserving assets for their heirs. As recommended, the General Assembly enacts legislation that restricts some forms of asset transfers and implements an estate recovery program. These actions will eventually result in an estimated \$15 million in annual savings to the Medicaid program.

1993

A study team, working closely with a subcommittee of the Commission, completes its reviews of the Administrative Process Act. The General Assembly approves amendments to the Act that increase opportunities for meaningful public participation and provide for legislative suspension of regulations.

RECENT AGENCY AND PROGRAM REVIEWS

Proposal for a Revenue Stabilization Fund in Virginia

In the course of 20 years and 150 studies, JLARC has made more than a thousand recommendations. These recommendations have resulted in extensive changes to the *Code of Virginia*, substantial savings to the State, and significant improvements in government services. JLARC passed a new kind of milestone in the fall of 1992, however, when its first proposed constitutional amendment was overwhelmingly approved by the citizens of Virginia. The constitutional amendment was an outgrowth of the Commission's study series on the Commonwealth's budget process.

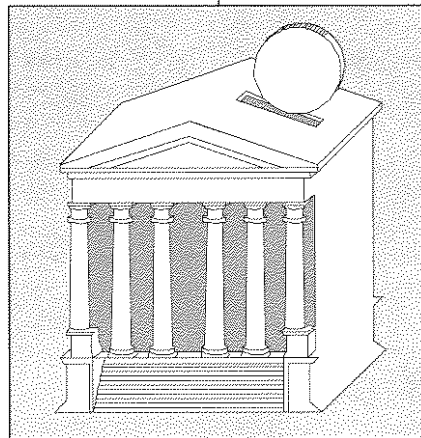
JLARC was mandated by the 1990 Appropriation Act to review the Commonwealth's executive system of financial planning, execution, and evaluation. This mandate resulted in four reports, including reviews of the Department of Taxation, the Department of Planning and Budget (see following articles), and the processes and models used for revenue forecasting in the executive branch.

For this series of studies, a subcommittee of the Commission provided close guidance to the staff in defining the critical issues and scoping the research effort. The JLARC Subcommittee on the Executive Budget Process met numerous times along the way with JLARC staff and staff of the Senate Finance and House Appropriations Committees to brainstorm and to explore possible solutions to long-standing budgetary concerns.

An added incentive to improve the budget process was the shortfall in revenues that

the Commonwealth was experiencing during this time. Therefore, an early report in the series was focused exclusively on revenue forecasting. A significant finding from that review was that, simply stated, forecast error is a normally occurring part of the forecast process -- shortfalls and surpluses are to be expected. Given the uncertainty of revenue forecasting, the JLARC subcommittee examined "rainy-day" funds as a means of coping with shortfalls.

This led to another report, entitled *Proposal for a Revenue Stabilization Fund*. Funds of this kind in 39 states were examined. The subcommittee then sought to adopt the best of each and apply it to the Commonwealth's budgetary system. Several unique concepts were also explored and adopted. The result was a proposal for a revenue stabilization fund tailored to Virginia's needs.



This fund was designed to skim off above-average revenue growth in prosperous years, and deposit these monies in a fund where they will draw interest and be available when forecast error results in a revenue shortfall. There are two benefits to this approach. First, unsustainably high revenue growth is not built into the State's expenditure base. Second, when forecast error inevitably

occurs, the fund provides a cushion for anticipated shortfalls.

To accomplish the objectives of a rainy-day fund, the *Constitution of Virginia* had to be revised. Ironically, while fiscally conservative in whole, the *Constitution* required policy makers to spend all revenues. Therefore, a State savings account for a rainy day was inconsistent with provisions limiting State retention of revenues.

During the 1991 Session Senator John C. Buchanan, the late Chairman of the Commission, introduced on behalf of the JLARC subcommittee a Senate Joint Resolution to establish a constitutionally-based rainy-day fund. The resolution proposed a constitutional amendment to establish the fund on a permanent basis. An amendment in the nature of a substitute was reported by the Senate Finance Committee and approved by the General Assembly. The amendment altered mandatory deposits and provided a mechanism for exempting revenues from tax increases. The other provisions of the fund remained the same as described in the staff report.

The proposal was approved by the 1991 Session. Because it was in the form of a constitutional amendment, it also required the approval of the 1992 General Assembly. Its second passage by the legislature placed it on the public ballot statewide for the November 1992 election. Prior to the balloting, the proposal was given considerable attention in State media, including endorsement in several newspaper editorials. In November, the proposal received public approval by a three-to-one margin.

The amendment provides that whenever revenues rise faster than the average of the previous six years, half of that surplus goes into a stabilization fund. Conversely, if revenues drop more than two percent below forecasted levels, the legislature is authorized to use money from the fund to meet up to half of the shortfall. The first deposit into the rainy day fund will likely be made during the FY 1993-94 fiscal year, as revenues are benefiting from a one-time corporate income tax payment estimated at \$80 million. The ability to deposit rather than spend a portion of such non-recurring income fulfills one of the primary objectives of the revenue stabilization fund.

Review of Virginia's Executive Budget Process

The budget process is the means used to develop, execute, and evaluate Virginia's operating budget. The General Assembly, recognizing the importance of systematically assessing the efficiency and effectiveness of the State's

budgeting policies and procedures, mandated a JLARC review of the executive budget process – the first comprehensive study since the Legislature made major changes to the process in the mid-70s. This mandate ultimately resulted in four reports, focusing on rev-

"In the course of 20 years and 150 studies, JLARC has made more than a thousand recommendations. These recommendations have resulted in extensive changes to the Code of Virginia, substantial savings to the State, and significant improvements in government services."

enue forecasting, the executive budget process, the Department of Taxation, and a proposal for a rainy day fund (see separate articles on the latter studies).

Overall, the budget study found the executive process to be a sound one. It had been responsive to the revenue shortfalls of the early 90s, and it largely reflected the needs of both the executive and legislative branches. During the review, many State agencies commented on the improved capabilities and professionalism shown by the Department of Planning and Budget (DPB), the central agency with oversight of the process, during recent years.

The process needed strengthening, however, through changes to various elements. A major report recommendation was to increase the time the Legislature had to make appropriation decisions. In addition, partly because of the emphasis on incremental rather than program budgeting, insufficient evaluations were being conducted of programs in agency base budgets. Estimating and reporting on nongeneral funds remained a problem, though first identified in a 1980 JLARC study of federal funds. Also, the executive branch needed to routinely provide additional information for legislative decisionmaking. Further, more incentives for

good financial management by agencies needed to be built into the process.

Members of JLARC took a proactive interest in the results of the budget study, prefiling a comprehensive budget reform bill for the 1992 Session to consider. The General Assembly enacted this budget reform package, which incorporated numerous changes in line with study recommendations:

- ☐ The General Assembly gave approval for agencies to carry forward funds between years. This improved financial management practice countered the "spend it or lose it" mentality often associated with government.

- ☐ The *Code* was amended to require submission of the Governor's budget by December 20. The 1992-94 budget

was the first to be submitted under this process change, which affords the General Assembly between 18 and 31 additional days to examine the executive budget.

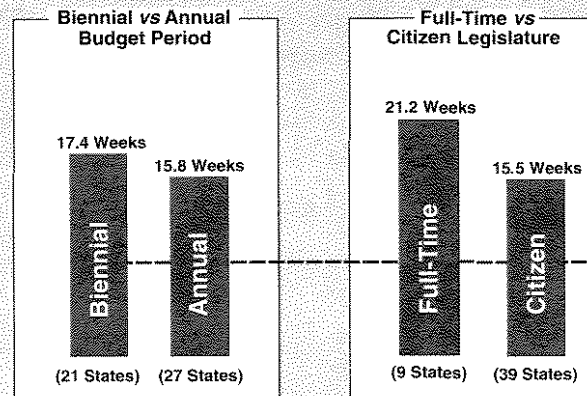
- ☐ Formal re-estimations of general fund revenues were required for the current and next biennia whenever budgetary cuts are anticipated.
- ☐ DPB and the Department of Accounts were directed to examine ways of improving the reporting of nongeneral fund revenues and to ensure accurate comparisons of agency estimates against collections. The Appropriation Act was amended to require the Governor to report to the House Appropriations and Senate Finance Committees annually on nongeneral fund receipts in excess of the amounts specifically appropriated.

Language was also incorporated requiring a study to identify sources of nongeneral funds that could be included in the general fund. The results of these assessments are due this December.

- ☐ Language in the Appropriation Act restricting executive branch authority to transfer appropriations was strengthened.
- ☐ The *Code of Virginia* requirement for quarterly allotments of agency appropriations

was amended to reflect the current practice of annual allotments. Quarterly allotments, which required extra paperwork and time, were no longer being used by the executive branch because automation and program budgeting (Virginia: 8.5 Weeks) had made them unnecessary. Language in the *Code* was also amended to

Comparisons of State Averages for Budget Consideration Times (Before Implementation of JLARC Recommendation)



allow higher education institutions to submit budget proposals in a different format from that required of other agencies, to reflect actual practice.

- ☐ DPB was required to develop guidelines and processes for measuring the performance of programs in agencies' base budgets on a pilot basis. The results of the pilot will be reported to the House Appropriations and Senate Finance Committees this fall. A total of 24 program activities across 21 agencies are being used for the pilot study.
- ☐ Legislation was enacted to require a statement of the amount of each agency's budget devoted to direct aid to localities. A new section will be added to the 1994-96 budget document to address this requirement.

DPB has also taken steps internally to deal with several JLARC study concerns:

- ❑ The JLARC review expressed concern that DPB analysts might not be giving a high enough priority to visiting the agencies assigned them. DPB reports that it has recently experimented with different methods of formalizing this requirement, which will be implemented at the start of the next employee performance evaluation cycle.
- ❑ The department is placing greater emphasis on providing agencies with guidance about the budget process. After the 1992 and 1993 Sessions, DPB surveyed selected State agencies to test the quality of written instructions, training methods, and analyst assistance.
- ❑ The computing environment at DPB has been significantly enhanced over the past year. Every staff member has been provided with a personal computer, appropriate training, and access to the data-sharing, storage, and printing features of a central mini-computer. Significant improvements to the on-line PROBUD system are also in progress.

Together, the Governor and the General Assembly have acted to provide agencies with incentives to operate more efficiently. Additional recommendations and incentives are currently under review by the Secretary of Finance.

Review of the Department of Taxation

The 1990 Appropriation Act required JLARC to study the executive budget process, a mandate which resulted in several separate but interrelated studies. The initial study in the series, which focused on revenue forecasting, included a review of certain functions of the Department of Taxation. Subsequently, the

1991 Session amended and expanded the study mandate to include a fuller review of the Department of Taxation. The JLARC staff was directed to review the organization, management, and operations of the department, focusing on the effectiveness and efficiency of the agency's compliance revenue collection efforts. The findings of this report were to have substantial financial implications for State government and taxpayer equity.

An initial study research effort was a statewide household survey of taxpayers. The survey indicated that 86% of the individuals who had used the department's services were satisfied with them. However, the same survey also indicated that more than 17% of the respondents personally knew at least three individuals who were underpaying their true State tax liabilities.

The difference between what taxpayers owe and the amount that is actually collected is commonly called the "tax gap." An important aspect of this study was to find ways to better identify and help close the tax gap. The review concluded that the gap probably exceeded \$500 million in 1989. In a period of reduced revenues and fiscal austerity, it was especially important to find ways of collecting a higher percentage of these funds. In addition to being a potential revenue source, the tax gap represented a problem in taxpayer equity. For every citizen avoiding paying his or her portion of the tax gap, other taxpayers were "paying the price" -- either in higher payments or diminished services.

Many of the report recommendations were aimed at closing the tax gap. Others focused on operational aspects of the department. The more important findings and recommendations included the following:

- ❑ The department needed to give a higher priority to systematically estimating the tax gap, finding ways to close it, setting appropriate compliance revenue goals, and keeping the appropriate legislative committees informed on the progress made in these areas.

- ☐ The department needed to better analyze its abatement and accounts receivable data with the goal of collecting more of the taxes owed.
- ☐ Compliance staff were not being utilized as effectively as possible, as they were routinely used to provide services to taxpayers. JLARC staff estimated that more than \$10 million was not being collected due to time spent providing taxpayer assistance.

- ☐ The department needed to improve its audit assessments through a formalized strategy for selecting returns for audit. This strategy needed to be built on standard and objective criteria to eliminate inconsistency and subjectivity. Audits of corporate and sales and use returns needed particular emphasis.

- ☐ The department needed to develop a systematic approach to evaluating all available data that might help identify non-filers, such as those maintained by the Department of Motor Vehicles, the State Corporation Commission, and the Virginia Employment Commission.

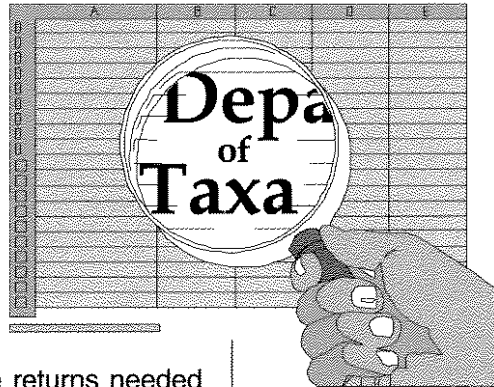
- ☐ The department lacked sufficient controls to prevent fraud and disclosure of confidential tax information.

- ☐ External oversight of the department needed to be improved.

The Department of Taxation's recent status-of-action report on its responses to the JLARC review notes a number of changes in departmental procedures and some significant new compliance initiatives. Among them are the following:

- ☐ The study recommended that the department submit a staffing plan linking additional

compliance activities with the staff needed to carry out those activities, and estimating expected revenue increases that should result. The department submitted this plan to the 1992 General Assembly, which approved an additional 78 positions, most of which have been filled. Based on the expected productivity of these employees and related programs, a net of \$43 million in new revenues were available in the 1992-94 Appropriation Act.



- ☐ The Department has established two new sections, a compliance audit program (CAP) and a Revenue Analysis and Planning (RAP) group. These sections are currently developing new compliance programs targeted at reducing the individual

income, corporate income, and sales tax gaps. The department is not, however, attempting to calculate the tax gap on a regular basis.

- ☐ Per a JLARC recommendation, the department has investigated strategies used by other states to improve compliance collections efforts. The department has implemented one such program, a method of making phone calls to delinquent accounts early in the collection process. During a three-month pilot period, this program made over 13,000 calls, of which more than 5,000 were successful, resulting in the collection of over \$500,000.

- ☐ The department has assigned additional resources to two problem areas identified in the JLARC report: abatements and accounts receivable. The department reports that internal project teams have evaluated the department's collections programs and have made corrective recommendations. In addition to the phone program described above, a number of new approaches are

being tried, including an automated collections system to enhance the use of financial data and increasingly proactive collection action for bills above specified levels.

- ☐ Additional taxpayer assistance personnel have been added to district offices to relieve compliance personnel from routinely handling these duties, allowing more of their time to be spent on collections activities.
- ☐ In line with a study recommendation, the department is testing computerized data approaches to identifying high income nonfilers and underreporters. In a recent pilot exercise, the department identified 470 practicing Virginia accountants as nonfilers. Similar efforts with other groups are expected to narrow the tax gap. One taxpayer contacted by the department responded by filing and paying six years of past due income tax returns.
- ☐ A study recommendation called for the department to reassess its audit selection procedures for corporate income tax. An internal evaluation team completed such an analysis, and recommended a complete revision of the corporate income tax process. The team recommended piloting an automated audit candidate identification process and that the selection of audit candidates become a centralized function of the Office of Compliance. The department predicts that these and related changes will have a significant impact on both revenues realized and resource efficiency.
- ☐ The department reports that procedures have been substantially expanded to ensure that the determination of doubtful collectibility is fully substantiated prior to accepting offers in compromise.
- ☐ In line with a JLARC recommendation, the department's RAP unit has gained access to several State and local government databases for use in a nonfiler and underreporter pilot program.

- ☐ Per a study recommendation, more attention is being paid to the ideas of department employees. The department reports that a recent employee suggestion meeting involving 150 employees resulted in more than 650 suggestions to improve compliance collections. Results are being evaluated for incorporation into compliance enhancement plans and other programs.

- ☐ The department reports that many of the security concerns raised in the study about access to the STARS system have been addressed through implementation of an automated "access trail," which identifies STARS users and information on the time, location, denied access, etc.

The "bottom line" of the JLARC review of the Department of Taxation was that more tax revenues could be collected. The study estimated that if all recommendations including new collection strategies were implemented, more than \$150 million could eventually be added to the annual tax revenues. These revenues could help offset anticipated budgetary shortfalls and improve taxpayer equity by improving overall compliance with existing tax laws.

JLARC Study Series on Inmate Health Care

In fiscal year 1992, the Virginia Department of Corrections (DOC) was appropriated nearly \$30 million to provide health care to an inmate population of about 17,000. The department's appropriation funds health care provided inmates in correctional institutions, in community hospitals, from private physicians and dentists, or at the Medical College of Virginia.

The United States Supreme Court ruled in the late 1970s that inmates have a Constitutional right to health care. While the Court's decision was directed at medical care, it is

recognized that inmates' health care rights also include mental health treatment and dental care. Questions remain, however, concerning the appropriate level and quality of inmate health care.

Item 15 of the 1992 Appropriation Act directed JLARC to examine the increasing costs of health care in corrections and to determine the appropriate levels of that care. This mandate is being fulfilled through a series of JLARC reports. The first, which was reported to the 1993 Session, focuses on dental care. The second, which was recently completed, focuses on DOC's mental health services. Future reports will concentrate on medical care and the organization and management of inmate health services within the Department of Corrections.

Interim Report: Review of Inmate Dental Care

This review found that both central and institutional dental procedures adequately address many of the important issues. However, given the changing composition and needs of the inmate population, many improvements should be made, among them:

- ☐ Dental-specific cost data and service provision data should be centrally maintained and reviewed. The current system does not effectively isolate dental care costs and services from other medical categories.
- ☐ DOC's Office of Health Services (OHS) needs to take a more proactive role. Better OHS oversight of dental care, especially in the field units, could minimize the use of private dentists and increase service efficiency.
- ☐ The chief dentist should devote half of his time, per the job description for this position, to administrative duties. Currently, most of the chief dentist's time is spent in providing direct services. This has contributed to deficiencies in the monitoring of dental services.

☐ It appears that internal resources should be increased for better cost effectiveness. However, DOC needs to provide better cost data to the Department of Planning and Budget to justify the needed staffing.

☐ DOC should prepare a dental care staffing plan that links increased staffing with improved productivity and decreased reliance on private dentists. The plan should also :

- address the cost effectiveness of expanding or establishing specific dental clinics,
- include guidelines which specify where inmates who reside in facilities without dental clinics will receive dental treatment,
- delineate alternative means of meeting the oral surgery needs of inmates.

The 1993 General Assembly, through the Appropriation Act, required the Director of Corrections to provide JLARC with quarterly progress reports on efforts to address the findings and recommendations of the dental services report. In addition, the General Assembly approved eight full-time positions -- a dentist, six dental assistants, and a dental hygienist -- to help close the gap between needs and current levels of service. Funding for these positions is to be generated through a reduction in the purchase of outside dental services.

Evaluation of Inmate Mental Health Services

DOC provides three levels of mental health treatment. Acute care for male inmates who are severely mentally ill and present a danger to self or others is provided at Marion Correctional Treatment Center. Acute care for female inmates is provided by the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS) at Central State Hospital. Sheltered care units at five facilities provide treatment and housing for inmates who are so mentally ill that they cannot

function in the general population. Outpatient treatment is provided at 15 facilities for inmates who need periodic mental health treatment but are able to function in the general population.

The JLARC staff's recent assessment of inmate mental health services had two major findings: first, the department has not fully developed a system of comprehensive mental health care. Several problems with mental health service delivery appear to result from the lack of such a system. Second, the department has not developed adequate cost control mechanisms, in part because it lacks data on the costs of the mental health services it is providing. The department, which is planning to add new mental health staffing and beds during FY 1994, could also utilize its existing resources in a more cost-effective manner. While it appears that the new resources would help the department improve its mental health services, it is also important that DOC implement cost control mechanisms and operate more efficiently, in order to use the existing and new staff to their full potential.

The recommendations from this report, which was briefed to the Commission in July, include the following necessary actions:

- ☐ DOC needs to address identified deficiencies in treatment planning, treatment implementation, and record keeping in sheltered care units. These deficiencies include lack of individual written treatment plans.
- ☐ The department also needs to address security issues in the sheltered care units. For example, current "lockdown" policies at Powhatan severely limit the access that inmates have to mental health services.
- ☐ DOC should provide acute mental health care to female inmates. It is recommended that the department proceed with the staff plan to provide this treatment at the Marion Correctional Treatment Center.
- ☐ DOC needs to pursue DMHMRSAS licensure of its sheltered care units. Licensure

would provide DOC an additional mechanism to improve the quality of treatment.

- ☐ The department should address problems so that inmates who are clinically ready for discharge are transferred out of sheltered and acute care units in a timely manner. Delays result in inefficient use of costly beds and staffing.

Other recommendations are aimed at ascertaining the cost effectiveness of (1) the use of psychologists for providing outpatient treatment, (2) the current contractual arrangement for providing sheltered care at Greensville, and (3) renovating existing facilities versus the cost of new construction.

Review of Virginia's Parole Process

Senate Joint Resolution 26 of the 1990 General Assembly directed a study of Virginia's parole review process. The JLARC review was undertaken partly in response to other studies that had suggested Virginia's parole rate was too low, thereby aggravating the State's prison overcrowding problem.

The review focused on the activities of the Parole Board and the Department of Corrections (DOC) in administering the parole process. The study included an analysis of the national parole data previously used for comparison to Virginia's parole rate, a review of Virginia's parole laws and those of ten other states, an analysis of the efficiency with which the parole process was implemented, and a review of the decisionmaking practices of the Parole Board.

This study found that, using more appropriate measures of parole, the State's parole rate was substantially *higher* than the national norm. Moreover, because of considerable variation in the factors that influence parole rates, conclusions about the adequacy of Virginia's parole system should not be made strictly on

cross-state comparisons of parole rates. Rather, the effectiveness of the system should be determined based on an assessment of the impact of parole laws and the actual decisionmaking and administrative practices of the Parole Board.

The review found that the Virginia Parole Board had made major improvements to its methods for reviewing and deciding cases. JLARC staff noted that the Board was considering the use of a structured instrument for determining an inmate's risk of committing a new felony.

However, some problems did remain. In particular, the parole laws in Virginia allowed many inmates to establish eligibility for parole much sooner than the Board was ready to release them. This had produced inefficiencies in the review process. Additionally, many of the changes made by the Parole Board to expedite the inmate interview and review process were being hampered by the inability of DOC to provide the Board with timely access to important inmate files. Finally, inconsistencies were found in the Board's decisionmaking process, because that process lacked the necessary policy base.

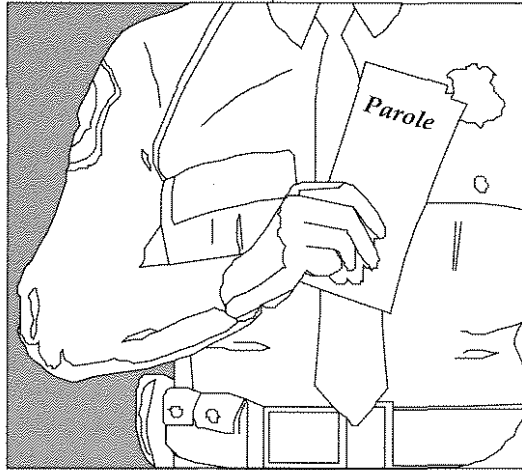
The JLARC report recommended that the Parole Board adopt its structured instrument for determining an inmate's parole risk. In January 1992, the Board implemented guidelines based on such risk criteria, along with a procedural manual describing how the guidelines are to be applied. The Chairman of the Parole Board reports that since their implementation, these guidelines have proved to be viable decision-making criteria. Equally important, the time it takes the Board to make decisions has been significantly reduced, from 45 days to seven days. The Board was allocated funding by the 1992 General Assembly to further refine the risk-predicting instrument by updating the data on which it is based.

DOC reports that, as recommended in the parole study, greater emphasis has been placed on providing the Parole Board with the post-sentence data it needs for decisionmaking.

The new parole guidelines have automated and streamlined post-sentence reporting, and parole eligible inmates have been given the highest priority.

Another concern of the JLARC study was the coordination of community resources to support the Board's future plans to release more inmates to residential treatment beds. The 1993 General Assembly required the Parole Board and the

Board of Corrections to ensure that treatment originated in prison continues following release. The Parole board is assessing what needs to be done in order to increase availability of residential facilities for released offenders.



Substance Abuse and Sex Offender Treatment Services for Parole Eligible Inmates

In 1991, JLARC completed a year-long study of Virginia's parole system (see previous article). During the course of that study, institutional counselors within the Department of Corrections (DOC) expressed concern about the level and quality of the rehabilitation programs offered throughout the correctional system. Prisoner rehabilitation efforts can have a significant impact on the rate at which inmates establish eligibility for and receive discretionary parole. Therefore, JLARC staff were asked to extend the parole study to include an assessment of DOC's system for delivering counseling and treatment services to substance abusers and sex offenders.

The study found that, based on 1990 data, a very high percentage of the inmates housed in State correctional institutions had substance abuse problems or were convicted of some type of sexual offense. Over the years, DOC had developed a loose network of institutionally-focused services for educating and treating substance abusers and sex offenders. However, the level of treatment needed in the prisons and field units was substantially beyond the department's ability to provide these services.

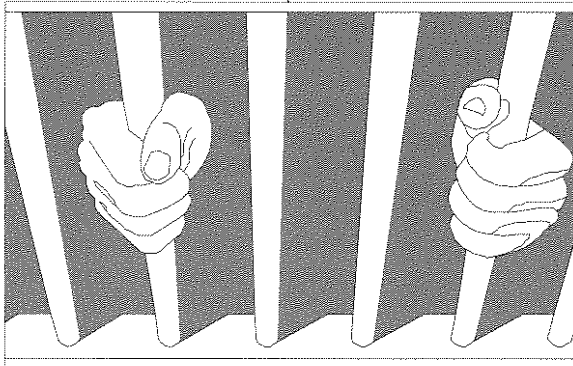
Due in part to a lack of DOC central policymaking, a number of factors undermined the effective delivery of these treatment services. For example, the lack of a standardized assessment tool for identifying inmates with substance abuse problems, as well as inadequate screening techniques for inmates with sexual deviancies, was causing counselors to overlook inmates in need of treatment. Also, the department had not developed guidelines, policies, or standards to support the delivery of treatment services. Finally, many counselors had little time to spend providing treatment services and were not adequately trained to deliver them.

The study noted that before considering any major expansion of substance abuse and sex offender treatment programs, DOC's central office needed to put in place a comprehensive policy and plan for use as a blueprint in implementing treatment services in the institutions. The report pointed out that one approach the department could take for organizing such a treatment system was the strategy it used to develop a mental health delivery system.

The 1993 General Assembly provided additional funding to assist the department in improving services to sex offenders and substance abusers. The Appropriation Act amendments totalling \$674,000 were approved, including the addition of 19 FTE positions.

A recent status-of-action report from the department listed the following study-related activities:

- ☐ In its "Standards for State Correctional Facilities," implemented in January 1992, the Board of Corrections included new policy requirements that:
 - there be a system of core programs (including substance abuse and sex offender programs) at each facility appropriate to the needs of the inmates,
 - treatment and professional services should be provided by persons qualified by either formal education or training,
 - staff conducting substance abuse or sex offender programs should receive appropriate training
- ☐ In May 1993, the Board of Corrections adopted a resolution assigning a priority focus for 1993-94 to therapeutic treatment of substance abusers and sex offenders.



- ☐ In accordance with the JLARC recommendation, DOC has developed a six-year plan to identify resources needed to phase in substance abuse and sex offender services. The plan provides for services sufficient to treat 20 percent of the incarcerated population. This is the percentage of the inmate population believed to be suitable for treatment at any one time, in terms of their proximity to parole release and their amenability to treatment. The plan considers the department's needs in terms of assessment, two-tiered counseling staff, training, multi-tiered program services, clinical supervision for staff, program evaluation, and support services. Funding requests

sufficient to fund the first biennium of the six-year plan have been submitted to the General Assembly. However, budgetary constrictions have thus far prevented full implementation.

- ❑ DOC has improved the quality of substance abuse treatment services by adding additional treatment specialists at three therapeutic communities and at St. Brides Correctional Center.
- ❑ DOC has provided 120 hours of substance abuse training to an additional 20 counselors to prepare them for certification as substance abuse counselors. This training is to be continued with clinical supervision services.
- ❑ A 50-bed therapeutic community program for sex offenders is being established at Bland Correctional Center.

If improvements continue to be made to DOC's treatment system, a stronger link to the parole decisionmaking process will be possible. One potential benefit of such a linkage is the long-term reduction of prison overcrowding.

Study Series on State/Local Relations

Over time, the General Assembly has focused considerable attention on improving State/local relations. This is evidenced in part by a series of mandated JLARC studies, dating back more than ten years, which focus on various aspects of the State's relationships with local governments. To some degree, each study has grown out of previous ones, moving toward a clearer understanding of the State's role in, and impact on, local governments. The following summaries provide a brief overview of the initial study and more detailed descriptions of the recent studies.

State Mandates on Local Governments and Local Financial Resources

In 1983, JLARC conducted a study of State mandates on local governments and local financial conditions. This study addressed three primary objectives: (1) to identify State mandates and the extent to which they impose a burden on local governments; (2) to examine the adequacy of the amount and type of State financial assistance to localities; and (3) to determine whether local governments have sufficient local financial resources to fund the public services they must provide.

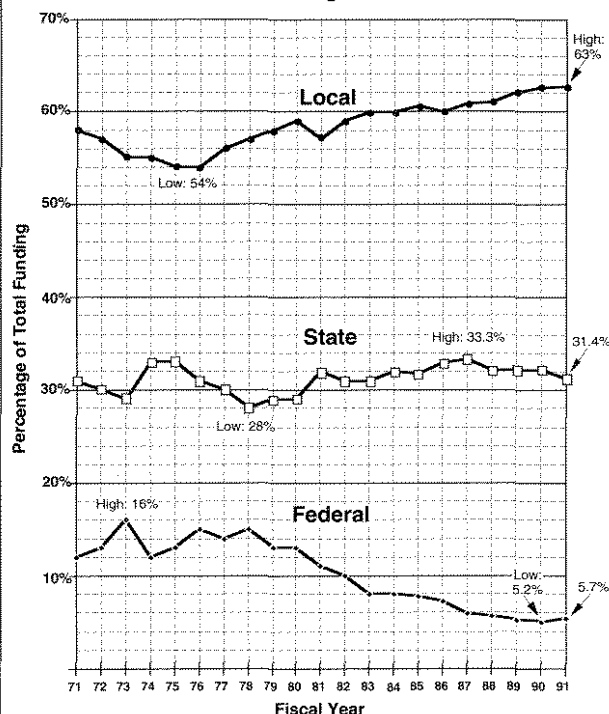
The study found that, in general, local officials did not disagree with the substance of State mandates, but were more concerned with the levels of State funding to meet those mandates. JLARC staff determined that State funding of mandates was substantial and that it kept pace with historical State commitments in all areas except the educational Standards of Quality, categorical aid for special education, and auxiliary grants. In these areas, State aid was found to be inconsistent with levels of State control.

As an appendix to the study, JLARC staff prepared an inventory of State mandates on local governments. Also as part of this study, JLARC staff developed a measure of relative local financial condition -- the fiscal stress index. Through this index, cities as a group showed a higher level of fiscal stress than did counties. A 1985 update report showed little change in relative stress rankings.

Intergovernmental Mandates and Financial Aid to Local Governments

To address the continuing concerns of local officials, the General Assembly in 1990 directed JLARC to conduct a follow-up to the 1983 study. The 1992 study focused on the major issues surrounding intergovernmental

Funding Sources for Cities and Counties FY 1971 - FY 1991 Shown as Percentage of Total Funds



mandates and financial assistance, including the extent of local service responsibilities, the availability of local financial resources, and the adequacy of State financial and technical assistance to local governments.

Many of the concerns raised by local officials during this study were similar to the issues discussed during the 1983 study. These concerns included a lack of flexibility in the implementation of mandates, inadequate funding for mandates, unequal taxing authority for cities and counties, and lack of adequate taxing authority for all localities. However, JLARC staff found that overall the State has played a stable role in providing revenues to local governments. Conversely, the report noted that there had been a dramatic decline in federal revenues, despite the significant new federal mandates imposed on localities.

The report presented alternative methods to reduce the adverse impact of mandates in the short term, including: agency reviews of mandates to identify those that could be relaxed

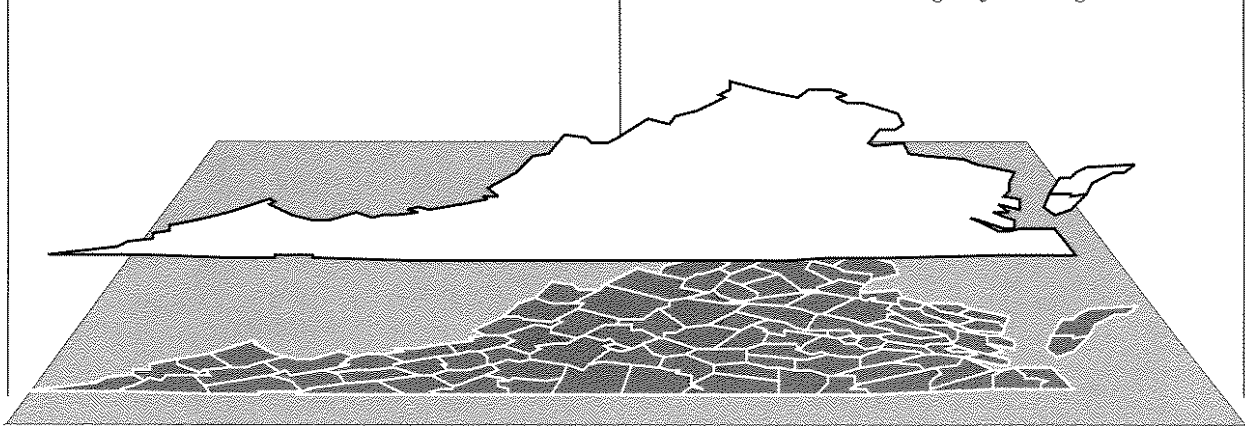
or eliminated, temporary suspension of selected mandates, and the pilot-testing of mandates prior to statewide implementation. In addition, JLARC recommended that a catalog of mandates be maintained and periodically updated to provide legislators with current, comprehensive information about mandates on local governments.

The General Assembly acted on several of these recommendations during the 1993 Session. Legislation was passed requiring all State agencies to review mandates imposed on local governments to determine if they should be altered or eliminated. State agencies are also required to consider whether regulations which impose mandates on local governments should be tried first on a limited basis to determine their effectiveness or impact. In a related action, the General Assembly extended the expiration period of the Governor's ability to suspend mandates for the purpose of alleviating fiscal hardship.

Catalogs of State and Federal Mandates on Local Governments

As part of the study series, JLARC was requested to identify the responsibilities of local governments for providing services in several functional areas: education, mental health and mental retardation, public health, social services, and environmental protection. This was accomplished through a separate, comprehensive catalog, which covered all current State and federal mandates imposed on local governments and the source of each mandate. Although it built on the State mandates inventory from the 1983 report, the 1992 catalog identified federal as well as State mandates. The catalog also identified concerns voiced by local government officials about the mandates, as well as State agency responses to those concerns.

Mandates were identified through mail surveys of State and local governments and through a review of the *Code of Virginia* and the Appropriation Act. On the State agency survey,



agencies were requested to list each State and federal mandate on local governments that they monitored or administered. The survey also requested agencies to specify the type of each mandate -- whether a compulsory order, a condition of financial aid, or regulation of an optional activity. JLARC staff received responses from all of the agencies surveyed. Forty-nine of the agencies reported administering mandates on localities. This process identified the majority of the mandates included in the catalog.

The catalog was a much-requested item upon publication, and supplies were quickly depleted. Rather than reprint the original catalog, the JLARC staff undertook an update, which was recently released (House Document 2 of the 1994 Session). The updated catalog showed an increase of 29 new mandates during the two-year period since the first edition. Brief discussions of the fiscal impact of the new mandates are also provided. In addition, each mandate's date of implementation is specified.

The catalog affirms that State and federal mandates on local governments are extensive, affecting most areas of local government activity. As of April 1993, 391 State and federal mandates on local governments were identified. Of these, 290 are solely State directives. Forty-five requirements are imposed solely by the federal government. The remaining 56 mandates have both State and federal origins. The impact of these mandates varies from minimal reporting procedures to significant service requirements.

A JLARC recommendation called for the catalog to be updated annually. The 1993 Session passed legislation directing the Commission on Local Government to undertake this task.

State/Local Relations and Service Responsibilities: A Framework for Change

The 1991 Session directed JLARC to examine the assignment of service and funding responsibilities between the State and local governments in order to determine whether services are being provided by the appropriate level of government. In addition, JLARC was requested to study the adequacy of the local tax and debt structure in Virginia.

In conducting the study, JLARC staff examined the trends and forces affecting the Commonwealth to assess whether the current assignment of responsibilities is appropriate in today's rapidly changing environment. The final report draws its findings and conclusions from a variety of sources, pulling together proposals from previous studies, along with the expertise of State and local officials. This expertise was solicited through surveys and through focus groups held across the Commonwealth.

The study found that, overall, Virginia's State-local structure is sound. However, the current climate of economic uncertainty, coupled with the federal government's unfunded man-

dates on State and local governments, requires Virginia to re-examine the ways its service needs are addressed. Service responsibilities of the State and localities have evolved over the years in a sometimes piecemeal approach. As a result, some of the older service delivery structures may no longer provide services in the most efficient and cost-effective manner.

JLARC staff reviewed the specific assignment of service responsibilities between the State and local governments to identify areas in which reassignment might be necessary. The report examines the following areas: administration of justice, transportation, education, health and human services, environmental protection, general and financial administration, and the local tax structure. Broad options are presented for the realignment of selected service responsibilities. Options identified included:

- ☐ State assumption of local jail operations,
- ☐ increasing State funding for construction of large, single-jurisdiction jails,
- ☐ requiring local governments to participate in the funding of secondary road and urban street construction,
- ☐ State assumption of local social services offices,
- ☐ requiring an increased level of local government funding for local sheriffs' offices.

In addition, the report cites a number of overarching concerns with State/local relations. Among the needs identified:

- ☐ improving communication between State and local government officials,
- ☐ articulating a State vision and urban policy,
- ☐ focusing additional attention on regional service efforts and an integrated approach to service delivery,
- ☐ treating cities and counties more alike given their similar responsibilities and service needs.

The report presents a long-term view of the critical choices facing the Commonwealth in light of changing demographics, service needs, and revenue availability at the federal, State, and local levels. The recommendations generally identify long-range policy options or directions the General Assembly may wish to pursue. They could serve as a starting point in a dialogue with localities regarding the allocation of service responsibilities between State and local governments.

Additional study will be needed before any of the major options are enacted. Specifically, the methods of implementation and the State/local costs will have to be determined. Reflective of the General Assembly's continuing interest, a resolution (SJR 310) was passed during the 1993 session to continue the JLARC review of State/local service assignments. A JLARC subcommittee has been named to coordinate future study activities on a long-term basis.

Report on the Performance and Potential of the Center for Innovative Technology

The General Assembly established the Innovative Technology Authority based on recommendations from the 1983 Governor's Task Force on Science and Technology. The Center for Innovative Technology (CIT) is a private, non-profit corporation that serves as the operating arm of the authority. CIT was formally incorporated on July 1, 1984.

CIT's mission is to promote economic growth by enhancing the ability of Virginia universities to develop and transfer technology to industry. It implements this mission primarily by co-sponsoring research projects with industry. CIT reports that over the past seven years it has funded more than 600 projects involving more than 550 companies, 460 university professors, and 1,000 students. CIT also markets and licenses intellectual property developed at the universities. In addition, some of CIT's pro-

grams provide direct services to businesses and industries across the Commonwealth.

A review of CIT was mandated by Item 267 of the 1992 Appropriation Act. The act directed that a review be conducted by an independent committee comprised of members from the Office of the Governor, the Senate, the House of Delegates, and the CIT Board of Directors. Representatives from business and industry were appointed as industrial advisors by the chairman. The Committee was jointly staffed by JLARC staff and Department of Planning and Budget staff. This was the first comprehensive external review of CIT since its inception.

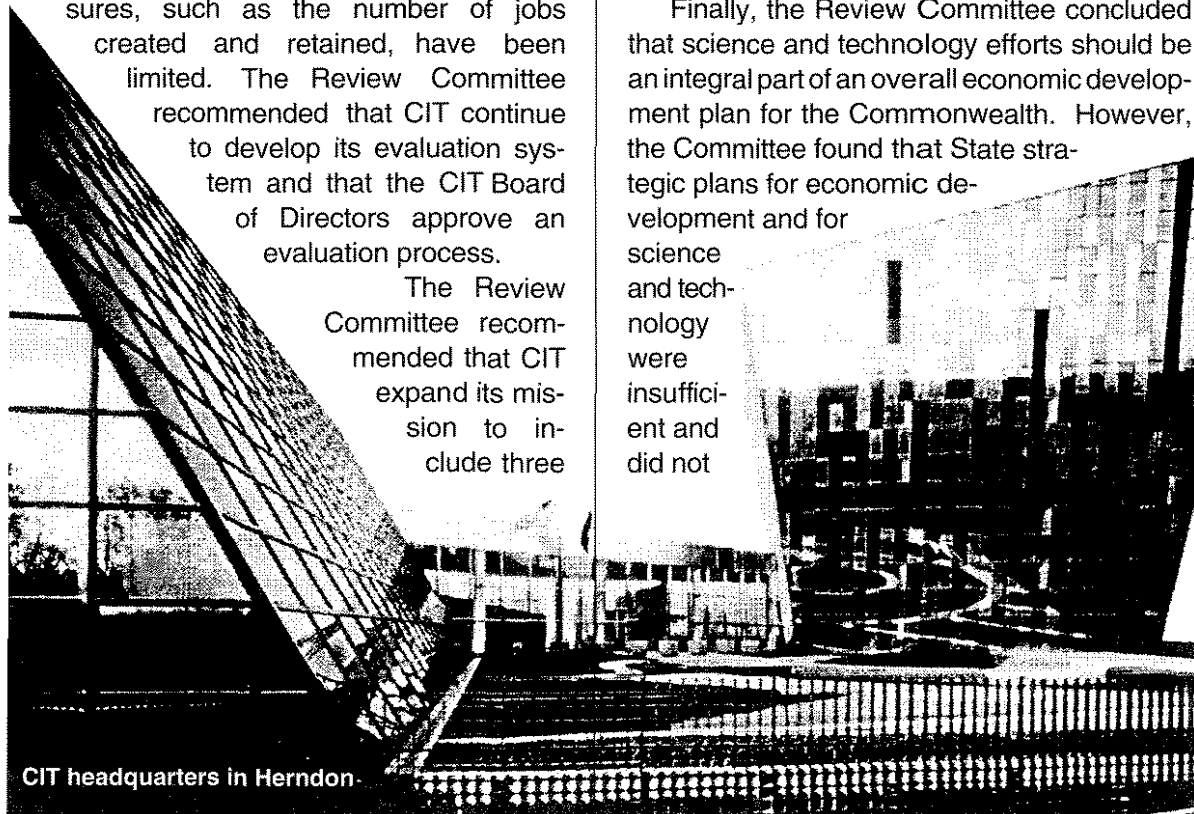
The Review Committee concluded that CIT has basically implemented the original legislative intent, despite some problems in the areas of mission, governance, administration, and accountability. Businesses sponsoring individual projects with CIT have been generally satisfied with relationships and outcomes. CIT also appears to have leveraged substantial funds from industry and the federal government. However, quantitative outcome measures, such as the number of jobs created and retained, have been limited. The Review Committee recommended that CIT continue to develop its evaluation system and that the CIT Board of Directors approve an evaluation process.

The Review Committee recommended that CIT expand its mission to include three

strategies to promote economic growth in the Commonwealth: maintaining its current efforts to develop and transfer university-based technology, increasing emphasis on efforts to support high-technology industry, and aggressively pursuing research and development facilities and contracts in the federal government and private sector.

Substantial changes were recommended in CIT's governance, administration, and accountability. The Review Committee felt that the CIT Board should have greater industry representation and include the Secretaries of Education and Economic Development. The proposed board composition would ensure the articulation and coordination of industrial and State interests. The CIT Board should be more involved in setting policies, providing direction, and establishing strategic priorities. It should actively seek the involvement of key industry and technology leaders through advisory boards and other mechanisms. The CIT President should make substantial changes in the organization, structure, and management of administrative functions.

Finally, the Review Committee concluded that science and technology efforts should be an integral part of an overall economic development plan for the Commonwealth. However, the Committee found that State strategic plans for economic development and for science and technology were insufficient and did not



CIT headquarters in Herndon.

allow CIT to be an effective team player in meeting the objectives of the Commonwealth. The Review Committee recommended that the 1993 General Assembly consider adopting a resolution requesting the Secretary of Economic Development to prepare a strategic plan for economic development in the Commonwealth. It also recommended the creation of a task force to coordinate the development of a statewide strategic plan for science and technology. Both of these recommendations were endorsed by the 1993 General Assembly.

The 1993 Session also approved a number of amendments to the CIT's enabling statutes, in line with study recommendations. These included new mission language emphasizing CIT's role in economic development, revised guidelines regarding the composition of CIT's Board of Directors, establishment of a technical advisory committee, and provision for continuing external review.

The Review Committee recommended that CIT be continued with the recommended changes and refinements. The Committee further recommended that the current State funding level be continued.

Review of Virginia's Administrative Process Act

The 1991 General Assembly directed JLARC to review the Virginia Administrative Process Act (VAPA). VAPA is the act which generally governs the regulatory proceedings of State agencies. It provides for public participation in the regulatory process, as well as certain forms of executive, legislative, and judicial review of regulatory actions.

Issues raised in the study mandate included the efficiency and effectiveness of the Act and the meaningfulness of public participation. An interim report presented to the 1992 Session provided an overview of the Act and its historical development, a discussion of study issues, and a summary of comments from a JLARC public hearing on the Act. The final

report, containing the staff findings and recommendations, was presented to the 1993 Session.

The review found that VAPA did not appear to place an undue burden on agencies, but needed strengthening to meet certain objectives. The effectiveness of VAPA was limited because it frequently did not apply to regulatory activity, and because there had been executive branch compliance problems in meeting existing requirements. These problems appeared to be due to a lack of knowledge, priority, or effort rather than to any unreasonableness of the requirements themselves. It was found that State agencies needed to do a better job of explaining the basis, purpose, substance, and issues of their regulations, and to provide estimates of regulatory impact as statutorily required.

The report emphasized the importance of executive branch compliance with the Act, and recommended curtailing the use of certain VAPA exemptions. It also contained a number of recommendations to promote meaningful public participation in the rulemaking process and fairness in the case decision process.

Throughout the review, a subcommittee of JLARC met to receive public input and consider the policy implications of the staff work. The subcommittee work resulted in two draft bills which were introduced during the 1993 Session. The first was an omnibus bill that incorporated several revisions to VAPA. The second bill provided a means for suspension of regulations by joint executive and legislative action.

After some adjustments, both bills were approved by the General Assembly and the Governor. Among the changes in the Act implemented by this legislation were the following:

- ☐ Guidelines for public participation have been clarified and strengthened, including those related to public hearings, the opportunity to petition an agency to develop or amend a regulation, and the timetable for public comment after publication of intended regulatory

action. Agencies are now required to send to all public commenters on a proposed regulation the agency's summary response to public comment.

- ☐ To help improve the quality and consistency of agency statements describing the "basis, purpose, substance, issues, and estimated impact" of regulations, specific definitions of these concepts were added to the Act.
- ☐ Regulations necessitated by an emergency situation continue to be excluded from the Act. Per a JLARC recommendation, however, "emergency situation" has been defined and clarified. Further, a standard regulation must be promulgated to replace the emergency one if the agency wishes the regulation to continue in effect after 12 months.
- ☐ JLARC is empowered to conduct periodic reviews of exemptions and exclusions au-

thorized under the act, for the purpose of assessing whether such exemptions should be discontinued or modified.

- ☐ Specific time limits are placed on the rendering of decisions after informal and formal proceedings. New language provides for removal of, or possible disciplinary action against, hearing officers who fail to recommend a finding within a reasonable period.
- ☐ New language provides that the Governor and the relevant standing committee of each house of the General Assembly may suspend the effective date of a regulation until the end of the next regular legislative Session. This provides Virginia's elected officials with the ability to delay a regulation, if necessary, until there is an opportunity to consider whether a bill is needed to nullify all or a portion of the regulation.

STUDY SERIES ON THE VIRGINIA MEDICAID PROGRAM

The Virginia Medicaid program is a joint federal-state program authorized under Title XIX of the Social Security Act. It is the largest of the State's health care programs for indigent persons. Total program expenditures for medical care were about \$1.2 billion in FY 1991, representing a 30 percent increase from the previous fiscal year. In FY 1992, expenditures continued to grow, increasing by 16 percent to about \$1.4 billion. The number of persons receiving Medicaid services has also increased significantly. In FY 1991, the number of recipients grew by 17 percent to 428,650. Growth continued in FY 1992, when the number of recipients grew about 16 percent to 495,516.

In response to concerns about the rapidly escalating costs of the program, the 1991 General Assembly passed Senate Joint Resolution (SJR) 180. The resolution directed JLARC to conduct a comprehensive review of the Virginia Medicaid program and the indigent care appropriations to the State teaching hospitals and the Medical College of Hampton Roads. The resolution targeted eleven specific areas for study :

- ☐ identification of options for using Medicaid funds for services currently supported with general funds;
- ☐ determination of the sufficiency of reimbursement rates to provide quality care at the lowest required cost;
- ☐ determination of the effectiveness of current utilization review procedures in controlling costs and exploration of additional options;
- ☐ evaluation of reimbursement methods to determine if they adequately encourage cost effective delivery of services;

"Interaction with the Joint Commission on Health Care and the budget committee staffs was an important factor in the success of this study series."

- ☐ assessment of the cost savings and health policy implications of limiting the scope or duration of optional services, or adjusting recipients' contributions to their care;
- ☐ examination of the interpretation of federal requirements to determine if they have been implemented in the most effective and least costly manner;
- ☐ review of budget and forecasting methods to ensure that they adequately identify and project the cost of policy changes, service utilization, and new mandates;

- ☐ determination of how the legislative branch could increase its capacity to more closely monitor Medicaid forecasts and expenditures;

administrative methods for implementing program requirements and options;

- ☐ exploration of the costs of alternative administrative methods for implementing program requirements and options;
- ☐ examination of the relationship with other State programs to promote optimal utilization of State funds;
- ☐ review of eligibility, scope of services, and reimbursement rates for indigent care at University of Virginia Medical Center, Medical College of Virginia Hospitals, and the Medical College of Hampton Roads, and a determination of the appropriateness of general fund and Medicaid allocation methodologies.

Further, Senate Joint Resolution 91 requested that JLARC assist the Joint Commission on Health Care in determining the extent to which Medicaid applicants used asset transfers to qualify for nursing home benefits. In addition,

Item 13 of the 1991 Appropriation Act directed JLARC to evaluate the potential benefits of converting Virginia's Medicaid program to an insured arrangement, using a private insurance company to administer the program.

The range and specificity of the study mandates necessitated a year-long, concerted staff effort focussing almost exclusively on Medicaid. Interaction with the Joint Commission on Health Care and the budget committee staffs was an important factor in the success of this study series. Ultimately, eight Medicaid-related reports were produced, which are summarized in the following pages, along with legislative and executive branch responses.

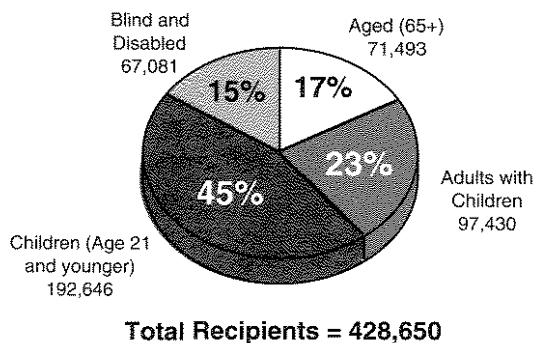
Interim Report: The Virginia Medicaid Program

The first report in the Medicaid series provided a general description of the program and presented information on expenditures, eligibility, services reimbursed, service providers, and the structure for funding services. Recent changes to the program were also examined, along with their effects on program costs and eligibility. In addition, the report presented preliminary research on the sufficiency of reimbursement rates and reviewed the Medicaid forecast and budget process.

The preliminary findings from this report included the following:

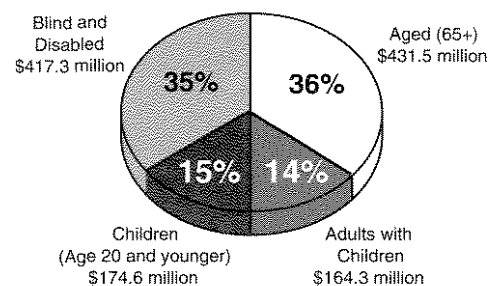
- ☐ Program costs had risen by 85 percent, from \$717 million to \$1.3 billion, from FY 1987 to FY 1991. During this time, the number of Medicaid recipients grew by 35 percent, from approximately 318,000 to nearly 429,000.
- ☐ The growth in the Medicaid program was largely attributable to deliberate program expansions at the federal and State levels. These expansions, which appeared reasonable, included more services for indigent children and pregnant women.
- ☐ Program coverage of recipients in Virginia appeared modest, and the services provided did not appear extravagant. Covered services were similar in scope to those that most other states provide.
- ☐ The report noted that although more people had become eligible for and were receiving Medicaid-reimbursed services, access to primary care remained problematic for recipients because of insufficient numbers of primary care physicians.
- ☐ The Medicaid forecast and budget process appeared to be sound, and recent Medicaid forecasts had generally been accurate.

Medicaid Recipients



All graphics in this section are taken from the report series.

Medical Care Expenditures by Recipient Groups



Total Medical Care Expenditures:
\$1,187,699,179

Among the concerns noted in this report were problems in the timeliness of Medicaid eligibility determinations (a function of the Department of Social Services), and lagging enrollments among indigent pregnant women and children, which might be addressed through improved outreach efforts. The report also began to examine the issue of enrollees' access to primary care, an area of concern to be further explored during the other studies in the series.

Evaluation of a Health Insuring Organization for the Administration of Medicaid in Virginia

Under federal regulations for Medicaid, states have some flexibility in how they administer their Medicaid programs. Currently, three basic administrative models are in use: the state agency model, the fiscal agent model used in Virginia, and the health insuring organization model. The models differ in the extent to which they use private contractors to perform some of the administrative functions of the program. A JLARC special study examined the potential benefits of a health insuring organization for the Virginia Medicaid program, and assessed the potential for program cost avoidances.

The health insuring organization (HIO) model is a variation of prepaid health insurance for Medicaid recipients. Under this approach, a state contracts with an insurance company for the provision of health care services to the Medicaid-eligible population, and the state pays monthly premiums for each eligible recipient. The insurance company reimburses Medicaid providers for the services provided to insured recipients. Only two states currently use the HIO model.

The JLARC study concluded that the benefits of moving to an HIO arrangement were questionable, because:

- ☐ Little risk would actually be transferred to the insurance company. The State would con-

tinue to self-fund all but a very small proportion of benefit costs.

- ☐ Market incentives in an HIO provide no apparent improvement in cost management performance. The types of private market incentives associated with an HIO are already in place in Virginia.
- ☐ Program funding under an insured program might be less stable. The HIO program used in Texas, for example, was not sensitive to the use patterns of recipient groups, making accurate estimates of premiums for the program difficult and resulting in significant funding shortfalls.
- ☐ Investment earnings associated with the use of an HIO have not proven strong in comparison to the performance of Virginia's investments. Further, investment of such funds by a contractor might be contrary to existing State law.

The report recommended that Virginia retain its current administrative structure of the Virginia Medical Assistance Program.

Medicaid Asset Transfers and Estate Recovery

Although nursing home benefits are provided to less than seven percent of the total number of eligible Medicaid recipients, they account for more than one quarter — \$312 million — of total program spending. The growing cost of Medicaid-funded nursing home care has generated concerns about asset transfers and estate recovery. Anecdotal information suggested that some program beneficiaries were giving away assets in order to qualify for this benefit.

Senate Joint Resolution 91 (1991) requested JLARC to assist the Joint Commission on Health Care in determining the extent to which Medicaid applicants use asset transfers to qualify for nursing home benefits. In addition,

the need for establishing an estate recovery program was examined.

This study found that a small proportion of Virginia's Medicaid applicants do take advantage of loopholes in the federal law to shift the costs of their care to the taxpayer while preserving assets for their heirs. More than \$14 million in assets were sheltered in this manner during fiscal year 1991. If federal and State laws are not adopted to discourage these practices, the number of persons who transfer assets with the intent of qualifying for Medicaid nursing home benefits could grow significantly, especially with the State's growing elderly population.

One strategy that could be used to defray a portion of the expenditures on nursing home care is an estate recovery program. Such a program would allow the State to recover some of the costs of nursing home care from persons (or from their estates) who have property at the time they are terminated from Medicaid. The JLARC staff's analysis showed that about 16 percent of the Medicaid recipients terminated from nursing homes in Virginia did own property. It appears that as much as two-thirds of the cost of providing nursing home care to these people could be recouped through estate recovery.

The staff recommendations from this study included: requiring Clerks of Court to conduct property checks for all persons apply-

ing for Medicaid benefits; restricting the use of term life insurance policies as a method for sheltering assets; authorizing the recovery of benefits paid on behalf of institutionalized Med-

icaid recipients, to include liens attached to real property; and implementing a proactive estate recovery program within the Department of Medical Assistance Services (DMAS).

Several actions have already been taken in response to study recommendations:

- ❑ The 1993 General Assembly revised the *Code of Virginia* to allow liens to be attached to the real property of institutionalized Medicaid recipients. DMAS reports that it is currently hiring staff to implement this approach.

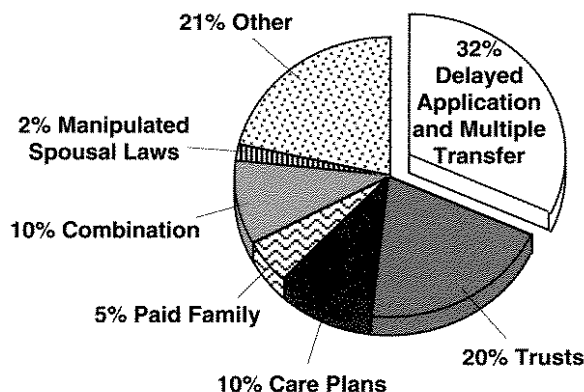
- ❑ Per a JLARC recommendation, the General Assembly limited the use of term life insurance policies as a divestiture strategy.

- ❑ The Legislature closed another loophole, as recommended, by voiding exculpatory clauses regarding trusts which had rendered trust principal and/or income unavailable to the creator or the creator's spouse in the application for Medicaid.

- ❑ Legislation was also passed requiring DMAS to implement a

proactive recovery program; however, no staff were provided. The Department is requesting two additional staff for 1995.

Total Resources Transferred by Type of "Loophole" Used



Applicants using loopholes = 8%
Average resources transferred = \$25,265
Total projected transfers = \$14,421,457

"According to national experts, these changes in Virginia's Medicaid laws constitute one of the most comprehensive asset transfer and estate recovery programs in the nation."

According to national experts, these changes in Virginia's Medicaid laws constitute one of the most comprehensive asset transfer and estate recovery programs in the nation. It is estimated that the asset transfer legislation will eventually reduce Medicaid expenditures by more than \$5 million annually, while the estate recovery legislation could eventually produce annual savings of around \$9.7 million.

Medicaid-Financed Long-Term Care Services in Virginia

Long-term care services, the focus of this study, are primarily targeted to elderly and disabled persons, and include nursing home care, institutional care for the mentally retarded, and a diverse array of community-based services. Concerns about these areas are heightened because of the changing demographics of the State's population. With projected increases in Virginia's elderly population, the demand for many of the long-term care services financed through Medicaid is expected to increase.

JLARC previously reported on the status of long-term care in Virginia in 1978. At that time, the Medicaid payment rates were found to need revision, there was a lack of adequate cost controls, and there were serious concerns about the quality of care in nursing facilities. In addition, the 1978 study found that rapid growth in the nursing home industry had been fostered at the expense of efficiency in many cases.

Since 1978, the growth has continued, with the number of licensed beds increasing from about 14,500 to more than 30,000 in 1991. However, the current issues in long-term care are not the same as those in 1978. The creation of the Department of Medical Assistance Services (DMAS) to administer the Medicaid program has promoted a stronger focus on improved management of the program. The issues facing the Commonwealth today relate

to problems with expanded Medicaid eligibility policies, the increasing costs of care for persons who are mentally retarded, effective use of community care, and the reimbursement system for community-based care.

Among the major conclusions of the 1992 study were the following:

- ❑ The current reimbursement system is well designed and appropriately considers most of the key factors which influence cost. However, payment ceilings need to be based on measures of efficiency in the nursing home industry. Also, the system does not adequately account for the higher operating costs faced by smaller nursing homes. Finally, reimbursement rates do not reflect costs associated with legislatively required criminal record checks and protection of employees from bloodborne pathogens.
- ❑ Federal law requires that community care programs target persons at risk of institutional placement, and that community care costs not exceed the cost of institutional care. The study found, however, that over half of current recipients appear to be mistargeted, increasing Medicaid spending by more than \$16 million annually.
- ❑ DMAS needs to take steps to expedite the cost settlement process. In addition, the department needs to strengthen its program for the field auditing of nursing homes.
- ❑ The study affirmed that Virginia has the discretionary authority to reduce the size and cost of its Medicaid program. However, the outcome would be a reduction in services to many elderly citizens who either live at the economic margin or rely almost exclusively on Medicaid for support of their basic health care needs.
- ❑ In addition, the study explored a number of options for reducing the overall costs of Medicaid funded long-term care services.

DMAS was required by the 1993 General Assembly to study ways to expedite the nursing home cost settlement, audit, and rate-setting processes. In addition, funding was approved for the additional cost of the criminal records check.

DMAS reports a number of recent responses to the study:

- ☐ A detailed review of the higher indirect costs of smaller nursing facilities has been completed.
- ☐ The department has implemented recommended training for the screening committees that determine at-risk status of potential Medicaid recipients.
- ☐ DMAS has established a work group to study the low diversion rate by acute care facility screening teams and to evaluate alternative screening methodologies.
- ☐ The department has eliminated some inappropriate peer group distinctions among hospitals and home health agencies which had previously been used in establishing fees and payment rates. The statistical approach for setting fees in each peer group has been revised.
- ☐ To improve the post-payment review process, DMAS has hired additional staff positions and is currently developing new case resolution procedures.
- ☐ Per another recommendation, a departmental task force is reviewing troublesome aspects of the inspection-of-care process.
- ☐ The department plans to expand its field auditing program as funding becomes available.

Recipients of long-term services constitute just 10 percent of the Medicaid population, but they are already responsible for more than 56 percent of its costs. Given the changing composition of the State's population, it is criti-

cal that policies which have the potential to contain the cost of these services be given serious consideration by the General Assembly. However, even if some of the cost containment measures recommended in this report are adopted, difficult decisions will have to be made to significantly control long-term care costs.

Medicaid-Financed Hospital Services in Virginia

This study focused on Issues related to Medicaid-financed inpatient and outpatient hospital care, with an emphasis on program funding and administration. The review found that these services are not extravagant. The program is conservatively managed and the services provided are, with only a few exceptions, those required by federal law. In fact, hospital providers have claimed that reimbursement has been overly conservative. In 1986, the Virginia Hospital Association (VHA) filed a lawsuit against the Commonwealth seeking to increase inpatient reimbursement rates.

As a result of a 1991 settlement agreement, no changes can be made to the hospital reimbursement systems until July 1996, except under specific circumstances. Moreover, this review did not identify problems which require immediate changes to the reimbursement systems.

While many of the issues cannot be addressed in the short term due to the lawsuit settlement agreement, it is an appropriate time for the General Assembly to begin preparations for the possibility of reimbursement reform. Careful planning now will ensure that Medicaid hospital care can be provided effectively and efficiently in the future. Specifically, the General Assembly can set the goals of the Virginia Medicaid program and the hospital reimbursement systems to ensure that they: (1) promote access to quality health care for recipients, (2) provide adequate reimbursement for providers, and (3) are cost effective for the Commonwealth.

Among the major conclusions of the report are the following:

☐ Medicaid hospital spending cannot be controlled through Medicaid policy alone. Growth in spending has been driven by multiple factors which are discussed in the report, including increases in the price of hospital care, an increasing number of recipients, and increased utilization. The State's ability to control these factors is limited.

☐ Reimbursement for inpatient hospital services has been generally cost effective. The current approach is a prospective payment system, as recommended by JLARC in 1979. Some specific elements of the system, however, are cause for concern:

- Special treatment of State teaching hospitals inflates the Medicaid budget, but reduces total general fund commitments. The long-term implications of this are unclear.

- Virginia has adopted a more generous disproportionate share payment policy than federal regulations require.

- some rural hospitals do not fare as well as other hospitals under the current inpatient reimbursement system.

☐ Reimbursement for outpatient hospital services has ensured access, but could be

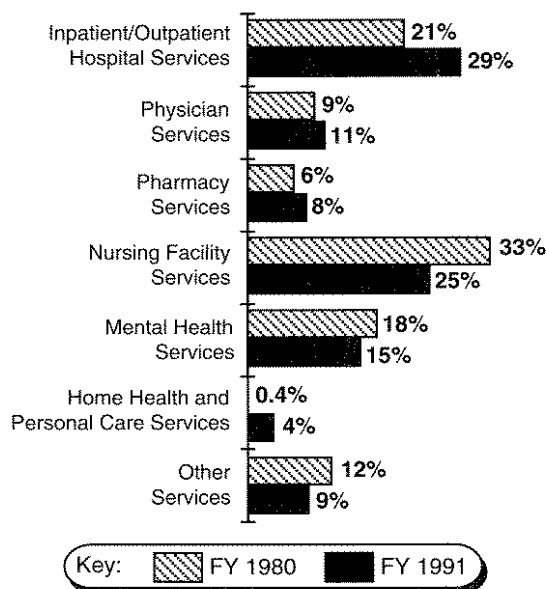
more cost effective. A prospective reimbursement system could provide better incentives for hospitals to contain costs.

☐ The hospital utilization review program administered by DMAS has saved considerable money, but could be expanded to further reduce unnecessary hospital procedures.

☐ DMAS' cost settlement and audit process needs improvement. JLARC staff found evidence that six hospitals may have been over-reimbursed by as much as \$1.2 million in FY 1986 and 87 because federal regulations were not implemented in the least costly manner.

A recent DMAS status-of-action report included the following activities relevant to this study:

**Medicaid Medical Care Expenditures
as a Percent of Total Medicaid Budget
FY 1980 and FY 1991**



☐ As recommended, DMAS has developed procedures for automated cost settlement and audit recordkeeping.

☐ The department implemented a concurrent utilization review pilot program at the Medical College of Virginia Hospital in March.

☐ The department has completed an analysis of the costs, benefits, and methodologies for conducting additional field audits of hospital cost reports. Funding will be requested to support a greater emphasis in this area.

Medicaid-Financed Physician and Pharmacy Services in Virginia

In recent years, Medicaid expenditures for physician and pharmacy services have increased dramatically. These increases have been largely the result of growth in the number of program recipients due to recent federal mandates expanding Medicaid eligibility. The U.S. Congress has incrementally extended Medicaid coverage to larger numbers of uninsured citizens by linking eligibility for certain categories of individuals to the federal poverty income level. Consequently, the Medicaid program has become a *de facto* national health care program for many indigent persons.

Medicaid reimbursement for ambulatory care services (excluding hospital outpatient services) in FY 1991 represented about one-quarter (\$280 million) of total Medicaid expenditures for medical care. Of this \$280 million, 80 percent or about \$225 million was spent on physician and pharmacy services.

One of the reports in the JLARC Medicaid series was dedicated to an analysis of Medicaid-financed physician and pharmacy services. In addition, this study overviewed other ambulatory care services provided through the program. An assessment was also made of Medicaid efforts to contain program costs for services through two specific mechanisms: (1) post-payment review of program expenditures and (2) activities to pursue third-party liability for services provided through the program.

The study found that, despite the large increases in recipients and their attendant costs, coverage through the Virginia Medicaid program employs a conservative reimbursement methodology for physician services and is cost effective. Recent increases in Medicaid physician reimbursement rates were necessary to maintain physician participation in the Medicaid program. In FY 1991, the program spent, on average, \$688 per recipient to provide reimbursement for ambulatory care services. The average cost per recipient to provide Medicaid

reimbursement for physician and pharmacy services was \$406 and \$322, respectively.

The Virginia Medicaid program reimburses physician services on a fee-for-service basis, according to a fee schedule. This reimbursement is based on charges from a past claims year. Consequently, reimbursement may not keep pace with inflation in physician practice costs and charges for services. Responses to a 1992 JLARC survey of Medicaid-enrolled physicians support the conclusion that Medicaid reimbursement of physician services is generally lower than reimbursement by other third party payers.

Other findings from the study include the following:

- ☐ Patient cost-sharing through copayments does not appear to be effective in controlling recipient utilization.
- ☐ Educating recipients about patient responsibilities and expanding Virginia's managed care ("Medallion") program could improve physician participation.
- ☐ Growth in pharmacy expenditures may be slowing, due in part to the prescription drug rebate program required by federal legislation. Some options exist for modifying pharmacy reimbursement to allow the Medicaid program to more prudently purchase pharmacy services. These include imposing limits on pharmacy-related reimbursements in conjunction with the implementation of the prior-authorization program for high-cost drugs.
- ☐ Utilization review activities to control fraud and abuse meet minimum requirements but could be improved, and should receive greater emphasis.
- ☐ DMAS's third-party liability activities have been successful, but should incorporate additional evaluative components.

Few actions have been taken to date on this recent study. Per a report recommenda-

tion, DMAS attempted to obtain a waiver from the U.S. Department of Health and Human Services to provide pharmacy services through selected pharmacies chosen in a competitive process. However, the waiver was denied. The department reports it is currently collecting data relevant to several other recommendations, and has placed increased emphasis on recipient fraud detection activities.

Funding of Indigent Hospital Care in Virginia

This study addressed three specific directives contained in SJR 180, in the context of hospital care:

- ☐ Review of eligibility, scope of services, and reimbursement rates for indigent care at the University of Virginia Medical Center, the Medical College of Virginia Hospitals of Virginia Commonwealth University, and the Medical College of Hampton Roads, and a determination of the appropriateness of general fund and Medicaid allocation methodologies.
- ☐ Examination of the relationship between Medicaid and other State programs to promote optimal utilization of State funds.
- ☐ Identification of options for using Medicaid funds for services currently supported with general funds.

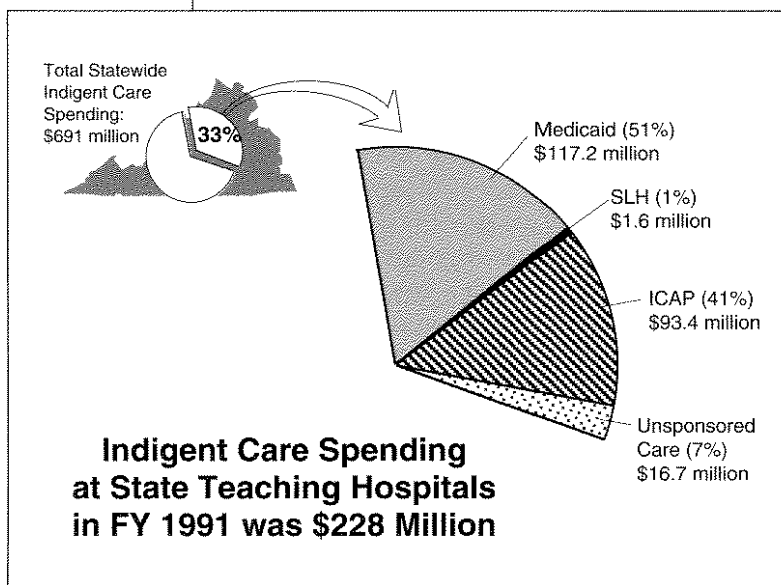
The review showed that the State was the largest single source of indigent hospital care funding in Virginia. Furthermore, the two State teaching hospitals were the major providers of this care. These hospitals had been accountable for the use of State funds. However, there was a

need for the General Assembly to clarify its position on certain of their reimbursement, eligibility, and service practices. A significant example was the use of indigent care funding for out-of-state patients. The review found that State teaching hospitals were using their general fund appropriations to subsidize the indigent care of non-Virginians, which cost the State about \$2.6 million in FY 1992.

It was found that the State needed a more comprehensive method for deciding indigent care funding levels at the teaching hospitals. Historically, these appropriations have simply been a percentage of the hospitals reported indigent care costs. A report recommendation specified several additional factors that needed to be considered by the Department of Planning and Budget. Other recommendations proposed strengthening the budget review process at the secretarial level.

The study uncovered several concerns with the methods used by the Medical College of Hampton Roads to calculate its indigent care costs. Several recommendations were made to put this process on a more appropriate basis.

The review found there were limited opportunities in the area of indigent care for optimizing State funds. The State is already achieving major savings by using federal Medicaid funds to subsidize a portion of the non-Medicaid indigent care provided at the State teaching



hospitals. New federal regulations and other factors may make it difficult to expand this policy. However, the report presents the potential impacts of several options for consideration by the General Assembly, ranging from maintaining current funding levels and mechanisms to making significant funding reductions.

Two legislative actions resulted from the JLARC recommendations on indigent hospital care funding:

- ☐ The Appropriation Act was amended to require that reimbursement of indigent care costs to the teaching hospitals be limited to costs incurred by Virginia patients only. This amendment resulted in a reduction of \$2 million from the University of Virginia's FY 1994 appropriation.
- ☐ HJR 623 requested the Joint Commission on Health Care, in cooperation with the Governor, to develop a long-term policy for the role of the State teaching hospitals and the Medical College of Hampton Roads in the provision of indigent care and medical education.

Review of the Virginia Medicaid Program: Final Summary Report

The final report of the Medicaid series summarized and reaffirmed the general conclusion of all the reports in the Medicaid series -- that the State has very limited options for controlling Medicaid costs. However, from the scores of recommendations made during the series, a few stood out in terms of the potential to save money, among them:

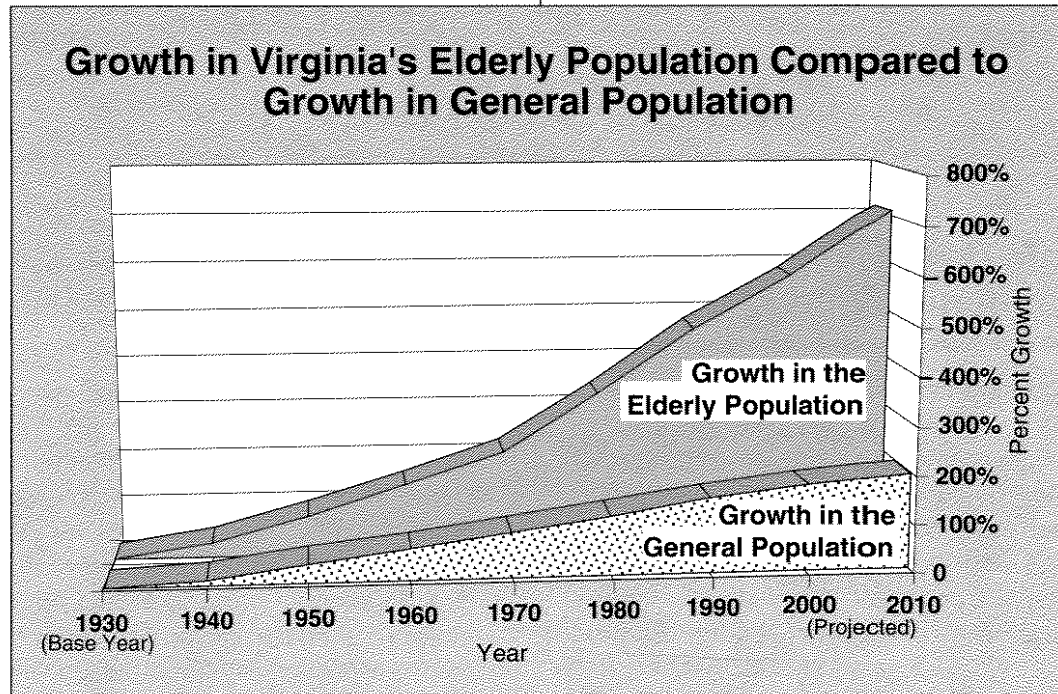
- ☐ implementing a prospective reimbursement system for hospital outpatient services,
- ☐ eliminating nursing home benefits for the medically needy (\$10 million in savings),

- ☐ lowering the income standard for persons who establish eligibility as optional categorically needy from 300 to 200 percent of the SSI benefit level (\$14 million in savings if initiated in conjunction with elimination of benefits for the medically needy),
- ☐ implementing a proactive estate recovery program at the Department of Medical Assistance Services (\$2 to \$9 million in savings annually),
- ☐ eliminating mistargeting by improving the screening process for persons seeking personal care services (\$4 to \$16 million),
- ☐ adding staff at DMAS to conduct additional Medicaid provider post-payment utilization reviews (\$40,000 in savings per staff person added),
- ☐ Add State Police staff to conduct additional drug diversion investigations for Medicaid (\$175,000 per staff person added),

It is estimated that together these recommended actions, some of which are already being implemented, could save the Commonwealth \$16 to \$32 million annually.

The final report also summarized a number of cross-cutting findings which had emerged from the series. Among the most important of these findings were the following:

- ☐ Virginia's Medicaid program is conservative. It provides for all federally-mandated services and many others that are optional, but the program is not extravagant in the services provided. Eligibility for the program is conservative largely because of its linkages to other programs, such as Aid to Families with Dependent Children, which have strict eligibility requirements.
- ☐ Access to care is generally adequate, but problems related to the insufficient supply of physicians in some parts of the State affect



Medicaid recipients as well as all other Virginians.

- ☐ Medicaid spending in Virginia is not "out of control" — the increases are the result of inflation and decisions by the Congress and the General Assembly to expand eligibility and services covered. Cost containment practices implemented by the Department of Medical Assistance Services have been successful in controlling hospital, long-term care, and ambulatory care expenditures.
- ☐ The General Assembly cannot effectively control increasing Medicaid spending through restrictions on the Medicaid pro-

gram. Short-term cost containment would require benefit restrictions or eligibility limitations, either of which would result in the loss of health care access to persons who live at the economic margins and are in need of services. Long-term savings for the program can come only from general health care reform to control costs for all payers.

Although JLARC's Medicaid study series has now been concluded, further legislative and executive branch responses are expected over the coming biennium. The Joint Commission on Health Care will play the lead role in deciding how the findings and recommendations in the report series should be acted upon.

STATUS OF PREVIOUS JLARC STUDIES

Review of the Virginia Community College System

During the 1988 Session higher education was designated as the next functional area of State government to be reviewed by JLARC under the Evaluation Act (see "JLARC's Purpose and Role" for an explanation of the Act). The 1989 Session further specified the studies that should be undertaken, including a review of the Virginia Community College System (VCCS).

JLARC had previously conducted an evaluation of VCCS in 1975. That study commended VCCS for developing a comprehensive system of community colleges that were 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.

A portion of JLARC's 1990 study was dedicated to a follow-up of the earlier study. Significant progress was noted in nearly all the areas identified in 1975; however, some operational improvements were still needed. For example, curriculum oversight needed strengthening, and system-wide articulation agreements with senior institutions were lacking. The study also examined issues in mission and planning, organization of the system, resources, programs, personnel practices, and management information systems.

VCCS expressed agreement with the study findings and most of the 47 JLARC recommendations. A number of the proposed changes required self-study by the system and its individual colleges before they could be effectively implemented. Therefore, several of the study's major initiatives have come to fruition during the past two years. The following are excerpts from the VCCS Chancellor's status-of-action report, highlighting some of the more important activities:

□ In accordance with a JLARC recommendation, a study was conducted to determine whether or not tuition increases had acted as a barrier to the enrollment of low-income students. To conduct the study, VCCS convened a task force composed of State Board members, presidents, system office staff, and other college representatives. The study results indicated that tuition was not the single most important factor in determining attendance; however, it was an important factor. The study also revealed that students taking fewer than six hours (identified as a highly volatile group in the JLARC report) were disproportionately hurt by tuition increases. VCCS responded to this finding by successfully seeking a 50% increase in State discretionary aid and initiating a new financial aid program for students taking fewer than six hours. Tuition continues to remain a serious concern, given the trend of the last several years of shifting the burden of costs to students -- from an 80/20 ratio in 1989-90 to 63/37 in 1993-94.

□ A JLARC report recommendation called for VCCS to explore alternative strategies for instructional delivery, especially telecommunications programming to serve multiple service regions, and VCCS reports it is moving forward in this area. The Virginia Distance Education Network (VDEN) has issued a directory concerning all distance education and telecommunications programming in the system. VDEN has also designed a memorandum of agreement which outlines financial, instructional, and support service arrangements between colleges.

The General Assembly funded a number of related initiatives for FY94. J. Sargeant Reynolds Community College will design a distance-education curriculum for delivering allied health programs throughout the Commonwealth. Old Dominion University will expand its community college-based baccalaureate programs (TELETECHNET) to three more colleges, bringing the total to five. With funding from the Higher Education Equipment Trust Fund, all 35 campuses will be equipped with the technology to be a "receive site" for distance instruction. In addition, VCCS conducted a national search to fill a newly-created position: Director of Instructional Technology.

- To encourage systemwide uniformity in local fund accounting, the JLARC study called for colleges to operate with a single chart of accounts. In July 1992, VCCS implemented a uniform system for local funds accounting at all of its colleges. In July 1993, this system was implemented for all State fund accounting. VCCS has, for the first time, all of its financial resources accounted for under a single uniform chart of accounts and in a single automated accounting system. The full implementation of this accounting system will afford the Community College System several advantages, including the following:

- allowing VCCS to discontinue paying the Department of Accounts to key enter many transactions that are automatically interfaced with CARS under the current system
- enabling the VCCS system office staff to pull together information for financial statement preparation that, in the past, required substantial effort by each college

- allowing VCCS to achieve decentralized authority for maintaining public records of financial transactions, thereby reducing processing time
- providing for the development of more comprehensive management reports for the State Board for Community Colleges.

- A JLARC recommendation encouraged decentralization, where appropriate, of personnel functions. In February 1992, the Chancellor initiated a study of the locus of responsibility and authority below the State Board level. This study examined all system office functions, with a particular emphasis on the personnel functions. Initially the college presidents submitted recommendations for transfer of responsibility, along with their rationale for the changes, with the understanding that additional positions should not be expected. VCCS system office staff

reviewed the recommendations and refined them to a list of responsibilities that colleges could assume and have the authority to control.

Each college president then had the opportunity to request delegated authority for a wide range of per-

sonnel functions: position classification for classifications in salary grades one through seven currently in use at the colleges, classified starting pay, routine appointments and promotion for faculty employees, personnel system transactions, educational leave, and other miscellaneous areas of human resource administration. Thirteen college presidents requested the delegated authority and certified that they had qualified staff to assume the additional responsibilities.

The colleges are responsible for maintaining documentation to support actions

"The results of projects related to the JLARC recommendations have led to improvements in the System's delivery of academic Services and the operations of administrative services. Also, a number of changes to VCCS policies have occurred because of studies the System conducted in response to the JLARC review."

-- from VCCS' status-of-action report

taken under their delegated authority agreements. These records will be subject to an annual post-audit by the office of human resource services and affirmative action. Upon completion of training provided by system office staff, the delegated authority agreements were implemented in July 1993.

The transfer of a considerable amount of routine personnel functions to more than half of the colleges, including the two largest community colleges, will relieve the system office of a sizable administrative workload and has permitted the abolishment of a classification and compensation supervisor position (salary grade 13). After a review of the effectiveness of the program in its first year, additional colleges are likely to request the authority. As the college human resource officers gain expertise, the system will explore additional delegated authority.

- ❑ JLARC recommendations required VCCS to review its academic services and records keeping. The internal audit section of VCCS has scheduled an audit of the academic activities for eight colleges during 1993-94. General usage courses will be examined to determine if they meet the criteria for audit. Course contact hours are also part of this audit. Fractional credit has been abolished, per another JLARC recommendation.
- ❑ To facilitate the transfer of community college students to senior institutions (a concern of the JLARC study), a joint SCHEV/VCCS Committee has produced a State policy on transfer. The policy includes statements on acceptance and application of credits, the transfer module, and communication and dissemination of transfer information for community college students. During the last year, the State Council appointed a Transfer and Articulation Advisory Committee to act as a monitor and to support consistent transfer policies and practices.



- ❑ Another JLARC recommendation called for SCHEV and VCCS to establish a standard format for reporting student achievement data on former VCCS students, and to take an active role in assessing that performance.

This format was implemented, and senior institutions have now been reporting on student achievement of transfer students for two years. The program has been expanded into related areas, and analysis of results has begun. Preliminary assessment indicates that community college students are performing well at senior institutions. Over 90 percent of the transfer students

tracked were found to be in good academic standing.

- ❑ The JLARC study found that VCCS lacked a policy for managing off-campus instruction and the use of part-time faculty. In July 1992, the State Board for Community Colleges revised the VCCS policy manual in regard to the employment of adjunct faculty. The revised statement requires each college to develop and implement a management system for adjunct faculty including recruitment, orientation, compensation, supervision, and evaluation. Further, each college must publish an adjunct faculty handbook.
- ❑ Controlling VCCS student-to-faculty ratios (within appropriate fiscal parameters) was a concern of the JLARC study. VCCS reports it has established a methodology whereby mixed-funded (general fund plus tuition) resources are allocated to a base enrollment for which the funding will support a reasonable configuration of resources. If colleges provide access to more than their share of this base enrollment, they do so with the understanding that they must support the excess with only the tuition revenue that they generate until such time as additional general funds are made available to the system.

- ❑ Another recommendation of the JLARC study was for VCCS to prepare a long-range facilities master plan which would address major maintenance and renovation needs as well as new construction. A six-year capital outlay plan was completed in February 1993, identifying all VCCS capital outlay needs for the next three biennia. The priority order of the projects distinguishes between immediate demands and long-term needs. All colleges will complete master site plans by January 31, 1994.

The VCCS is participating in a state-wide study on the physical condition of Virginia's higher education facilities. A report will be developed cooperatively with SCHEV. VCCS staff are currently participating on a SCHEV committee formed for the purpose of reviewing the State Council of Higher Education's space guidelines.

- ❑ VCCS's facilities planning and engineering office was reorganized effective August 1, 1992. The new organizational structure allows more delegation to the colleges in administering the capital outlay program, per a JLARC recommendation. Appropriate capital outlay manager responsibilities have been delegated to those colleges which can provide their own expertise. The use of contract services has been encouraged, and the five colleges in the southwestern region have contracted with a facilities management consulting firm.

Publications Practices of Virginia State Agencies

In 1989, JLARC staff followed up on an earlier study of State publication practices. The follow-up found that the majority of agency publications were produced in an appropriate manner. However, some agencies were inadvisedly using costly paper and multi-color printing, resulting in unnecessary expenditures.

Further, both the number and costs of State publications were found to be increasing sharply -- a cause for concern, especially in a period of severe budget limitations.

The review found a lack of agency compliance with State publications guidelines. Agencies seldom conducted assessments to analyze the need for their publications. Some agencies were not utilizing the Office of Graphic Communications (OGC) as required for design services. Distribution practices identified in the *Code of Virginia* were not being adequately followed, resulting in unnecessary costs. Finally, many agencies had no process in place to gather agency-wide cost information on their own publications.

The study recommended clarification and strengthening of printing guidelines by the Division of Purchases and Supply (DPS) within the Department of General Services. Other recommendations were directed to the Virginia State Library and Archives (VSLA), which has important oversight responsibilities related to agency publications. The study also encouraged greater attention to paper recycling efforts in State government.

Shortly after the conclusion of the JLARC study, an executive branch study was undertaken as part of "Project Streamline." This study made similar recommendations and reached parallel conclusions. For example, in accord with a JLARC recommendation, agencies were directed to identify specific and immediate opportunities for publication savings. By the fall of 1991, reported savings from this directive had amounted to over \$13 million.

To ensure continued savings and increased cost-awareness among agencies, DPS issued a significantly revised Agency Procurement Manual in January 1993. The section on printing clearly explains the mandatory use of OGC by State agencies, and requires corrective action for non-compliance. One-color printing is required except for promotional publications where the use of color is essential. The new guidelines also include a preference for recycled papers, and DPS has established numerous contracts for recycled products.

VSLA reports that all the study recommendations directed toward that agency have now been implemented. These include revisions to the "Agency Record of Publications" form used for tracking publications cost data, and improved coordination and follow-up in collecting the required information from State agencies. To accomplish these improvements a library committee, JLARC staff, and a representative of the Council on Information Management worked together in recommending necessary changes to the *Code of Virginia*, which were adopted by the 1992 General Assembly.

Review of Information Technology in Virginia State Government

JLARC's 1986-87 review of information technology in Virginia State government focused on the Department of Information Technology. A joint executive and legislative initiative, the study and the implementation of its recommendations necessitated the combined efforts of the JLARC staff, the Department of Planning and Budget, the Secretary of Administration, the House Appropriations and Senate Finance Committee staffs, and the Department of Information Technology, as well as a major consultant study.

The evaluation showed that although DIT had been successful in operating the State's mainframe computer — a major part of its mission — improvements were necessary in many other areas. Internal and external controls over procurement needed to be strengthened. Additional planning and management efforts were

needed to more efficiently and effectively provide State agencies with computer services. DIT needed to expand and intensify its telecommunications services. The study strongly suggested that DIT's computer services rates could be reduced through better financial management. In the area of staffing and organization, JLARC conducted a detailed analysis of personnel, resulting in a number of recommendations aimed at reducing managerial layers, eliminating unnecessary positions, and reorganizing the department more logically.

The study made a total of 65 operational recommendations. Previous editions of the *Report to the General Assembly* have provided considerable detail on departmental responses to these recommendations. Summarized below are continuing DIT activities that have occurred over the past two years:

- At the time of the JLARC study, DIT had 499 permanent positions, 19 in excess of its maximum employment level (MEL). This demonstrated that the merger which created the department in 1985 had not achieved the expected economies in staffing. After the JLARC report, DIT instituted stronger staffing controls and began downsizing where appropriate. The department reports that significant reductions have been accom-

"Overall, JLARC's recommendations were based on sound principles of management and fiscal controls which are unaffected by the passage of time or the myriad of changes which have occurred at DIT since 1987. Agency management has incorporated the substance of the JLARC recommendations into its philosophy and culture, and we continue to be gratified with the enhancements that have been achieved in the state's management of its information technology resources."

— from DIT's status-of-action report

plished through an early retirement program, through some layoffs, and by not filling vacancies. For example, of the 50 vacancies occurring over the past two years, only 18 were filled. In addition, the telecommunications division has been reorganized and downsized (two field offices were eliminated), and the sys-

tems development division has been further streamlined. DIT's current MEL is 394.

- ❑ The JLARC study found that DIT's billing rates were higher than necessary for recovering expenses. This is no longer the case. While its workload has grown substantially (over 64% increase in Central Processing Unit time and 30% growth in customer transactions during the past two years), DIT has periodically decreased the rates it charges State agencies for computer services. Ten rate reductions since 1986 have cumulatively lowered CPU service rates by about 85%, a total savings of more than \$314 million.
- ❑ The department reports major improvements in its approach to competitive procurement, an area of concern in the JLARC report. Through more stringent oversight, the proportion of sole-source procurements has declined significantly to about half the 46% reported in 1987. The number of vendor protests to competitive procurements has also decreased. Significant cost reductions have resulted from procurement-related initiatives which promote competition among equipment and software manufacturers. In addition, DIT now works closely with the Department of Minority Business Enterprise to ensure equitable contract solicitation of minority firms, another area questioned in the JLARC report.
- ❑ DIT reports it recently improved both the economy and the efficiency of its telecommunications services when it migrated from the old SCATS network to a vendor-provided "virtual private" network. This major initiative is expected to save the Commonwealth \$6 million per year while enhancing reliability and increasing opportunities for resource sharing. The department has also

placed a higher priority on data security and contingency management, as recommended.

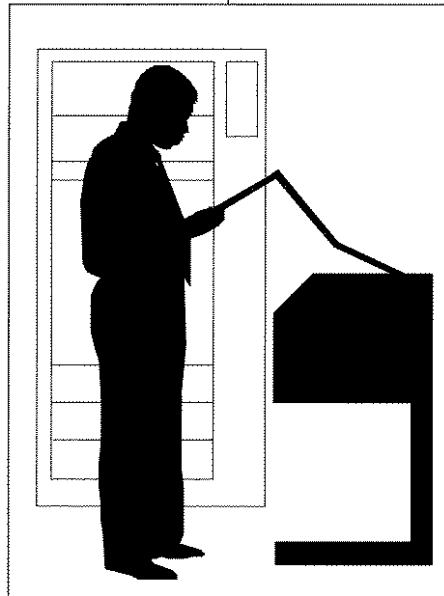
A major proposal included in the JLARC study was to establish a State-level oversight board to set goals for information technology. The responsibilities of this board — the Council on Information Management (CIM) — were to include statewide strategic planning, standard setting, and procurement. The CIM was to consist of seven public members and the Secretaries of Administration and Finance as *ex-officio* members. Advisory committees with representatives from agencies, higher education institutions, and DIT would also be established.

The CIM was created by the 1988 Session of the General Assembly and was functioning within a few months. The mission of the

CIM is described in the *Code of Virginia*: "to promote the coordinated planning, practical acquisition, effective development, and efficient use of information technology resources serving the needs of agencies and institution of higher education in the Commonwealth." To this end the CIM develops a comprehensive, statewide, four-year plan, which is updated annually and submitted to the Governor.

The activities of the CIM are too numerous to describe here, but are fully explained in the Council's annual reports. Sample activities from the Council's recent work, as described by the Council's Director in a status-of-action report, are illustrated below:

- ❑ One of the more significant actions relating to the Council is the incorporation of local governments into the statewide planning process. Local government representatives drafted legislation (enacted by the 1993



Session of the General Assembly) to establish an Advisory Committee on Local Government. The Council is leading an effort to establish a high-speed "Information Highway" between State government and local governments, which would consolidate separate agency data lines, reduce duplication and costs, and improve services.

- ❑ In an effort to provide cost-effective "one-stop shopping" for the citizen, the CIM's Agency Advisory Committee is working with local government representatives to develop a proposal for multi-agency, multi-governmental kiosks. These kiosks would incorporate the features of an automated teller machine, giving citizens a convenient way of paying traffic tickets, securing fishing licenses, renewing vehicle registrations, checking job opportunities, etc.
- ❑ The Council is helping to develop an information policy that balances the right to access the government's electronic data banks with the individual's right to privacy. In an effort to formulate a rational government information policy for an electronic age, the 1993 General Assembly directed the CIM and the Institute of Bill of Rights Law to study four broad areas: access, a guaranteed under FOIA; public records; privacy, and intellectual property.
- ❑ The Council recently approved the *Telecommunications Tactical Plan for Virginia*, which addresses the development of a high-speed network capable of transmitting voice, data, video, and images. Under the plan, universities will be asked to spearhead the development of new communications concepts for the Commonwealth. The plan also allows universities and qualifying State agencies to purchase services directly from the vendor under the statewide contract negotiated by DIT. This option streamlines the process for a number of large universities while offering them a reduced rate.

- ❑ As directed by the 1992 General Assembly, the CIM has initiated a joint effort with the Commission on Population Growth and Development. The two agencies are developing a plan to implement a comprehensive data network that would support geographic information systems throughout the State. Assisting in this effort is the Advisory Committee on Mapping, Surveying, and Land Information Systems, which was added to the Council in 1992. The plan is scheduled for completion this fall.
- ❑ In cooperation with the Department of Accounts, the Department of Personnel and Training, and representatives from other agencies and universities, the CIM is developing an Integrated Human Resource Information System to replace the current CIPPS and PMIS systems. The first phase, a conceptual design and implementation plan, is nearing completion.

Management and Use of State-Owned Passenger Vehicles

In 1979, 1984, and 1988, JLARC performed reviews or comprehensive follow-up studies of central garage fleet use and operations. Persistent problems found included underutilization of vehicles, improper commuting practices, the need for better garage management, and the need for an improved rate-setting methodology.

Many of the continuing problems appeared to result from confused authority and responsibility for setting and enforcing fleet policies and regulations. JLARC therefore recommended that the central garage car pool be established as a division of the Virginia Department of Transportation (VDOT), and that the Commissioner of Transportation have exclusive authority for managing fleet operations.

The JLARC studies also made numerous other recommendations, including proposals for increasing user awareness and accountability, revising vehicle assignment criteria, clarifying and enforcing commuting regulations, limiting the garage's fund balances, revising vehicle replacement criteria, and improving the collection of vehicle assignment information.

The 1989 General Assembly gave VDOT clear authority for fleet management, which is now accomplished by the department's Division of Fleet Management. Per JLARC recommendations, regulations regarding the assignment of vehicles were tightened and more strictly enforced, resulting in significantly better vehicle utilization. Accountability over employees commuting in State-owned cars was considerably strengthened, and rate-setting and vehicle replacement criteria similar to those recommended by JLARC were implemented. To reduce cash balances, excess funds were transferred to the General Fund. In addition, a JLARC recommendation that license plates for State and local public vehicles be redesigned was fully implemented by the Department of Motor Vehicles.

VDOT's latest status report indicates that continued emphasis is being placed on several areas of study concern. VDOT recently completed its own study of the justification for all State-owned passenger vehicles (including those assigned to agencies), as well as an assessment of trip pool operation. New initiatives have also been implemented in the areas of fuel conservation and vehicle procurement.

Upon completion of its assignment study, the department recommended placing all State-owned passenger vehicles under the same criteria for assignment as those pertaining to central fleet vehicles. This recommendation was implemented through a 1992 executive order. Each State agency must now biennially certify to the Secretary of Transportation that the agency is in compliance with the assignment criteria.

Per HJR No. 81 (1991), the department is conducting pilot projects involving the use of alternate-fueled vehicles. The 18-month trail

will result in a report to the General Assembly on fuel and maintenance cost savings as well as air quality benefits.

The vehicle replacement criteria established by JLARC set two measures for vehicle replacement: odometer reading and life-to-date maintenance costs. The department reports, however, that the replacement point established for sedans and station wagons (95,000 miles) has not been achieved, largely due to budgetary constraints.

VDOT has been working with JLARC and the Department of Accounts to identify an appropriate level of fund balance for the central fleet. The model that has been developed specifies a fund balance which is to be annually re-evaluated. It is anticipated that this approach will eliminate further transfers of funds from the central fleet to the General Fund.

Review of the Workers' Compensation Commission

The Workers' Compensation Commission (WCC) is primarily responsible for administering and resolving claims under the Workers' Compensation Act. The Act constitutes a "no fault" type of insurance system through which employees receive partial wage replacement and medical benefits for job-related injuries or disabilities. JLARC's 1990 review of WCC was part of a study series focusing on the independent agencies of State government.

The review concluded that Virginia appeared to be in satisfactory condition regarding workers' compensation rates. Further, active competition among insurance companies to write policies indicated that Virginia's system was healthy. However, numerous areas were found where changes to statutes or WCC management practices could strengthen the system.

Many of the report recommendations concerned the Workers' Compensation Act as

it appeared in statute. Following a lengthy review by the Code Commission, the Act was recodified effective October 1, 1991, incorporating many of the JLARC-recommended changes. An emphasis was placed on clarifying the Act through precise, user-friendly language.

The statutory changes that were based on JLARC recommendations included a change in the agency's name (it was formerly called the Virginia Department of Workers' Compensation); specification of the types of vocational rehabilitation services provided under the act; and authorization to recover expenses incurred under the Birth-Related Neurological Injury Compensation Act, which is also administered by WCC. Limitations to the Uninsured Employer's Fund balance were revised to conform the fund to current needs. The computation of the statewide average weekly wage was revised, as recommended, to exclude federal employees. In addition, the Attorney General was required to collect from uninsured employers the amounts paid from this fund to injured workers.

Besides the codification changes, a number of administrative, organizational, and inter-agency changes were also implemented in response to study recommendations, among them:

- ☐ Oversight of employers' and insurers' accident-reporting responsibilities was substantially increased. Improved communications, stricter enforcement of penalties, and a new automated system resulted in a marked reduction in the average period for employers to file a first accident report.
- ☐ The Virginia Employment Commission established necessary procedures for verifying the annual calculation of the statewide average weekly wage, a statistic that is vital to DWC's work with claimants.
- ☐ DWC's informational handbook for claimants was revised to assist claimants in applying for cost-of-living increases, an important change to ensure equitable treatment.

- ☐ The adjudication of disputed cases was substantially shortened through improved monitoring, more efficient prehearing procedures, and the use of alternative dispute resolution.
- ☐ Acting upon study recommendations, the Commissioners began making internal organizational changes to improve claims management. Improvements were also made in personnel orientation, training, manpower planning, and the documentation of position responsibilities and procedures.

The JLARC study has continued to generate interest by the General Assembly and improvements by the Compensation Commission. The 1992 General Assembly further amended the *Code of Virginia*, requiring the Commission to establish standards for approving, certifying and regulating self-insurers. After public hearings in the summer of 1992, the Commission established and promulgated detailed regulations in these areas.

SJR 54 of the 1992 Session referenced the JLARC report and noted one of its principal findings -- that the time frame for adjudicating disputed claims could be shortened. The resolution established a joint subcommittee to study claims processing periods. At the conclusion of its study, the joint subcommittee directed the Compensation Commission by memorandum to issue "in a timely manner and with all due speed reasonable and practical" the formal opinions which result from its hearings and reviews. The Commission was also directed to take steps to ensure that the average weekly wage of a claimant is computed accurately and in a timely manner.

The memorandum noted the success of WCC initiatives promoting alternative dispute resolution, including the establishment of a dispute resolution department to handle claims short of litigation. The joint subcommittee suggested that WCC continue pursuing such administrative initiatives to reduce claim processing times. The Compensation Commission regards this as a mandate to continue the administrative initiatives already begun in implementing JLARC recommendations.

The joint review committee reported to the 1993 General Assembly via Senate Document No. 42. This report proposed a number of legislative initiatives in line with JLARC recommendations, several of which were approved:

- ❑ House Bill 1775 instituted civil penalties for failure to have insurance or to file a First Report of Accident or other required reports. The maximum penalty for failure to have insurance was set at \$5,000. The bill also provided for payment of fines into the Uninsured Employers Fund.
- ❑ House Bill 2175 is expected to help close the gap which occurs upon non-renewal of policies. It prohibits nonrenewal of workers' compensation insurance policies or certificates of self-insurance unless the employer and the Commission receive 30 days prior notice.
- ❑ House Bill 1807 called for the Compensation Commission to promulgate rules conforming as nearly as practicable to the discovery rules of the Virginia Supreme Court. It was also recommended that other rules and procedures to expedite processing of workers' compensation claims be adopted by the Commission. The Commission reports that it has drafted rules to meet these requirements, and they are expected to be adopted in final form this fall.
- ❑ HB 1806 amended the Workers' Compensation Act so that the Commission may designate specific locations for hearings without the previous statutory limitations.
- ❑ HB 1805 authorized provisional awards by the Uninsured Employers fund (UEF). This change was in response to a finding that

claims against the UEF were being delayed because the fund had the dual responsibility of both defending the claims and attempting to recover payments made by the fund.

- ❑ The 1993 General Assembly also provided an appropriation for the Commission to supplement its staff of hearing officers in order to help reduce the time for resolving claims.

"The JLARC review of 1990 continues to be a basis for review of the Commission's management policy and operational procedure. It has been three and a half years since JLARC presented its recommendations to the General Assembly and, as may be seen readily from actions in the 1993 session, its recommendations continue to dominate changes in Virginia workers' compensation."

-- From DWC's status-of-action report

Cooperative efforts between the Compensation Commission and the Department of Rehabilitative Services (DRS) have continued to improve services. According to DRS, these joint efforts have resulted in earlier and more comprehensive screenings of potential rehabilitation clients, with an emphasis

on severe disabilities and the need for long-term or comprehensive services. DRS also reports that increased public relations activities have been initiated with insurance companies, self-insured public/private groups, attorneys, and health care providers in order to promote local awareness and appropriate referral throughout the Commonwealth.

As a part of efforts to increase inter-agency cooperation, a new DRS representative was assigned to the Compensation Commission. According to the Commission's status report, this has resulted in "aggressive and enthusiastic pursuit of the objectives recommended by JLARC." Computer programs have been developed to identify injured workers who are potential subjects for rehabilitation. DRS reports it is able to notify between 400 and 500 injured workers each month concerning available rehabilitation services. As a result of orientation of Commission claims personnel concerning rehabilitation requirements, the availability of these services is made known to

injured workers at an earlier time, when they are most needed.

The *Code* changes that were made to the Workers Compensation Act broadened the description of vocational rehabilitation services available to injured workers, while at the same time providing a list of the specific services that are possible. Training and educational services are among those identified, as well as vocational evaluation, guidance, job development and placement services. The Act now stipulates that services must take into account the employee's vocational potential (i.e., aptitude, pre-injury wage classification). This increases the potential for involvement of DRS in vocational planning and the sharing of information with WCC reviewers.

Regulation and Provision of Child Day Care in Virginia

JLARC's 1988-89 study of child day care in Virginia was a major research effort involving large-scale surveys of care users, care providers, and regulatory agencies; in-depth analysis of the existing regulatory framework; and exploration of potential initiatives to improve care availability and quality. A full discussion of the origin, issues, findings and impacts of this study was provided in a special article included in JLARC's 1991 *Report to the General Assembly*.

Most of the study's 28 wide-ranging recommendations were linked together in an overture to the Secretary of Health and Human Resources. The recommended changes can be briefly summarized as follows:

- ☐ revision of existing standards to focus on the health, safety, and well-being of children
- ☐ provision of information to parents to aid them in locating and evaluating the appropriate type of day care for their children.

- ☐ application of minimum standards to an expanded number of day care providers

In addition to the Secretary's actions, the implementation of recommendations required the cooperative efforts of several other entities, including the General Assembly, the Department of Social Services (DSS), the Joint Subcommittee Studying Early Childhood and Day Care Programs, the Virginia Council on Child Day Care and Early Childhood Programs, and the Child Day-Care Council. During the 1989 and 1990 Sessions alone, the General Assembly considered about 35 pieces of day care legislation. The resulting statutory and regulatory changes, many directly responsive to JLARC recommendations, constitute a new system under which substantially more children and more providers are covered by State regulation.

During the past two years, child day care issues and the JLARC study recommendations have continued to generate responses in both the executive and legislative branches. The following actions were reported in a status-of-action report from the Department of Social Services:

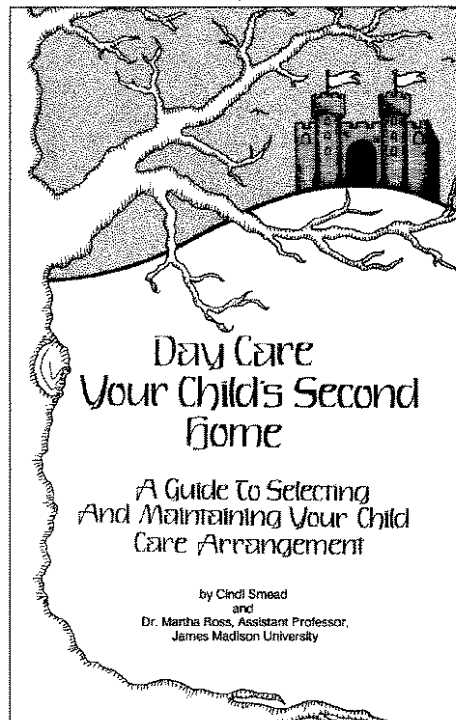
- ☐ In line with a study recommendation, 1992 legislation established that licenses issued to child day centers and family day homes may be issued for periods of up to three successive years. This change was made to allow flexibility in staffing and to reduce the burden of paperwork on providers. However, providers with a history of compliance problems are to be closely monitored.
- ☐ Per another recommendation, DSS has developed informational pamphlets for parents about child day care. Over 7,000 of these pamphlets have been distributed in the past year alone.
- ☐ As recommended, 1993 legislation allows all school boards to establish day care programs outside the regular school hours. School boards may contract for care services.

□ House Bill 1035 of the 1990 session had required the Child Day-Care Council to develop child care regulations for various center-based programs that were to become subject to licensure on July 1, 1992. However, because of substantial concern and confusion expressed by providers, as well as the lack of funds to regulate the programs newly subject to licensure, the General Assembly delayed implementation to give the Commission on Early Childhood and Child Day Care Programs time to resolve the issues and make recommendations. Subsequently, the 1993 Session repealed HB 1035 and passed HB 2380 and SB 777, which addressed both the provider concerns and many of the concerns of the JLARC study. Among the more significant statutory changes in line with JLARC recommendations are the following:

- "Child day program" and other important care categories and terms are formally defined, thereby clarifying what kinds of services are subject to licensure. These definitions include clear language regarding how children are to be counted in determining subjectivity to licensure. For example, "family day care home" has been changed to "family day home," and all children are included in the count except the provider's own children and children who reside in the home. Other exceptions to the previous definition of family day care home have been deleted.

- Criteria for exemption and exception from licensure have been clarified. Child day centers operated by religious institutions

remain exempted, but must now comply with expanded health and safety requirements, including provisions related to criminal records checks. In addition, the statutes provide that DSS may perform on-site inspections of religiously-sponsored centers for specified purposes and may investigate complaints. Examples of other programs now formally granted exemptions are organized sports league activities, Sunday school classes, and certain instructional or recreational programs.



Cover of a pamphlet developed by DSS

- The new statutes delete most of the old exceptions to family day home licensure. The nursery school exception has been deleted except under very specific circumstances. Other deleted exceptions applied to centers operated by public entities or hospitals.

- The criminal records check law has been amended to allow child care operators to review an applicant's complete record and make a more informed decision about hiring staff.

- New provisions encourage the voluntary registration of small family day

homes. DSS will monitor at least 25 percent of the registered homes every two years.

Proposed child day center regulations based on SB 777 and HB 2380 closed for public comment on June 3, 1993 and are expected to be effective November 1, 1993. DSS plans to begin issuing licenses to newly subject centers by the end of this year. The department has established a Child Day Program Oversight Taskforce with representation from the diverse groups affected by the statutes. This taskforce will provide guidance on implementing the laws

in the most positive way for both children and providers

Study Series on Constitutional Officers

The five elected constitutional officers in Virginia localities are Commonwealth's attorney, clerk of the circuit court, sheriff, commissioner of revenue, and treasurer. Directors of finance are also recognized and funded by the State as constitutional officers in five localities. For more than 200 years, constitutional officers have provided a range of services to the citizens of Virginia.

State funding for constitutional officers has dramatically increased in recent years, and presently amounts to one half billion dollars each biennium. Yet the budgeting and reimbursement process used by the Compensation Board has changed little over the past 50 years.

The 1988 and 1989 Appropriation Acts directed JLARC to review the funding of constitutional officers. The purpose of the review was to propose a more systematic and equitable funding process for the General Assembly to consider. This review resulted in six separate but interrelated reports: a report on the status of part-time commonwealth's attorneys; four technical reports on statewide staffing standards for sheriffs, Commonwealth's attorneys, clerks, and financial officers, respectively; and a final report on the funding of all constitutional officers.

The first phase of the review involved developing staffing standards using statistical models. These models are based on actual staffing levels, and upon measures of workload that have clear relationships to the staffing for all constitutional offices in the State. Data collection through comprehensive surveys of these offices was a major study effort. This review was the first such effort to methodically consider funding for the more than 600 constitutional offices in the Commonwealth. One of the reports from the series, *Staffing Standards*

for the Funding of Sheriffs, received the Legislative Program Evaluation Society's 1991 award for "Excellence in Research Design and Method."

The standards developed during this study series could be used to objectively determine personnel costs. In addition, the final report of the series provides a number of different choices for designing a new, systematic funding approach. Among the most important considerations are the share of costs to be borne by the State and local governments, the use of ability to pay as a factor influencing local shares, and adoption of a pre-payment system for distributing State funds.

The issues involved in funding the constitutional officers are complex and controversial. The General Assembly's interest in these issues continues to be demonstrated:

- ❑ Senate Bill 248, introduced in the 1990 Session, provided a blueprint for the proposed funding process and served as a starting point for the discussion of the JLARC staff recommendations.
- ❑ During the 1991 Session, the passage of House Joint Resolution 394 established the Joint Subcommittee on Constitutional Officer Legislation to consider the JLARC staff proposals and to work with representatives from the constitutional officer associations in recommending staffing standards and addressing other issues raised by the JLARC report.
- ❑ In the 1993 Session, bills in both houses addressed specific quantifiable staffing standards for sheriffs' offices, based primarily upon workload. HB 1870 passed the House but was not reported out of the Senate Finance Committee.

The 1993 General Assembly also enacted HB 1516, which relates to part-time Commonwealth's Attorneys. A JLARC report recommended that full- or part-time status of Commonwealth's Attorneys should be determined based on workload. Further, a locality's

population and crime rates could be used to assess the need for full-time status. HB 1516 allows for any Commonwealth's Attorney located in a jurisdiction with a population of 10,000 or greater to elect to move to full-time status when (1) the change is requested by the Commonwealth's Attorney and (2) the change is approved by the Compensation Board under criteria set forth in the legislation. The criteria are based primarily on workload requirements, and include consideration of other factors that were assessed in the JLARC study, such as arrests and the presence of a penal facility within the jurisdiction.

The State Compensation Board has developed a priority listing of jurisdictions potentially impacted by the legislation. Jurisdictions on this list may request full-time status to be effective July 1, 1994. The Compensation Board is to indicate increased budget amounts necessary to finance these changes in its biennial budget request. The number of jurisdictions permitted to move to full-time status will therefore depend on the amount of money appropriated by the General Assembly for that purpose.

In its recent status-of-action report, the Commonwealth's Attorneys' Services Council expressed the need for accurate staffing standards for full-time offices, so that adequate funding may be provided for prosecutors' offices. The Council's administrator also expressed concern about turnover in Commonwealth's Attorney's offices, the resulting decrease in cumulative experience among prosecutors, and shortage of training funds.

The Reorganization of the Department of Education

The 1990 General Assembly directed JLARC, as part of its series on elementary and secondary education, to study the organization and management of the Department of Education (DOE). Subsequently, however, a major reorganization of the department was initiated

by the new Superintendent of Public Instruction. Because DOE was to be reorganized, the focus of JLARC's review was shifted to the reorganization plan and process. The study assessed the formative stage of the new department, one year after the effort to reorganize was initiated.

The scope of the reorganization was without precedent in Virginia State government. For example, 64 percent of the agency's 453 classified positions were abolished and 228 new positions created, for which department employees had to apply and compete in an open recruitment process. Also, in the new organization management initiated an effort to shift most of the department's work from performance by individual assignments to performance by multi-disciplinary project teams. These teams were to "compete" for project work through a "request-for-proposal" approach.

The review found many of the reorganization goals to be admirable, such as reducing bureaucratic layers and improving service delivery. However, the quick reorganization timetable, combined with the enormous scale of change that was attempted, created some potentially serious management and organizational concerns. There were also concerns about whether the reorganized department would be able to fully address its mission.

DOE reports that over the past two years a number of the concerns noted in the JLARC report have been addressed:

- ☐ As recommended, DOE has developed a detailed operational manual describing the work process of the department, including mission and goals, roles and responsibilities, regional services, and technical assistance.
- ☐ The JLARC study team was concerned that several of the key work processes being implemented by the department had never been tested. Of particular concern was the concept of divisional competition as the basis for awarding project work. DOE's status-of-action report notes that a recent internal

study did find procedural inefficiencies in the process, and that modifications had to be made. The major change was from awarding the RFPs based on divisional competition to awarding them based on collaboration between divisions. In addition, the division chiefs and deputies have been given increased authority concerning performance of the work, and new guidelines have been developed for team composition and size on DOE projects.

- In line with another JLARC recommendation, the department is developing a personnel directory based on individual areas of expertise, functions, projects, and activities. This directory should facilitate referrals. Per another recommendation, the department has developed several mechanisms for obtaining feedback and suggestions from employees.
- Another cause for concern was the magnitude of departmental staffing cutbacks in the areas of vocational education and teacher certification. The department reports that the work process in teacher certification has been reviewed by its internal audit unit and that numerous operational recommendations are now being implemented with the goal of increasing efficiency without having to hire additional staff. The changes are scheduled for completion late this year.

A lead specialist for vocational education has been hired, and the department reports that, with new leadership, several innovative programs are now under way. The department is also in the process of assessing its progress in addressing the vocational education needs identified in the current *State Plan for Vocational Education*. Further, a scheduled updating of the *Plan* for FY 95-96 will include input from the DOE Management Council, the State Board of Education, and public hearings around the State.

Economic Development in Virginia

The 1989 Session directed JLARC to "review the Commonwealth's economic development policies and the organization, management, operations and performance" of the Department of Economic Development (DED). The two-year project resulted in three JLARC publications. An interim report, consisting of an overview of study activities and the proceedings of a workshop on economic development, was presented to the 1990 Session. Two reports were presented to the 1991 Session: a review of economic development policy and programs, with major emphasis on DED; and a comprehensive catalog — the first of its kind in Virginia — of economic development organizations and programs throughout the State.

JLARC's review found that overall, the State has been relatively successful in its economic development activities. However, since the State has conducted these activities without a formalized written policy or policy development process, these efforts have not been fully maximized. Recommendations from the study focused on improving the State's activities by establishing a comprehensive written policy and process.

A major JLARC recommendation was implemented by the 1991 General Assembly to ensure that State-level policy regarding economic development will be clear and explicit in the future. Statutes now require the Secretary of Economic Development, and a cabinet-level committee appointed by the Governor, to develop and implement a comprehensive economic development policy during the first year of each new administration.

In its status-of-action report, the department noted several recent activities related to the JLARC report:

- A study recommendation called for DED to increase the level and type of community development assistance available from the

Division of Tourism. The department reports that since the study, the division has launched a tourism accreditation program to assist communities in developing a viable tourism/economic development program. According to the department, this program has been well-received by the travel industry and local officials. Sixteen communities have enrolled. Additional assistance has also been offered in the areas of public relations programming, tourism strategic planning, and sales promotion.

- ❑ As recommended DED has expanded the scope of its industrial call program to include additional key basic industries. Regional distribution centers and corporate headquarters of basic industries have been added as targets. In addition, regarding visits to areas which have business retention problems, DED has lowered the employment level guideline to include smaller sized companies. Finally, routine joint visits to industries have been discontinued, as recommended, in favor of more productive individual visits.
- ❑ Per another recommendation, the Department reports it has strengthened the accountability of the small business development centers by clarifying the definitions and reporting processes related to client services and program impacts. Also, a policy and procedures manual aimed at further clarifying definitions and standards utilized throughout the small business development network is currently being written.
- ❑ In line with another recommendation, certain agency public relations functions have been consolidated. The Department also reports that recent initiatives have brought about improvements in internal communications, another concern mentioned in JLARC review.
- ❑ The study found the department lacking in written procedures to guide agency opera-

tions, ensure compliance with State policies, and document activities. DEC reports that a policy and procedures manual has been developed for accounting, budgeting, and procurement. A human resources procedures manual is under development. Further, in the industrial training program, uniform procedures have been established for monitoring project budgets, conducting file maintenance, and completing project documentation. In the industrial call program, visit reports have been standardized and new tracking procedures implemented.

When the Commission was initially briefed on the economic development study findings, Commission members expressed concern about impending federal defense cuts and their impact on the economy of Virginia. A task force organized by the Secretary of Economic Development released an interim report on this topic in May 1990. At the Commission's request, JLARC staff examined this report and the major issues involved.

The analysis concluded that additional emphasis ought to be given to developing profiles of the defense industry in Virginia and military personnel stationed in the State. Other recommendations called for linking existing economic development programs to areas of the State likely to be impacted by cutbacks, and examining the approaches of other states to this problem.

The department reports that several defense conversion initiatives are under way. DED is seeking federal funding in several program areas defined by the Congress' 1993 Defense Authorization Act. For example, DED is proposing the creation of a Virginia alliance for manufacturing competitiveness, which would provide assistance to small and medium-sized manufacturers negatively impacted by military downsizing. Several other initiatives are also in the planning stages.

Follow-Up Review of Homes for Adults in Virginia

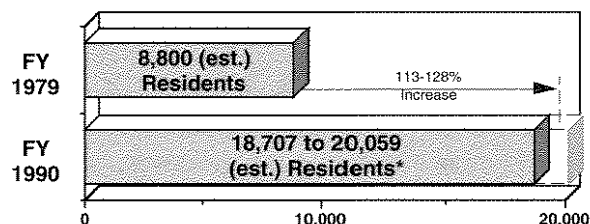
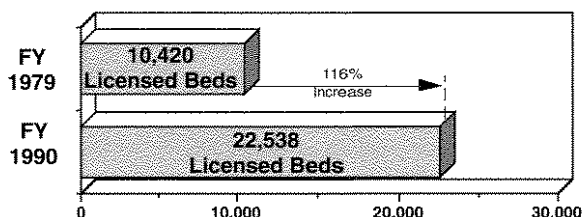
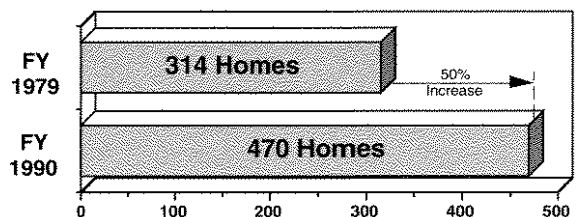
In 1990, JLARC followed up on its 1979 evaluation of Virginia's adult home system, which had identified numerous problems affecting licensing standards and procedures, the Auxiliary Grants Program, and the health and safety of residents. The follow-up review found that although improvements had been made, the problem of providing adequate care and protection had been exacerbated by a sharp increase in the number of residents with serious mental health or medical needs. Homes are now caring for a more diverse population of mentally and physically impaired adults. Some residents are receiving medical-type treatment to care for their impairments, whereas ten years ago this care would have been available only in nursing homes.

The follow-up review concluded that the regulatory system did not adequately protect residents of adult homes. The report noted that system-wide changes were necessary, as the statutory and regulatory framework did not adequately recognize the role into which adult homes have evolved: a primary source of long-term care for disabled adults. The study made numerous specific recommendations, which were described in the 1991 *Report to the General Assembly*, and which subsequently received the support of the Secretary of Health and Human Resources, the Long-Term Care Council, the Department of Social Services, the Department of Mental Health, Mental Retardation and Substance Abuse Services, and the Department of Health.

Several of the reforms recommended by the JLARC follow-up are still in the process of being implemented. A major recommendation of the study was the establishment of a tiered system of care. The 1993 General Assembly enacted House Bill (HB) 2280, creating a two-tiered system of licensing for Virginia's home for adults.

To advise the Department of Social Services (DSS) in developing the regulations nec-

Increases in the Number and Capacity of Homes for Adults FY 1979 to FY 1990



essary to implement this system, a Levels of Care (LOC) Task Force has been created. Chaired by Deputy Secretaries from Health and Human Resources, the task force is staffed by DSS personnel and is composed of more than 30 representatives from other state agencies, advocacy organizations, local department of social services staff, and homes for adults providers. Four subcommittees have been established in the areas of auxiliary grants, services/special services, operations/plant, and case management.

Many of the issues raised in the JLARC study and proposed solutions will be considered by the LOC Task Force. These include the development of standards for medical procedures, medication management, staff qualifications, facility design, equipment, food service, and training for both home administrators and staff. Final recommendations for proposed

regulations are expected in October 1993. The proposed regulations will be presented to the State Board of Social Services for consideration, and are to be implemented by June 1, 1994.

The JLARC report recommended that, once an LOC framework was established, auxiliary grant payments should be linked to the levels of care. HB 2280 established such a linkage, providing maximum reimbursement levels for "residential" and "assisted" living levels.

DSS reported several other report-related activities in its most recent status-of-action update:

- ❑ Per a JLARC recommendation, the department has developed a uniform needs assessment instrument, which has been tested in three case management pilots. The instrument will be further honed by the LOC Task Force. HB 2280 requires a uniform assessment of each resident upon admission and at subsequent intervals.

- ❑ A report recommendation called for staffing standards to be developed for homes providing higher levels of care. DSS subsequently adapted and piloted a method to predict staffing needs according to caregiving routines. The pilot results are being compiled for presentation to the LOC Task force.
- ❑ Another study recommendation called for increased monitoring of case decisionmaking by the two field offices (which have since been consolidated). DSS reports that a caseload management system has been developed which provides staff with a structure for assessing facility performance. This system defines the levels of supervision required for each facility, and identifies facilities that need special attention for risk reduction. Facilities with a history of compliance problems are now subject to increased visits and monitoring.

WORK IN PROGRESS

Local Taxation of Public Service Corporation Property

Local governments use assessments by central State agencies as a basis for taxing public service corporations (PSCs). However, the extent to which local governments rely on revenue from the property tax on PSCs varies greatly. In FY 1991, one county received over 70 percent of its total revenue from PSC taxation, while one city received less than one percent.

Senate Joint Resolution 309 (1993) directed JLARC to study local taxation of PSCs. Specifically, the mandate requests JLARC to examine the following issues:

- ☐ the range of local property tax rates on PSC property,
- ☐ the effect of local property tax rates on PSC utility rates,
- ☐ the relationship between local property tax rates and the value of PSC property,
- ☐ alternative methods of taxing PSC property,
- ☐ the effects of modifying the current methods of taxing PSC property.

Research on this study will include identification of local taxes and tax rates on PSCs, State taxes and fees assessed against PSCs, revenues accruing to both the State and local governments from these taxes, the roles of the State Corporation Commission and the Interstate Commerce Commission in regulating rates charged by PSCs, the factors affecting site selection of PSC facilities, and methodologies

used by other states for taxing PSC property. A final report is required prior to the 1994 Session.

Review of Inmate Health Programs

Item 15 of the 1992 Appropriation Act directed JLARC to review the increasing costs of inmate health care. The mandate defines the study objective as determining "the appropriate level of inmate health care while developing mechanisms for restraining the growth of costs."

Inmate health care includes dental care, mental health care, and medical services. Within the 37 major corrections institutions and field units, health care services are provided by more than 335 full-time department employees, plus additional contract personnel when necessary. In addition, the department employs five health services staff in the central office.

An interim report on dental care was reported to the 1993 Session of the General Assembly, and the study of mental health care was recently completed (see summaries of these reviews on pages 15-17). Reports will be made to the 1994 Session on medical services and the organization and management of inmate health care within the department.

The reviews in this series will assess a number of common areas:

- ☐ the effects of legal requirements on the provision of services,
- ☐ the adequacy of access to services,
- ☐ the major cost components associated with the provision of the services,
- ☐ the cost effectiveness of service delivery,
- ☐ the efficiency of current staff utilization.

In addition, the studies are to identify and evaluate cost containment options available for mental health treatment and medical services.

The department has a decentralized approach to inmate health care which results in budgetary and procedural decisions being made at the institutional and regional levels. Central office staff act primarily as advisors to correctional health care staff working in the facilities. Preliminary analysis indicates that central office staff lack systematic, descriptive, statewide information about many aspects of inmate health care. The lack of information hampers the effectiveness of the central office in controlling both the cost and the quality of inmate health care. The JLARC study series will evaluate how inmate health care could be better organized and managed to more effectively control costs, provide services, and ensure quality controls and accountability.

Organization and Management of the State Personnel Function

Senate Joint Resolution (SJR) 279 of the 1993 Session established a Joint Commission on Management of the Commonwealth's Work Force. The Joint Commission is to study compensation, personnel, and management policies and recommend ways to improve Virginia's personnel system. One provision of SJR 279 requests JLARC to study the organization, management, staffing, and resource requirements of the State personnel function in conjunction with the Joint Commission. Much of this review will focus on the Department of Personnel and Training (DPT).

The JLARC research effort will assess the following areas:

- ☐ a "big picture" of the activities, costs, underlying philosophies, and other characteristics of the State personnel function, to include

areas of overlap with other State organizations,

- ☐ whether staffing and resource levels of DPT are appropriate to the department's workload and adequate to meet current service requirements,
- ☐ to what extent DPT's main functions can be achieved while giving agencies greater authority and accountability for decisionmaking,
- ☐ whether the State has an effective strategic planning mechanism for its personnel function.

A major research activity will be a mail survey of all executive branch and independent agencies to obtain information on personnel staffing and agency perspectives on the organization and management of the personnel system. The study findings will be reported this fall to both JLARC and the newly-created Joint Commission.

The Virginia Retirement System / Group Life

The Virginia Retirement System (VRS) is a statewide retirement system established in 1952. At the end of FY 1992, VRS had more than 300,000 active members and retirees in the system and assets totalling more than \$14 billion. House Joint Resolution 392 and Senate Joint Resolution 251 directed JLARC to study the VRS and the State's group life insurance program. A major focus of the study will be the investment policies of the Virginia Retirement System's Board of Trustees and the investment operations and practices of the agency's professional staff.

Overall, the study will assess seven major issues:

- ☐ the structure of the retirement system fund,

- ☐ the structure and appointment process for the Board of Trustees,
- ☐ the role and appointment process for the investment advisory committees,
- ☐ the organizational relationship between VRS and its subsidiary corporations,
- ☐ the soundness of the system's investments, including the Board of Trustees' decision to purchase the RF&P Corporation,
- ☐ the actuarial soundness of the pension fund,
- ☐ the rate structure for the group life insurance program.

The scope, complexity, and sensitivity of this review promise to make it one of the most demanding studies ever undertaken by the JLARC staff. In addition to a sizeable staff research effort, this study requires contractual services in several important areas: an actuarial review of the soundness of VRS, a review of VRS' investment performance, a tax liability review of VRS' investment in the RF&P Corporation, and an actuarial review of the group life insurance program. Competitive selection of qualified consultants was a major first step in the review process. The contracted work is now well under way, and assessment of the consultants' reports will be another important phase of the study. The study will be reported to the 1994 Session.

Review of Involuntary Commitment

Involuntary commitment is a complex process involving sheriffs, private mental health practitioners, the legal community, community service boards, private hospitals, State mental health facilities, and the Virginia State Supreme Court. The Court administers the Involuntary

Commitment Fund, which was appropriated \$17.1 million for the 1990-92 biennium. This fund covers the expenses associated with evaluations, temporary hospitalizations, and fees associated with commitment hearings for individuals who are alleged to be mentally ill to an extent that may require hospitalization. The fund, however, does not cover the costs of transportation or the hospitalization costs paid by Medicaid for these individuals.

The involuntary commitment process has been assessed by other study groups in recent years, but many issues still appear to be unresolved. Item 15 of the 1993 Appropriation Act directed JLARC to "examine fiscal issues related to the Involuntary Commitment Fund and the operational and policy issues involving the involuntary commitment process." The study is mandated to be completed prior to the 1994 Session of the General Assembly. A JLARC study team has been assigned, and the research planning stage has been completed.

State/Local Service Responsibilities

In 1992, JLARC staff conducted a review of the assignment of service delivery responsibilities between the State and local governments. Based on that review, several proposals for realigning service responsibilities were presented. They are included in the report, *State/Local Relations and Service Responsibilities: A Framework for Change* (See pages 20-23 for summaries of the State/local relations series).

SJR 310 from the 1993 Session requested JLARC to continue studying State/local service assignments. Specifically, the study is to focus on the development and examination of options necessary to effect reallocations of service responsibilities and the fiscal impact of those options. An interim report is to be presented to the 1994 General Assembly Session, and a final report prepared prior to the 1995 Session.

Surplus Property Utilization and Disposal

Senate Joint Resolution 239 of the 1993 Session directed JLARC to inventory underutilized and unused State-owned property, and recommend methods for disposing of such property. Proceeds from the disposal of this property could be available as general fund revenue. An interim report is required for the 1994 Session, and a final report is to be submitted for the 1995 Session.

Transportation Allocations and Funding

SJR 240 (1993) directed a Joint Subcommittee to review the allocation formulas and sufficiency of revenues for the Transportation Trust Fund. Public hearings were held during the summer to solicit the input of interested parties and the general public concerning allocation of transportation Trust Fund monies and related issues. JLARC staff are directed to provide technical assistance for the Joint Subcommittee.

Prison and Jail Population Forecasting

JLARC's 1986 corrections series is still influencing a number of corrections activities. The studies included an assessment of prison and jail population trends. To enhance corrections planning, a JLARC recommendation called for the creation of an ongoing consensus committee of appropriate executive branch officials to review population forecasts. This committee was created with both policy and technical functions, and the JLARC methodologist is currently providing technical assistance.

Solid and Hazardous Waste Facility Siting

House Joint Resolution 529 directed JLARC to study the practices that lead to the siting of solid and hazardous waste facilities and the effect of these practices on minority populations. Various national and regional reports suggest that there may be a greater propensity for these facilities to be located near minority communities. It has been suggested that there is a relationship between the factor of race and the siting of the facilities even after accounting for other potential factors, such as income, and that the siting of these facilities has a detrimental effect on minority communities.

JLARC is requested to study the past and present policies and processes used in siting, maintaining, and cleaning up these facilities in Virginia. The review is to examine whether these practices have had a disproportionate impact on minority communities, and to recommend steps that could be taken to address problems that may be found through the study. The study is to be completed for the 1995 Session.

Virginia Department of Taxation: Continuing Oversight

The JLARC staff report on the Virginia Department of Taxation (see pages 13-15) was briefed to the full Commission in December 1991. Due to the complexity of the issues, the Commission appointed a subcommittee to further examine the findings contained in the report.

In addition, Item 270 in the 1992 Appropriation Act directed JLARC to assist the Secretary of Finance in developing a plan to correct the deficiencies identified in the JLARC report. The plan is to "include a process for monitoring new and expanded programs."

Commission oversight of the department is continuing. The department has been asked to brief JLARC on its report-related activities this fall.

Higher Education Series

SJR 18 of the 1988 Session designated Higher Education as a functional area of State government to be reviewed under the Program Review and Evaluation Act. Reports have been published addressing a number of the issues, principally through JLARC's 1990 review of the Virginia Community College System. Remaining areas to be reviewed include: capital outlay, land, and maintenance, and the State Council of Higher Education for Virginia. These studies have been delayed with Commission acknowledgment because of other project priorities.

Internal Service Funds -- Rate Reviews

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 currently 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 Building and Grounds**, (Department of General Services), which provides general building maintenance services to the General Assembly, the Department of Transportation, and the State Corporation Commission, and assesses maintenance charges for services provided to other State agencies;
- ☐ 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 systems 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.

On an ongoing basis, the Commission considers and approves rate changes requested by the internal service fund managers.

JLARC Reports: An Annotated Bibliography

Program Evaluation: The Virginia Community College System, March 1975 (authorized by Section 30-58.1, Code of Virginia) 151 pp. Evaluated Virginia's Community College System, and identified administrative and educational issues requiring attention by VCCS, the Council on Higher Education, and the Legislature.

Program Evaluation: Virginia Drug Abuse Control Programs, October 1975 (authorized by Section 30-58.1, Code of Virginia) 201 pp. Evaluated education, law enforcement, adjudication, treatment, and other control functions of the State's drug abuse programs.

Operational Review: Working Capital Funds in Virginia, February 1976 (authorized by Section 2.1-196.1, Code of Virginia) 70 pp. Assessed the use and management of working capital funds by State agencies and institutions.

Special Report: Certain Financial and General Management Concerns, Virginia Institute of Marine Science, July 1976 (authorized by Section 30-58.1, Code of Virginia) 15 pp. A review of VIMS, focusing on financial and management problems.

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) 130 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.

Program Evaluation: Marine Resource Management Programs in Virginia, June 1977 (authorized by Section 30-58.1, Code of Virginia) 80 pp. Evaluated State programs for managing marine resources and the administrative efficiency of agencies in implementing these programs.

Sunset, Zero-Base Budgeting, Evaluation, September 1977 (authorized by House Joint Resolution 178) 84 pp. Transcribed text of a two-day conference sponsored by JLARC on the concepts of Sunset, Zero-Base Budgeting, and Legislative Program Evaluation.

Special Report: Use of State-Owned Aircraft, October 1977 (authorized by Section 30-58.1, Code of Virginia) 23 pp. Assessed the cost, utilization, and management of State-owned aircraft. Recommended a needs assessment and the implementation of appropriate policies and guidelines.

Zero-Base Budgeting?, December 1977 (authorized by House Joint Resolution 178) 52 pp. Text of prepared remarks and taped testimony from a budget forum held in August 1977 on Zero-Base Budgeting and its potential relevance for use in Virginia.

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

Long Term Care in Virginia, March 1978 (authorized by Section 30-58.1, Code of Virginia) 110 pp. Assessed the cost and quality of nursing home care and Medicaid funding. First in a series of reports on medical assistance programs.

Medical Assistance Programs in Virginia: An Overview, June 1978 (authorized by the 1978 Legislative Program Review and Evaluation Act) 95 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.

Operational Review: The Capital Outlay Process in Virginia, October 1978 (authorized by Section 30-58.1, Code of Virginia) 94 pp. Reviewed the planning, budgeting, and implementing procedures of the capital outlay process in the State. Focused on authorized construction, and also reported on unauthorized construction activity.

Special Study: Camp Pendleton, November 1978 (House Document No. 3 of the 1979 Session, authorized by House Joint Resolution 14 of the 1978 session), 58 pp. Examined the utilization of Camp Pendleton, the needs of the Virginia National Guard for training facilities, and the needs of adjacent communities for public-purpose land.

Inpatient Care in Virginia, January 1979 (authorized by Section 30-58.1, Code of Virginia) 118 pp. Reviewed State programs that provide hospital care to the indigent. Third in a series of reports on medical assistance programs.

Outpatient Care in Virginia, March 1979 (authorized by Section 30-58.1, Code of Virginia) 73 pp. Reviewed outpatient health care programs provided to the poor by local health departments. Fourth in a series of reports on medical assistance programs.

Management and Use of State-Owned Motor Vehicles, July 1979 (authorized by Section 30-58.1, Code of Virginia) 68 pp. Evaluated the utilization of State-owned passenger vehicles and appropriateness of management procedures.

Certificate-of-Need in Virginia, August 1979 (authorized by Section 32-211.17, Code of Virginia) 105 pp. Examined the operation of the Medical Care Facilities, Certificate of Public Need Law to determine if it has served the public interest.

1979 Report to the General Assembly, August 1979 (authorized by Section 30-58.2, Code of Virginia) 32 pp. Provided general information about the Commission and summarized studies conducted from 1974 through 1979.

Virginia Polytechnic Institute and State University Extension Division, September 1979 (authorized by Section 30-58.1, Code of Virginia) 118 pp. Reviewed the operation

and administration of the VPI&SU Extension Division, focusing on program expansion, duplication of effort, and organization and staffing.

Deinstitutionalization and Community Services - Special Report, September 1979 (authorized by Section 30-58.1, Code of Virginia) 84 pp. Assessed release procedures at State institutions for the mentally ill and mentally retarded and the linking of discharged clients with appropriate services. One part of a comprehensive review of the State's mental health care programs.

Special Study: Federal Funds - Interim Report, December 1979 (House Document No. 16 of the 1980 Session, authorized by House Joint Resolution 237 of the 1979 Session) 42 pp. Provided background information on the intergovernmental aid system. Reviewed the growth and distribution of federal funds in Virginia.

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 process of the State Department of Welfare and the administration of the auxiliary grant program.

Management and Use of Consultants by State Agencies: Operational Review, May 1980 (authorized by Section 30-58.1, Code of Virginia) 73 pp. Assessed the need for and the use of consultants by State agencies. Made recommendations to increase competitive bidding and improve documentation and accountability.

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 JLARC's vehicle cost responsibility study. Methodology was based on Virginia's highway programs, construction and maintenance standards, and revenue sources.

Organization and Administration of the Department of Highways and Transportation: Interim Report, January 1981 (Senate Document No. 14 of the 1981 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 85 pp. Examined staffing, equipment management, contract administration, construction planning, and fund allocation.

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.

1981 Report to the General Assembly, July 1981 (2nd Biennial Report, authorized by Section 30-58.2, Code of Virginia), 38 pp. Summarized studies conducted by JLARC from its inception through 1981. Focused on agency responses to oversight findings and recommendations.

Highway and Transportation Programs in Virginia: A Summary Report, November 1981 (Senate Document No. 6 of the 1982 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 57 pp. Summarized the studies conducted under SJR 50, which focused on the administration of the DHT, highway and transit need, revenues and methods of financing, and the fair apportionment of costs among different vehicle classes. Highlighted the principal findings and recommendations of each study.

Organization and Administration of the Department of Highways and Transportation, November 1981 (Senate Document No. 7 of the 1982 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 132 pp. Evaluated the efficiency and effectiveness of DHT's management and administrative processes, the adequacy of the department's organizational structure, and selected operational issues.

Highway Construction, Maintenance, and Transit Needs in Virginia, 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.

Vehicle Cost Responsibility in Virginia, November 1981 (Senate Document No. 13 of the 1982 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 85 pp. Presented findings and conclusions of an analysis of highway tax equity. An empirical investigation of the relationship between costs for construction and maintenance and revenues generated by various vehicle classes.

Highway Financing in Virginia, November 1981 (Senate Document No. 14 of the 1982 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 103 pp. Analyzed methods of financing highway needs in Virginia by an examination of the State's highway financing structure and tax structure. Presented estimates of future revenues to be generated by taxes and offered financing alternatives.

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.

Occupational and Professional Regulatory Boards in Virginia, January 1982 (Senate Document No. 29 of the 1982 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 163 pp. Examined occupational and professional regulatory boards in Virginia. Provided baseline data on each board and areas of special legislative interest.

The CETA Program Administered by Virginia's Balance-Of-State Prime Sponsor, May 1982 (House Document No. 3 of the 1983 Session, authorized by House Joint Resolution 268 of the 1981 Session) 128 pp. Assessed the effectiveness of CETA programs through a review of adult training contracts and client follow-up.

Working Capital Funds in Virginia, June 1982 (House Document No. 4 of the 1983 Session, authorized by Section 2.1-196.1, Code of Virginia) 89 pp. Reviewed Virginia's working capital funds and evaluated selected areas of management of each of the five funds in existence at that time: Computer Services, Systems Development, Telecommunications, Central Warehouse, and Graphic Communications.

The Occupational and Professional Regulatory System in Virginia, December 1982 (Senate Document No. 3 of the 1983 Session, authorized by Senate Joint Resolution 50 of the 1980 Session) 136 pp. Evaluated Virginia's system for occupational regulation, including 29 regulatory boards, the Board and Department of Commerce, and the Commission and Department of Health Regulatory Boards. Reviewed administrative rulemaking, enforcement of laws and regulations, and selected aspects of agency management.

Interim Report: Equity of Current Provisions for Allocating Highway Construction Funds in Virginia, December 1982 (House Document No. 17 of the 1983 Session, authorized by the 1982 Appropriations Act) 183 pp. Assessed the reasonableness, appropriateness, and equity of statutory provisions for allocating highway construction funds among the various highway systems and localities. (See final report of June 1984, which enlarged this study).

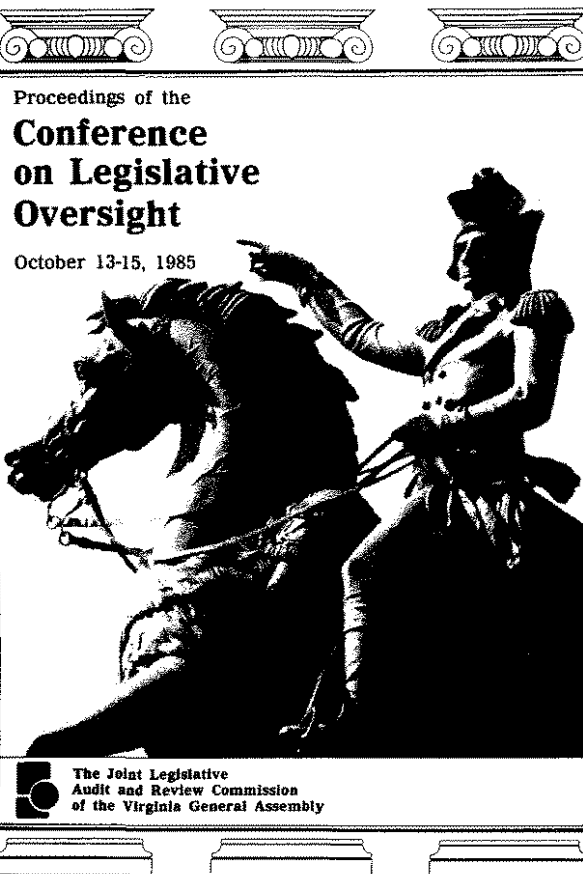
Consolidation of Office Space in the Roanoke Area, December 1982 (Senate Document No. 8 of the 1983 Session, authorized by Senate Joint Resolution 29 of the 1982 Session) 66 pp. Examined the feasibility, desirability, and cost effectiveness of consolidating State agency offices located in the Roanoke area. Special attention devoted to a leasing proposal from the City of Roanoke.

Staffing and Manpower Planning in the Department of Highways and Transportation, January 1983 (House Document No. 18 of the 1983 Session, authorized by Items 649.2 and 649.3 of the Appropriations Act of the 1982 Session) 120 pp. Reviewed the Department of Highways and Transportation's manpower plan, the planning process, and the resulting staffing actions. Identified staffing economies possible through increased productivity and administrative improvements.

Consolidation of Office Space in Northern Virginia, January 1983 (Senate Document No. 15 of the 1983 Session, authorized by Senate Joint Resolution 29 of the 1982 Session) 64 pp. Examined the feasibility, desirability, and cost effectiveness of consolidating State agency offices located in Northern Virginia.

Interim Report: Local Mandates and Financial Resources, January 1983 (House Document No. 40 of the 1983 Session, authorized by House Joint Resolution 105 of the 1982 Session) 38 pp. Provided background information and summarized progress toward the final report (see December 1983).

Interim Report: Organization of the Executive Branch, January 1983 (House Document No. 37 of the 1983 Session, authorized by House Joint Resolution 33 of the 1982 Session) 15 pp. Provided background information on the executive branch, and summarized research activities for the series of four final reports (see January 1984).



Cover from a JLARC special publication

The Economic Potential and Management of Virginia's Seafood Industry, January 1983 (House Document No. 2 of the 1982 Session, authorized by House Joint Resolution 59 of the 1982 Session) 213 pp. Analyzed the regulation of the commercial fishing and seafood industries in Virginia, assessed their economic potential, and suggested policy alternatives.

Follow-Up Report on the Virginia Department of Highways and Transportation, January 1983 (House Document No. 34 of the 1983 Session, authorized by House Bill 532 of the 1982 Session) 26 pp. Evaluated the progress of the department in implementing recommendations made during the 1982 Session to ensure the efficient use of funds for highway construction and maintenance.

1983 Report to the General Assembly, September 1983 (3rd Biennial Report, authorized by Section 30-58.2, Code of Virginia), 38 pp. Summarized studies conducted by the Commission through 1983. Provided a 10-year overview of JLARC's work, organized according to the recurring themes, and spotlighted the importance of sound research methodology.

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) 98 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 105 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 33 of the 1982 Session and 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.

Organization of the Executive Branch in Virginia: A Summary Report, January 1984 (House Document 44 of the 1984 Session, authorized by House Joint Resolution 33 of the 1982 Session and House Joint Resolution 33 of the 1982 Session) 36 pp. A synthesis of the preceding three reports. Highlighted each principal finding and associated recommendations, and included a statement of the actions taken on each.

1983 Follow-Up Report on the Virginia Department of Highways and Transportation, January 1984 (letter report, authorized by House Bill of the 1982 Session) 25 pp. Documented the department's progress in implementing previous Commission recommendations, especially in the areas of manpower planning and maintenance operations.

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 need within the department for existing and anticipated central office and regional staff. This was the first in a series of related reports examining corrections.

Equity of Current Provisions for Allocating Highway and Transportation Funds in Virginia, June 1984 (House Document No. 11 of the 1984 Session, authorized by the 1982 Appropriations Act and expanded by the 1983 Session) 217 pp. Updated the January 1983 interim analysis of construction allocations, and reviewed county maintenance spending, urban street payments, and public transportation assistance.

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 13 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) 148 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) 34 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.

Special Report: Patent and Copyright Issues in Virginia State Government, March 1985 (House Document No. 31 of the 1985 Session, requested by the Speaker of the House and authorized by the Commission) 54 pp. Examined intellectual property issues related to State agencies and institutions of higher education.

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.

Virginia's Correctional System: Population Forecasting and Capacity, April 1985 (House Document 35 of the 1985 Session, authorized by the 1984 Appropriations Act) 174 pp. Calculated the capacity of State prisons and field units. Reviewed DOC's population forecasting model and procedures.

Towns in Virginia, July 1985 (House Document No. 2 of the 1986 Session, authorized by House Joint Resolution 105 of the 1982 Session and HJR 12 of the 1983 Session) 120 pp. An outgrowth of JLARC's earlier report on State mandates and local fiscal stress, focused on issues of particular concern to towns.

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.

1985 Report to the General Assembly, September 1985 (4th Biennial Report, authorized by Section 30-58.2, Code of Virginia) 50 pp. Summarized studies conducted by JLARC since the 1983 biennial report, provided updates on agency responses to previous studies, and spotlighted the Legislative Program Review and Evaluation Act.

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.

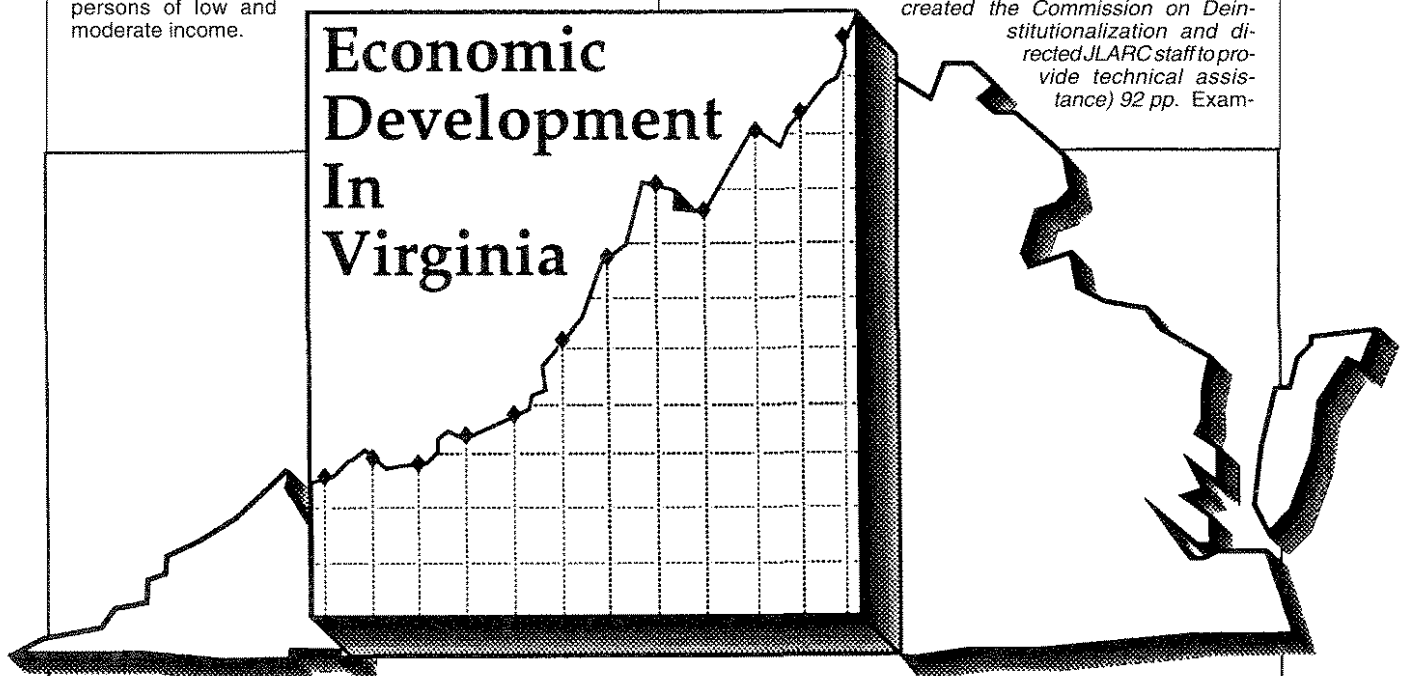
Staff and Facility Utilization by the Department of Correctional Education, February 1986 (House Document No. 32 of the 1986 Session, authorized by Item 618 of the 1985 Appropriations Act) 134 pp. Evaluated the effectiveness of DCE's programs and the adequacy of staff and facilities to carry out these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

Funding the Standards of Quality - Part 1: Assessing SOQ Costs, February 1986 (Senate Document No. 20 of the 1986 Session, authorized by Senate Joint Resolution 35 of the 1982 Session) 112 pp. First report in a series in response to the findings of the House Joint Resolution 105 Subcommittee. Assessed the costs of implementing existing standards. A comparison report will address concerns related to the equity of distribution of State assistance to the school divisions.

Proceedings of the Conference on Legislative Oversight, June 1986 (Conference was required under provisions of Chapter 388 of the 1978 Acts of Assembly) 86 pp. Record of conference examining the accomplishments of the Legislative Program Review and Evaluation Act and oversight issues in general.

Staffing in Virginia's Adult Prisons and Field Units, August 1986 (House Document No. 2 of the 1987 Session, authorized by the 1983-85 Appropriations Acts) 166 pp. A report in a series on corrections issues, assessed nonsecurity staffing in the 15 major institutions, and both nonsecurity and security staffing in the 26 field units.

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) 92 pp. Exam-



Cover art from a JLARC special report

ined client management, community services, housing services, accountability, and the continuum of care in general. Followed up on JLARC's 1979 study of this area.

The Capital Outlay Planning Process and Prison Design in the Department of Corrections, December 1986 (House Document No. 12 of the 1987 Session, authorized by the 1983-86 Appropriations Act) 78 pp. A report in a series of corrections issues, evaluated the effectiveness of DOC's capital outlay planning process, prison designs, and maintenance programs.

Organization and Management Review of the State Corporation Commission, December 1986 (House Document No. 15 of the 1987 Session, authorized by Item 11 of the 1985 Appropriations Act) 112 pp. Examined the SCC's organization and general management, financial management, personnel and staffing practices, and compliance with legislative intent.

Local Jail Capacity and Population Forecast, December 1986 (House Document No. 16 of the 1987 Session, authorized by the 1983-86 Appropriations Acts) 96 pp. A report in a series on correctional issues. Examines local and State inmate population forecasts, and alternatives for dealing with growing prison and jail populations. Assessed the capacity of local jails.

Correctional Issues in Virginia: Final Summary Report, December 1986 (House Document No. 18, authorized by the 1983-86 Appropriations Acts) 48 pp. Ninth and final report in the series, focused on the "big picture" in corrections, and synthesized the findings from previous studies.

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 30-58.1 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 2.1-196 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 1985 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 1988 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 1988 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 19 of the 1988 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 1988 Session, authorized by Senate Joint Resolution 35 of the 1982 Session) 104 pp. Second report in a series on elementary and secondary education in Virginia. Whereas the first study (February 1986) reviewed methods for calculating the costs of the SOQ, this study broadened the review to include distribution issues. Methods for calculating SOQ costs were revised, and distribution options were explored.

Management and Use of State-Owned Passenger Vehicles, August 1988 (House Document No. 2 of the 1989 Session, conducted under authority of Section 2.1-196.1 of the Code of Virginia, which directs JLARC to monitor internal service funds) 104 pp. Reviewed progress made in implementing the recommendations of JLARC's 1979 study of the Central Garage, and examined new issues related to the Garage's 1984 designation as an internal service fund.

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.

Review of the Division of Crime Victims' Compensation, December 1988 (House Document No. 17 of the 1989 Session, authorized by House Joint Resolution 184 of the 1988 Session) 106 pp. Reviewed the Crime Victims' Compensation program within the Department of Workers' Com-

pensation, focusing on improving the administration of the CVC Act, particularly the processing of crime victims' claims.

Review of Community Action in Virginia, January 1989 (*House Document No. 43 of the 1989 Session, authorized by Item 469 of the 1987 Appropriations Act*) 134 pp. A performance audit and review of the programs and activities of Community Action Agencies. Made recommendations to improve oversight by the Department of Social Services and accountability in individual community action agencies.

Progress Report: Regulation of Child Day Care in Virginia, January 1989 (*House Document No. 46 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.

Interim Report: Status of Part-Time Commonwealth's Attorneys, January 1989 (*House Document 49 of the 1989 Session, authorized by Item 13 of the 1988 Appropriations Act and Senate Joint Resolution 55 of the 1988 Session*) 32 pp. First report in a series on workload standards and staffing for constitutional officers in Virginia. Addressed the issue of part-time Commonwealth's attorney status.

1989 Report to the General Assembly, September 1989 (*6th Biennial Report, authorized by Section 30-58.2, Code of Virginia*) 48 pp. Summarized studies conducted by JLARC since the 1987 biennial report, provided updates on agency responses to previous studies, and spotlighted the recently completed review of information technology.

Regulation and Provision of Child Day Care in Virginia, September 1989 (*House Document 3 of the 1990 Session, authorized by Senate Joint Resolution 41 and House Joint Resolution 116 of the 1988 Session*) 172 pp. Reviews State regulation of child day care as well as methods for improving the availability and quality of child care in Virginia.

Security Staffing in the Capitol Area, November 1989 (*House Document 17 of the 1990 Session, requested by the Speaker of the House and approved by the Commission*) 121 pp. Examined alternatives to meet the security needs of agencies in the Capitol area, including a study of the effectiveness of the Capitol Police.

Interim Report: Economic Development in Virginia, January 1990 (*authorized by House Joint Resolution 262 of the 1989 Session*) 62 pp. One of three interrelated reports, this special publication consists of invited papers by national authorities on economic development who made presentations to a JLARC workshop, plus an overview of the study activities leading to the other reports in the series.

Review of the Virginia Department of Workers' Compensation, February 1990 (*House Document 68 of the 1990 Session, authorized by Item 11 of the 1985 Appropriations Act*) 147 pp. Performance audit and review of the agency, including claims management and organizational concerns. Final report in a series on independent agencies of State government.

Technical Report: Statewide Staffing Standards for the Funding of Sheriffs, February 1990 (*House Document 66 of the 1990 Session, authorized by Item 13 of the 1988 and 1989 Appropriations Acts*) 71 pp. Second report in a series

on workload standards and staffing for constitutional officers in Virginia.

Technical Report: Statewide Staffing Standards for the Funding of Commonwealth's Attorneys, March 1990 (*House Document 70 of the 1990 Session, authorized by Item 13 of the 1988 and 1989 Appropriations Acts*) 71 pp. Third report in a series on workload standards and staffing for constitutional officers in Virginia.

Technical Report: Statewide Staffing Standards for the Funding of Clerks of Court, March 1990 (*House Document 71 of the 1990 Session, authorized by Item 13 of the 1988 and 1989 Appropriations Acts*) 71 pp. Fourth report in a series on workload standards and staffing for constitutional officers in Virginia.

Technical Report: Statewide Staffing Standards for the Funding of Commonwealth's Attorneys, April 1990 (*House Document 75 of the 1990 Session, authorized by Item 13 of the 1988 and 1989 Appropriations Acts*) 71 pp. Fifth report in a series on workload standards and staffing for constitutional officers in Virginia.

Funding of Constitutional Officers, May 1990 (*House Document 81 of the 1990 Session, authorized by Item 13 of the 1988 and 1989 Appropriations Acts*) 71 pp. Final report in a series, building on the previous studies of workload standards and staffing for constitutional officers in Virginia. Proposes a more equitable and systematic funding process.

Special Report: The Lonesome Pine Regional Library System, September 1990 (*Study approved by the Commission after a request from the State Librarian*) 110 pp. Addressed performance and management issues in the system, including communication problems, expenditure priorities, and personnel management.

Review of the Virginia Community College System, September 1990 (*Senate Document 4 of the 1991 Session, authorized by Senate Joint Resolution 135 of the 1989 Session*) 133 pp. Followed up on JLARC's 1975 review of the VCCS, focusing on operational concerns and setting priorities for the future.

Review of the Funding Formula for the Older Americans Act, November 1990 (*House Document 9 of the 1991 Session, authorized by House Joint Resolution 130 of the 1990 Session*) 65 pp. Assessed the appropriateness of the current funding formula and examined alternative factors for use in the formula.

Follow-Up Review of Homes for Adults in Virginia, November 1990 (*Senate Document 8 of the 1991 Session, authorized by Item 545 of the 1990 Appropriations Act*) 89 pp. Follows up on the 1979 JLARC study of the regulation of homes for adults and funding provided residents through the Auxiliary Grants Program. Recommends system-level improvements.

Publication Practices of Virginia State Agencies, November 1990 (*Senate Document 9 of the 1991 Session, directed by the Commission under Section 30-58.2 of the Code of Virginia*) 60 pp. Follows up on the publications portion of a 1982 JLARC study of publications and public

relations. Recommends ways to reduce publications expenditures.

Review of Economic Development in Virginia, January 1991 (*House Document 39 of the 1991 Session, authorized by House Joint Resolution 262 of the 1989 Session*) 139 pp. Reviews Virginia's economic development policies and the organization, operations, management, and performance of the Department of Economic Development.

State Funding of the Regional Vocational Education Centers in Virginia, January 1991 (*House Document 45 of the 1991 Session, authorized by House Joint Resolution 100 of the 1990 Session*) 41 pp. Analyzes the funding of the regional vocational centers, including disbursement methods, expenditure levels, and the proportion of the State commitment.

Interim Report: State and Federal Mandates on Local Governments and Their Fiscal Impact, January 1991 (*Senate Document 23 of the 1991 Session, authorized by Senate Joint Resolution 45 and House Joint Resolution 156 of the 1990 Session*) 6 pp. Outlines major research activities to be conducted and summarizes the past JLARC studies related to mandates

Revenue Forecasting in the Executive Branch: Process and Models, January 1991 (*Senate Document 25 of the 1991 Session, authorized by the 1990 Appropriations Act*) 53 pp. First report in a series on the executive budget process. Focuses on revenue forecasting issues, including accuracy, the effects of tax policy changes and judgemental inputs, and legislative involvement in the forecasting process.

Proposal for a Revenue Stabilization Fund in Virginia, January 1991 (*Senate Document 24 of the 1991 Session, authorized by the 1990 Appropriations Act*) 53 pp. Second report in a series on the executive budget process. Examines "rainy day" funds as a means of coping with revenue shortfalls. Proposes a revenue stabilization fund with characteristics tailored to the Commonwealth.

Catalog of Virginia's Economic Development Organizations and Programs, February 1991 (*Authorized by House Joint Resolution 262 of the 1989 Session*) 121 pp. Companion document to *Review of Economic Development in Virginia*. Compilation of information on the hundreds of State and non-State entities involved in economic development.

Review of Virginia's Parole Process, July 1991 (*Senate Document 4 of the 1992 Session, authorized by Senate Joint Resolution 26 of the 1990 Session*), 98 pp. Examines Virginia's parole rates and the activities of the Parole Board and the Department of Corrections in administering the parole review process.

Compensation of General Registrars, August 1991 (*Senate Document 5 of the 1992 Session, authorized by Senate Joint Resolution 167 of the 1991 Session*) 55 pp. Examines the compensation program for General Registrars, specific factors which should be used to determine compensation, and the appropriate State share of these costs.

The Reorganization of the Department of Education, September 1991 (*Senate Document 6 of the 1992 Session, authorized by Senate Joint Resolution 57 of the 1990 Ses-*

sion), 90 pp. Assesses the reorganization of the department, including goals, planning, hiring effort, effect on morale, and proposed service delivery mechanisms.

1991 Report to the General Assembly, September 1991 (*7th Biennial Report, authorized by Section 30-58.2, Code of Virginia*) 66 pp. Summarizes studies conducted by JLARC since the 1989 biennial report, provides updates on agency responses to previous studies, and spotlights JLARC's child day care study and its results.

Substance Abuse and Sex Offender Treatment Services for Parole Eligible Inmates, September 1991 (*Senate Document 8 of the 1992 Session, authorized by the Commission as an extension of the July 1991 Parole Study*), 60 pp. Assesses the delivery and adequacy of treatment programs for sex offenders and substance abusers incarcerated in Virginia's prisons, including the assessment process, counselor training, policy concerns, and linkages to parole.

Review of Virginia's Executive Budget Process, December 1991 (*Senate Document 15 of the 1992 Session, authorized by the 1990 and 1991 Appropriation Acts*), 110 pp. Third report in a series reviewing the Commonwealth's executive system of financial planning, execution, and evaluation, with a major focus on the Department of Planning and Budget.

Interim Report: Review of Virginia's Administrative Process Act, January 1992 (*House Document 32 of the 1992 Session, authorized by House Joint Resolution 397 of the 1991 Session*), 33 pp. Provides an overview of the basic structure, features, and stages of the Act, including its historical development. Preliminary study issues are identified.

Special Report: Evaluation of a Health Insuring Organization for the Administration of Medicaid in Virginia, January 1992 (*House Document 33 of the 1992 Session, authorized by the 1991 Appropriation Act*), 30 pp. A report in a series on the Virginia Medicaid program. Evaluates the potential benefits of converting the Virginia program to an insured arrangement, administered by a private insurance company.

Review of the Department of Taxation, January 1992 (*House Document 49 of the 1992 Session, authorized by the 1991 Appropriation Act*), 154 pp. Fourth report in a series reviewing the Commonwealth's executive system of financial planning, execution, and evaluation, focusing on the Department of Taxation's compliance revenue collection efforts as a means to help close the "tax gap."

Interim Report: Review of the Virginia Medicaid Program, February 1992 (*Senate Document 27 of the 1992 Session, authorized by Senate Joint Resolution 180 of the 1991 Session*), 118 pp. A report in a series on the Virginia Medicaid program. Provides an overview of the program, including expenditures, eligibility, services reimbursed, service providers, the structure for funding services, and recent changes in the program.

Intergovernmental Mandates and Financial Aid to Local Governments, March 1992 (*House Document 56 of the 1992 Session, authorized by Senate Joint Resolution 45 and House Joint Resolution 156 of the 1990 Session, and Senate Joint Resolution 235 of the 1991 Session*), 172 pp. A report

in a series on State/local relations. Follows up on JLARC's 1983 mandates report, examining issues related to mandates and local financial resources. Presents short- and long-term policy options.

Medicaid Asset Transfers and Estate Recovery, November 1992 (*Senate Document 10 of the 1993 Session, authorized by the Senate Joint Resolution 91 of the 1991 Session*), 60 pp. A report in a series on the Virginia Medicaid program. Examines the extent to which Medicaid applicants use asset transfers to qualify for nursing home benefits, and the need for establishing an estate recovery program.

Medicaid-Financed Hospital Services in Virginia, November 1992 (*Senate Document 11 of the 1993 Session, authorized by the Senate Joint Resolution 180 of the 1991 Session*), 104 pp. A report in a series on the Virginia Medicaid program. Examines issues related to inpatient and outpatient hospital care financed through Medicaid, including program funding and administration.

Medicaid-Financed Long-Term Care Services in Virginia, December 1992 (*Senate Document 10 of the 1993 Session, authorized by the Senate Joint Resolution 180 of the 1991 Session*), 188 pp. A report in a series on the Virginia Medicaid program. Examines those Medicaid services which are primarily targeted to elderly and disabled persons, including nursing home care, institutional care for the mentally retarded, and a diverse array of community-based services.

Review Committee Report on the Performance and Potential of the Center for Innovative Technology, December 1992 (*Senate Document 16 of the 1993 Session, authorized by the 1992 Appropriation Act*), 32 pp. Review of CIT's mission, programs, governance, and accountability by an independent review committee, which was provided support jointly by staff from JLARC and the Department of Planning and Budget.

Medicaid-Financed Physician and Pharmacy Services in Virginia, January 1993 (*Senate Document 29 of the 1993 Session, authorized by the Senate Joint Resolution 180 of the 1991 Session*), 118 pp. A report in a series on the Virginia Medicaid program. Presents an analysis of Medicaid physician and pharmacy services, overviews other ambulatory care services provided through Medicaid, and assesses efforts to contain program costs through the post-payment review of program expenditures and the pursuit of third-party liability for services.

Review of Virginia's Administrative Process Act, January 1993 (*House Document 51 of the 1993 Session, autho-*

rized by House Joint Resolution 397 of the 1991 Session), 140 pp. Examines the efficiency and effectiveness of the Act, which governs the regulatory proceedings of State agencies, and the meaningfulness of public participation in the regulatory process.

Interim Report: Review of Inmate Dental Care, January 1993 (*House Document 52 of the 1993 Session, authorized by the 1992 Appropriation Act*), 54 pp. **A report in a series on inmate health care. Focuses on the dental care provided inmates by the Department of Corrections, including internal resources, service and cost monitoring, use of outside providers, and central office oversight.**

Funding of Indigent Hospital Care in Virginia, March 1993 (*Senate Document 36 of the 1993 Session, authorized by the Senate Joint Resolution 180 of the 1991 Session*), 118 pp. A report in a series on the Virginia Medicaid program. Examines indigent care appropriations to the State teaching hospitals and the Medical College of Hampton Roads, including scope of services, eligibility, reimbursements rates, and general fund and Medicaid allocation methodologies. Assesses options for optimizing the use of State funds for indigent hospital care.

Review of the Virginia Medicaid Program: Final Summary Report, February 1993 (*Senate Document 32 of the 1993 Session, authorized by the Senate Joint Resolution 180 of the 1991 Session*), 22 pp. Final report in a series on the Virginia Medicaid program. Summarizes findings from the Medicaid reports and examines cross-cutting issues that emerged from the study series.

State/Local Relations and Service Responsibilities, March 1993 (*Senate Document 37 of the 1993 Session, authorized by Senate Joint Resolution 235 of the 1991 Session*), 176 pp. A report in a series on State/local relations. Examines the assignment of service and funding responsibilities between the State and local governments, and the adequacy of the local tax and debt structure. Outlines options for improving service and funding structures to address future conditions and problems.

1993 Update: Catalog of State and Federal Mandates on Local Governments, June 1993 (*House Document 2 of the 1994 Session, authorized by the Senate Joint Resolution 45 and House Joint Resolution 156 of the 1990 Session*), 80 pp. A report in a series on State/local relations. Updates the first edition of the mandates catalog, and includes fiscal impact statements for new mandates.

Selected Subcommittees Which Have Served With JLARC

1977 **Sunset Task Force (HJR 178)**
 Delegate Earl E. Bell
 Senator Adelard L. Brault
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 Delegate Charles W. Gunn, Jr.
 Mr. Julian J. Mason
 Delegate A. L. Philpott
 Secretary Maurice B. Rowe
 Senator Elliot S. Schewel
 Mr. A. Howe Todd
 Senator Stanley C. Walker

1978 **Camp Pendleton Task Force (HJR 14)**
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 Mr. Clarence D. Fleming, Jr.
 Senator William B. Hopkins
 Mr. E. Ralph James, Jr.
 Delegate George W. Jones
 Delegate Benjamin J. Lambert III
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 Delegate Owen B. Pickett
 The Honorable Fred G. Pollard
 Mr. George W. Stroube
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1978-1979 **Health Pilot Subcommittee (SB 24)**
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 Delegate Owen B. Pickett
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 Delegate W. Ward Teel

1979-1981 **Social Services Subcommittee (SJR133)**
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 Delegate Norman Sisisky
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 Delegate Alan A. Diamonstein
 Delegate Calvin W. Fowler
 Senator Ray L. Garland
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 Delegate Robert B. Ball, Sr.
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1981-1984 **Local Mandates Subcommittee (HJR105)**
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1983-1984 **Division for Children Subcommittee (HJR10)**
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1983 Seafood Industry Review (HJR 59)

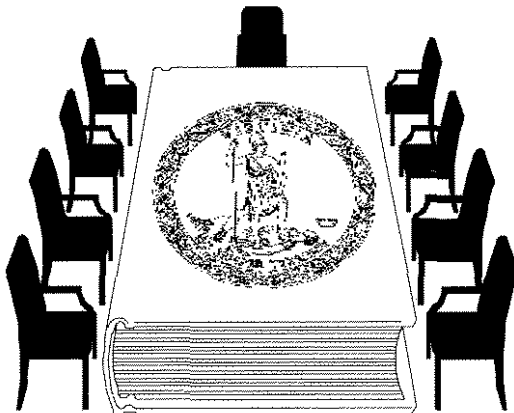
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1993 Group Life Subcommittee (SJR251)

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1993 State/Local Service Responsibilities (SJR310)

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Zero-Base Budgeting Evaluation, Supplemental Retirement System, Capital Outlay Process, Camp Pendleton, Inpatient Care in Virginia, Outpatient Care in Virginia, and Mentally Retarded, 1979 Report to the General Assembly, Homes for Adults, Federal Funds Interim Report, Operational Review, Interim Report: Methodology for a Vehicle Cost Responsibility Study, Organization and Administration of the Department of Transportation, Assembly, A Summary Report: Highway and Transportation Programs in Virginia, Final Report: Organization and Administration of the Department of Highway Financing in Virginia, Publications and Public Relations of State Agencies in Virginia, Occupational & Professional Regulatory System in Virginia, Interim Report: Equity of Current Provisions for Allocating Construction Funds in Virginia, Consolidation of Office Space in Northern Virginia, Interim Report: Local Mandates and Financial Resource, Interim Report: Review of the Department of Highways and Transportation, 1983 Report to the General Assembly, The Virginia Division for Children, Title XX in Virginia, An Assessment of the Secretarial System in the Commonwealth of Virginia, An Assessment of the Roles of the Virginia Department of Highways and Transportation, Interim Report: Central and Regional Office Staffing in the Department of Corrections, Mentally Retarded, Special Report: ADP Contracting at the State Corporation Commission, Special Education in Virginia's Metropolitan Areas, Relations Related to The Equity of The Current Provisions for Allocating Highway and Transportation Funds in Virginia, Interim Report: Correctional System: Population Forecasting and Capacity, The Community Diversion Incentive Program of the Virginia Department of Corrections, The General Assembly, Final Report: The Virginia Housing Development Authority, Special Report: Chesapeake Ocean Center, Review of the Department of Legislative Oversight, Staffing of Virginia's Adult Prisons and Field Units, Deinstitutionalization and Community Care, Report: Correctional Issues in Virginia, Organization and Management Review of the State Corporation Commission, State Corporation Commission, Systems Benefits, Review of Information Technology in Virginia State Government, 1987 Report to the General Assembly, Review of the Department of Social Services, Funds Held in Trust by Circuit Courts, Follow-Up Review of the Virginia Department of Transportation, Funding of the Department of Transportation, Maintenance Contracts at the State Corporation Commission, Management and Use of State-Owned Passenger Vehicles, Review of the Department of Transportation, Full-Time Commonwealth's Attorneys, Progress Report: Regulation of Child Day Care in Virginia, Regulation and Provision of Child Day Care, Review of the Virginia Department of Workers' Compensation, Technical Report: Statewide Staffing Standards for the Funding of Clerks of Court, Technical Report: Statewide Staffing Standards for the Funding of Financial Officers, Funding of the Department of Social Services, Review of the Older Americans Act, Follow-Up Review of Homes for Adults in Virginia, Publication Practices of Virginia State Agencies