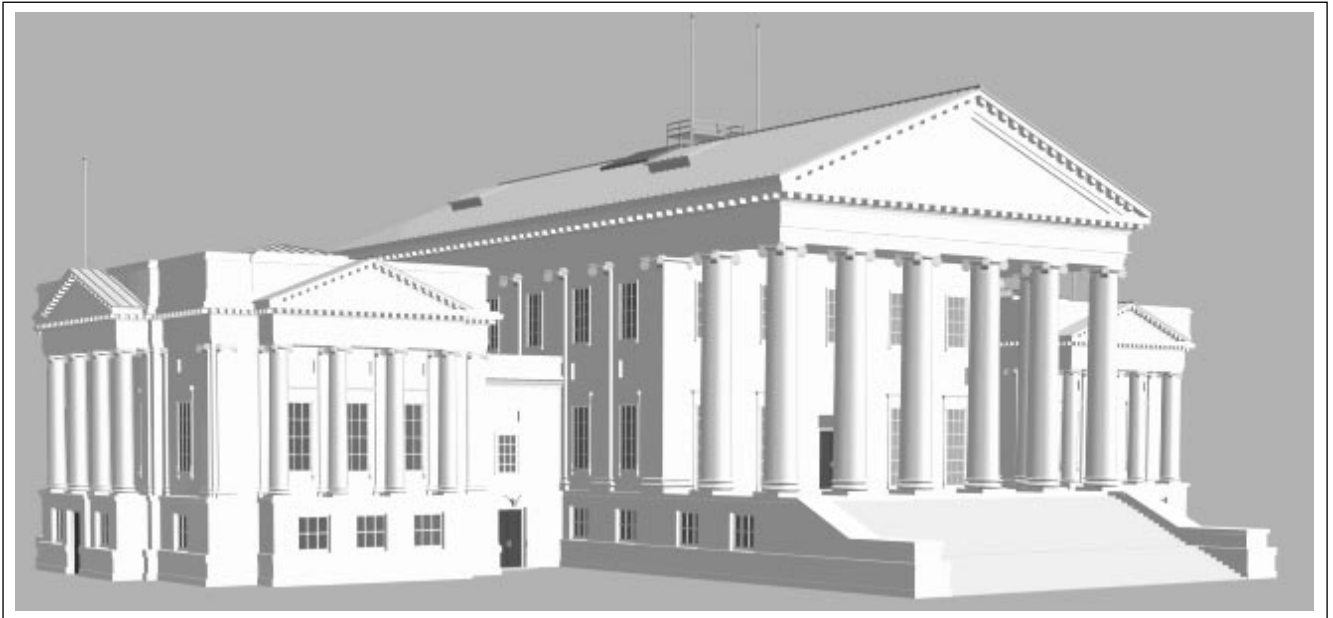


# 1995 REPORT TO THE GENERAL ASSEMBLY



JOINT LEGISLATIVE AUDIT & REVIEW COMMISSION

The seal of the Commonwealth of Virginia is a large, faint watermark in the background. It features a central figure of a Native American holding a bow and arrow, surrounded by a wreath of grapes and leaves. The words "SIGILLUM REIPUBLICAE VIRGINIAE" are inscribed around the perimeter of the seal.

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JOINT LEGISLATIVE AUDIT  
AND REVIEW COMMISSION**

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Delegate Lacey E. Putney**

**Mr. Walter J. Kucharski  
Auditor of Public Accounts**

**Director  
Philip A. Leone**

September 11, 1995

**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 1995 *Report to the General Assembly*. The statutes which empower the Commission also require 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 preparing this document, I have reviewed much of the work JLARC has done during my seven years on the Commission. It reaffirms my commitment to legislative oversight as an effective, non-political way to improve State government. The bipartisan nature of the Commission's work helps JLARC solve problems that would be difficult to address in any other way. In a time when there is much talk of reinventing government and the voice of criticism is strong, here is something to keep and to build on.

Since our last biennial report, the Commission has studied a number of complex subjects, including the Virginia Retirement System (VRS), local jails, involuntary civil commitment, and several facets of higher education. Our report on the siting of solid waste facilities in Virginia recently received a national peer award for research excellence. All of our studies have provided pertinent, objective information for members of the General Assembly to use in their decisionmaking.

I am especially proud of the work we are doing in regard to the VRS. A special chapter of this report spotlights the Commission's studies of the retirement system and our progress in establishing within JLARC a means of permanent legislative oversight of the VRS.

I know I speak for the entire Commission in thanking all of you for your continuing support of JLARC. We will continue working hard to merit that support.

Respectfully yours,

A handwritten signature in cursive script that reads "Stanley C. Walker".

Stanley C. Walker

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# 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 Chair is elected by a majority of Commission members and traditionally has rotated every two years between the House and Senate. The Auditor of Public Accounts is a non-voting, *ex-officio* member.

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

## The 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:

- 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; and
- 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 to the General Assembly*, 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



Senator Stanley C. Walker  
(Chair)



Senator Joseph V. Gartlan, Jr. and  
Delegate W. Tayloe Murphy, Jr. (Vice Chair)



Senator Hunter B. Andrews

## JLARC's Purpose and Role

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 1994 General Assembly approved the Virginia Retirement System Oversight Act (Section 30-78 through 30-84 of the *Code*), which directs JLARC to oversee and evaluate the VRS on a continuing basis. This new responsibility of the Commission and its staff is described in detail in part three of this document, "JLARC and the VRS."

## 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) Education, (3) Transportation, (4) Resource and Economic De-

velopment, (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.

## 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.



L. to R.: Delegate J. Paul Council, Jr.; Delegate Lacey E. Putney; Senator Kevin G. Miller; Delegate V. Earl Dickinson



Delegate Robert B. Ball, Sr.

## JLARC's Purpose and Role

To date, JLARC has issued about 175 reports, which are annotated in the last section of this publication. In addition, numerous letter reports and briefings have been prepared on specific topics of interest to the Commission. Ten primary projects and several smaller studies are currently in progress.

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

## 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 adminis-

tration 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. Train-



*Delegate Vincent F. Callahan, Jr.*



*Delegate Jay W. DeBoer*



*Delegate Franklin P. Hall*



**JLARC's Purpose and Role**

ing 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.

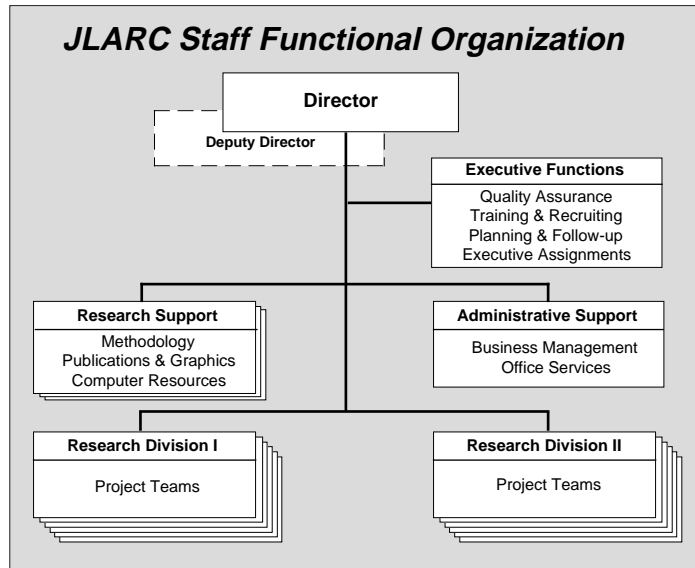
Therefore, training and staff development efforts are designed to instill the JLARC ethic of accuracy, inde-

pendence, 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.

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.



**Savings Resulting from Legislative Oversight**

Previous editions of this report have chronicled the cumulative savings to the Commonwealth directly attributable to JLARC recommendations. Recent actual and potential savings include:

- Reduced number of VRS money managers and elimination of managed futures program fees (savings for FY 95 compared to FY 94) ..... \$15,290,000
- Actual JLARC-recommended surplus property sales revenues to date ..... \$4,143,000
- Additional potential surplus property sales revenues identified in '94 report ..... \$36,577,000
- Potential net State savings to Involuntary Mental Commitment Fund ..... \$500,000

Cumulative savings documented in previous *Reports to the General Assembly* ..... \$264,000,000

**Cumulative savings since JLARC's inception ..... \$320,510,000\***

Approximate ratio of JLARC's savings to its budget expenditures ..... \$12 : \$1

\*Cumulative savings are conservatively estimated based on one or two years of implementation. Many of these savings continue to accrue indefinitely. For example, JLARC recommended **set-off debt collection** in 1981. The cumulative savings for this one recommendation alone are now approaching \$100 million.

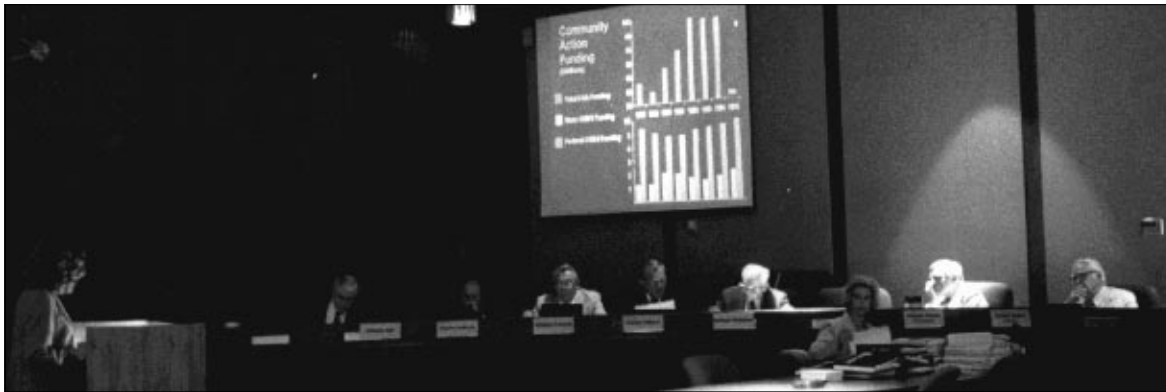
**Getting in touch with JLARC:** Staff offices can be reached by telephone (804) 786-1258 or fax (804) 371-0101. Commission members should be contacted at their Richmond or home offices. JLARC has a home page on the Internet: <http://www.state.va.us/dlas/agencies/jlarc/jlahome.htm>



Senator Richard J. Holland



Delegate Clinton Miller



A typical JLARC meeting. Throughout the year, project leaders brief the Commission on study findings.

### The 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 \$320 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.

■ **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.



Mr. Walter J. Kucharski  
(Auditor of Public Accounts)



Mr. Philip A. Leone  
(Staff Director)

■ **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.

# Recent Agency & Program Reviews

## Oversight of Health and Safety Conditions in Local Jails

This section provides brief summaries of the studies completed since the previous (1993) biennial report.

Senate Joint Resolution 91 of the 1994 General Assembly directed JLARC to study the oversight of health and safety conditions in local jails. This review was undertaken in response to concerns about the effectiveness of the Department of Corrections' jail oversight process, which is intended to ensure that appropriate health and safety conditions exist in Virginia's local jails.

This study found that the level of inmate overcrowding is the most significant impediment to maintaining adequate health and safety conditions in local jails. The report noted that in October 1994, more than 16,300 local, State, and federal inmates were housed in local jails, jail farms, and regional jails. Stated another way, local jails as a system were operating at 168 percent of rated capacity. Compounding the overcrowding situation was the number of State-responsible inmates in these facilities. About 4,730 State-responsible inmates were in local jails. Of these, approximately 1,700 were being held in violation of Section 53.1-20 of the *Code of Virginia*.

Jail overcrowding creates an environment in which relatively minor problems can more rapidly escalate into life-threatening situations. In addition, the level of overcrowding present in some jails creates an atmosphere that makes it difficult for sheriffs and jail administrators to maintain appropriate conditions for both inmates and staff.

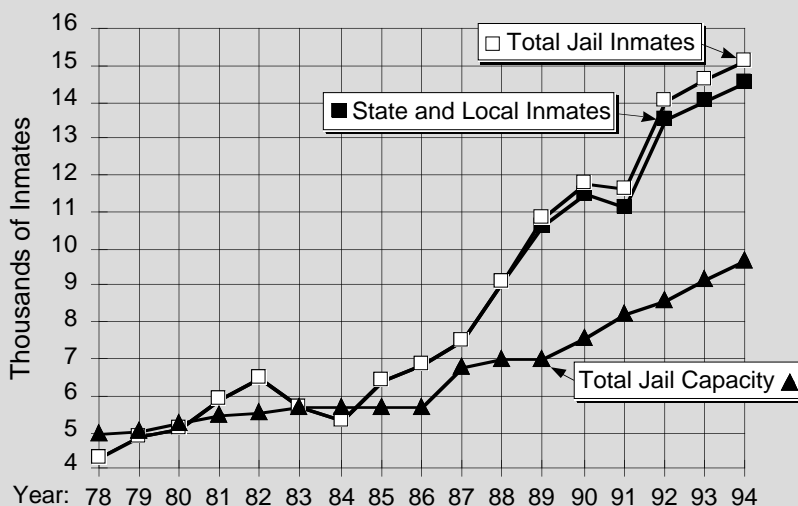
The report recommended that DOC should meet the statutory requirements addressing the removal of State-responsible prisoners.

Further, standards used by the Department of Corrections (DOC) in jail oversight needed to be enhanced or developed to better protect both jail inmates and staff. In addition, the report recommended modifications in the DOC oversight process to ensure more consistent oversight of local jails and to ensure that the Board of Corrections is provided timely and accurate information regarding local jail conditions. Oversight of juveniles held in jails would be improved by transferring that responsibility from the Department of Youth and Family Services (DYFS) to DOC. Finally, the report recommended that the Department of Health assume a more active role in the oversight of jail sanitation conditions, in both living and food service areas.

The JLARC study recommended changes to the *Code of Virginia* to strengthen jail oversight, clarify who may enter the interior of a local correctional facility, and improve health and safety conditions in local jails. Senate Bills 797 and 798, passed by the 1995 General Assembly, have required DOC to make substantial revisions to its oversight and reporting processes.

Senate Bill 797 clarifies the role of the State health department in local jail oversight by requiring the health department to inspect the kitchen facilities of local jails as they currently do for many public and private facilities. Prior to the passage of this bill, jails would request the annual inspection, and the health department was not clear about its role and responsibilities regarding these inspections. The bill also clarified the role of the health department in developing and monitoring standards for general sanitation in local jails. Further, the bill requires DOC and the State Health Department to conduct at least one un-

**Jail Capacity and Inmate Population, 1978 to 1994**



## Recent Agency & Program Reviews

announced inspection of each local jail annually. These changes took effect July 1, 1995.

The JLARC review found that oversight of juveniles by DYFS was not effective, duplicated DOC's efforts, and resulted in a somewhat fragmented oversight process. Senate Bill 798 transferred the responsibility of oversight of juveniles in jails from DYFS to DOC.

In response to the study, the Department of Health and DOC have worked cooperatively to facilitate a better understanding of each agency's role in the oversight of jail health and safety conditions. Meetings between the two agencies have identified problems and issues related to inspections. The Chairman of the Board of Corrections and the State Health Commissioner have executed a written agreement establishing the operational procedures by which local health departments will conduct future health inspections of jails and report their findings.

DOC also recently reported that its unit responsible for jail oversight has undergone numerous changes. While some of the operational changes are a result of revisions in the *Code*, others are changes in standards and procedures that were proposed or developed by DOC in response to recommendations in the JLARC report. For example:

- The Board of Corrections has revised inspection standards to stipulate that food service and

fire inspections be conducted at least once every 12 months.

- Standards were revised as recommended to prevent obstructions from being placed in cell bars or windows.

***“As a result of the JLARC report, the issue of health and safety in jails is receiving greater attention by all parties involved”*** — Acting State Health Commissioner's status-of-action report.

- Standards for medical screenings have been clarified.

- Procedures have been initiated for communicating to the Board of Cor-

rections any lack of compliance with standards.

- Board briefings are now held on all annual jail inspections.
- Amendments to the rules and regulations governing the jail certification process have been proposed.
- Selected life, health, and safety standards have been revised and new annual inspection guides developed.

Most importantly, the Department of Corrections appears to be addressing the issue of jail overcrowding. In August 1995, local jails reported that they held about 14,285 inmates. In addition, the number of State-responsible inmates had decreased to 3,072. Moreover, DOC reported that the number of inmates held in violation of the *Code* was about 317. Clearly, one of the most direct threats to improper jail conditions – inmate overcrowding – has been reduced.

## State-Owned Real Property

The Commonwealth of Virginia owns approximately 730,000 acres of land — the equivalent of the combined size of Loudoun, Prince William, and Stafford counties — and more than 10,000 buildings. JLARC had last reviewed the State's real property management in 1977.

The 1993 General Assembly directed JLARC to: (1) examine and make recommendations for improving the State's management of real property, and (2) identify potentially surplus real property and estimate the market value of this property. This project included site visits to numerous sites around the State and a survey of all executive branch agencies and institutions, as well as a review of files and procedures at the Department

of General Services' Bureau of Real Property Management (BRPM).

The study findings included the following:

- The Commonwealth holds approximately 6,800 acres of land and 30 buildings that may reasonably be declared surplus.
- Surplus real property held by agencies and institutions of the Commonwealth has an estimated market value of about \$36.4 million.
- Most surplus buildings owned by the Commonwealth have limited alternative uses due to their poor condition and outdated design.
- The State's process for disposing of surplus real property often experiences significant delays and is neither efficient nor effective.

- Real property records maintained by BRPM contain a significant number of errors and overlap with databases maintained by the Division of Risk Management and the Department of Accounts.
- The State needs a system for recording the market value of significant real property assets to allow for a more proactive, business-like approach to real property asset management.
- The Secretary of Administration should examine the State's real property policies and make recommendations to the Governor and the General Assembly regarding: (1) the appropriate relationship between institutions of higher education and higher education foundations in management of real property, and (2) the disposition of surplus properties that were donated or purchased with special funds and have no deed restrictions on their future use.

- The Secretary of Administration should also examine the advisability of revising: (1) the *Code of Virginia's* provisions for disposition of the proceeds from the sale of surplus real property, and (2) the *Code* so that real property transferred by State agencies to other State agencies will revert to the control of the originating agency in the event the receiving agency does not need or does not fully utilize the transferred property.

The executive branch showed considerable interest in the JLARC study, and the Governor subsequently created a Commission on the Conversion of State-Owned Property to address many of the findings. In addition, legislation was passed during the 1995 Session (HB 2348) improving the process by which surplus property may be sold by streamlining sale procedures and allowing DGS to use real estate brokers.

### Review of the State Council of Higher Education for Virginia

As part of the Commission's responsibility for examining functional areas of government, the General Assembly directed JLARC to review the State Council of Higher Education for Virginia (SCHEV). The General Assembly created SCHEV in 1956 to promote the development and operation of an educationally and economically sound, vigorous, progressive, and coordinated system of higher education. Virginia is one of 20 states that have an established coordinating structure for their higher education system.

SCHEV's organizational structure consists of an 11-member citizen council appointed by the Governor and confirmed by the General Assembly, a staff director appointed by the Council, and 56 full-time equivalent staff positions responsible to the director. The citizen council members are appointed for four-year terms, which are staggered to allow for stability in higher education policy through the overlapping of gubernatorial appointments. In FY 1995 SCHEV was appropriated almost \$41 million. Of this, \$4.2 million went for operating expenses, and \$36.4 million was dispersed to institutions for supporting programs administered by SCHEV.

***Of the 99 programs SCHEV cited as non-productive over the past eight years, only five were closed. Since the study, SCHEV notes that 41 are scheduled for closure.***

Overall, SCHEV's role in the higher education system was found to be working well. JLARC staff concluded that SCHEV is effectively meeting its mandated responsibilities; however, the report notes some areas for improvement. Improvements were suggested in the areas of enrollment

growth projections and the assessment of student achievement. Although SCHEV is instrumental in remedying student transfer problems,

continued involvement is needed to resolve some outstanding issues.

The study found SCHEV was less effective in eliminating nonproductive academic programs. Of the 99 programs SCHEV cited as nonproductive over the past eight years, only five were closed.

A recent status-of-action report indicates that SCHEV is actively addressing the JLARC recommendations:

- Early in 1995, SCHEV staff conducted and presented to the Council demographic analyses related to projecting enrollments in Virginia's colleges and universities. Included was information on nontraditional student enrollments.
- The Council of Higher Education is implementing the JLARC staff recommendations on enrollment projection procedures. Discussions

are in progress with the Department of Education to improve tracking of high school graduates into the public colleges.

- Council staff are in the process of meeting with presidents, provosts, and other institutional representatives about restructuring. Part of this review includes an item-by-item categorization of restructuring goals by institution with accompanying timetables and fiscal impacts.

This should establish links between productivity review, assessment, strategic planning, restructuring, and budgeting.

- Restructuring plans indicate that 41 higher education academic programs are slated for closure. The Council voted to close 21 academic programs at its May meeting, and of these, 16 were on the 1994 productivity list. Many other programs are under review, and the Council expects further program closings as restructuring continues into next year and beyond.
- The Council staff have developed a comprehensive set of indicators that are expected to give a better picture of each institution's performance in a number of areas. The Council will disseminate a shortened version of the indicators this year, but will seek support to complete the project for the 1996-98 budget.
- To simplify student assessment reporting, the institutions and Council staff have agreed to oral briefings supplemented by short reports and detailed appendices on specified topics.
- The Council has contracted with Virginia Commonwealth University's Center for Public Policy to assist in measuring the performance of the

***"We continue to find JLARC's recommendations helpful as we go about the business of adjusting to budget and staff reductions"*** — SCHEV Director's status-of-action report.

statewide EEO program. For each major program initiative, the Center will evaluate material distribution and student participation.

Improvements in the area of student transfer are demonstrated by the following recent actions:

- The Virginia Community College System (VCCS) has made it technically feasible to certify on a student's transcript the successful completion of the transfer module.

- The State Standing Committee on Transfer (SCT) has developed a workplan to evaluate the effectiveness of the senior institutions' use of the

transfer module. As part of the workplan, a guide for students will be developed which should identify by institution where the module courses will transfer.

- The VCCS staff distributed a survey in March designed to assess the current status of articulation between the VCCS and the public and private colleges and universities in Virginia. The results of the survey will be shared with the SCT.
- A transfer pattern analysis has been completed which establishes a baseline for studying how community college students choose to complete the baccalaureate degree. This will be compared to cohort groups from the years 1990, 1991, and 1992 to learn more about community college students' course-taking behavior, college performance, and graduation rates.
- The Council staff have recommended that the VCCS make it a priority to install an online interactive electronic database for assisting students with course selections that maximize transferable credits to other institutions.

### ***Capital Outlay in Higher Education***

JLARC's review of capital outlay in higher education was mandated by Senate Joint Resolution 135, approved by the 1989 General Assembly. The report concludes a series of three studies on higher education, which included assessments of the community college system and the State Council of Higher Education for Virginia (SCHEV). JLARC last studied the State's capital outlay process in 1978.

The study reviewed the roles of the major participants in capital outlay in higher education. The Department of Planning and Budget (DPB) is responsible for developing the Governor's capital budget proposals, but SCHEV is statutorily responsible for developing recommendations to the Governor and the General Assembly on higher education's capital outlay needs. The Department of General Services, through its Bureau of Capital

Outlay Management, reviews project plans and specifications for code compliance, suitability and adequacy, cost effectiveness, and compliance with the Procurement Act.

Major conclusions of the study included the following:

- The capital outlay process for higher education is generally adequate. However, the process involves numerous reviews by as many as ten central agencies. The report recommends streamlining reviews to enhance cost effectiveness of projects and to reduce the time needed for design and construction.
- Future higher education capital outlay requests need to be more thoroughly evaluated by effectively linking master planning, enrollment projections, utilization data, SCHEV's fixed asset guidelines, and DPB's six-year plan for capital outlay.
- The State should decentralize significant tasks of capital outlay management to institutions of higher education.

- The State faces a significant maintenance reserve backlog — in excess of \$100 million.

The most recent enrollment projections, released in April 1995, do not indicate a compelling need for new construction throughout the system of higher education. There are, however, substantial renovation and maintenance needs. The enrollment forecasts should be used in combination with other planning instruments to thoroughly assess the need for capital projects.

Another factor which could lessen the future need for expensive capital projects is better use of existing classrooms and laboratories. Most institutions of higher education are not utilizing their existing space in accordance with SCHEV guidelines for space utilization.

The report contains 25 recommendations to make the higher education capital outlay process more efficient and effective. Most of the State's institutions of higher education have favorably received the JLARC recommendations.

### Costs of Expanding Coastal Zone Management in Virginia

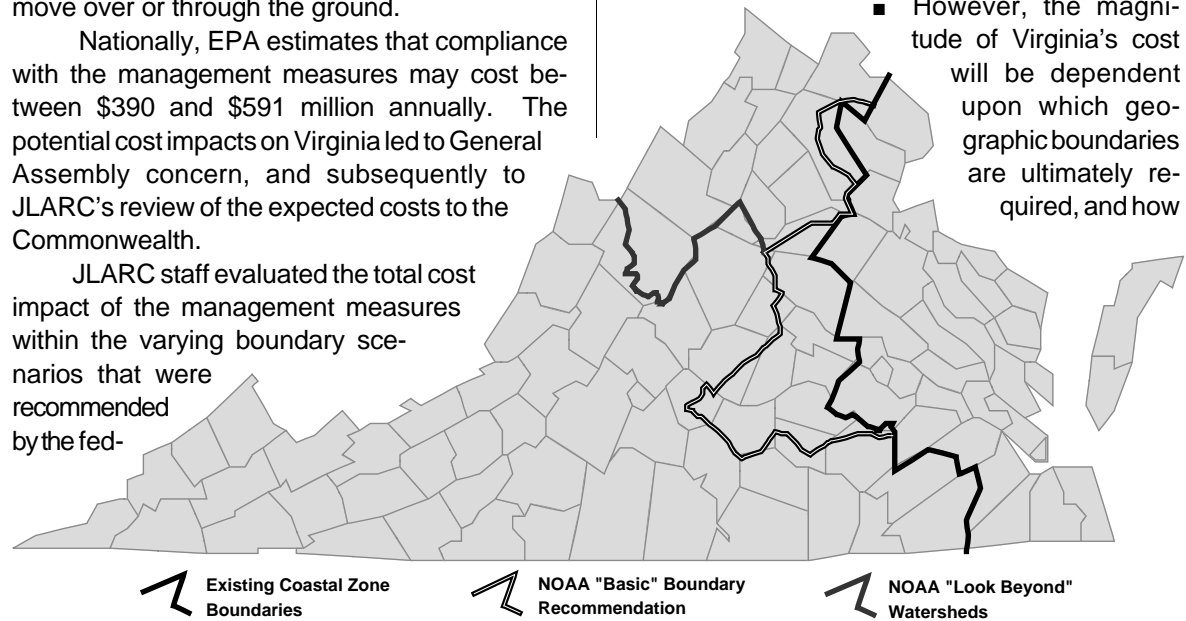
The federal Coastal Zone Management Act requires that certain pollution prevention management measures are to be implemented by 1999 in states with approved coastal zone programs. These management measures specifically address nonpoint pollution caused by fertilizers, pesticides, sediments, or toxics that may move over or through the ground.

Nationally, EPA estimates that compliance with the management measures may cost between \$390 and \$591 million annually. The potential cost impacts on Virginia led to General Assembly concern, and subsequently to JLARC's review of the expected costs to the Commonwealth.

JLARC staff evaluated the total cost impact of the management measures within the varying boundary scenarios that were recommended by the fed-

eral government. The key findings from this review were:

- Aside from the retrofitting of existing onsite disposal systems (OSDS, or septic tanks), Virginia's estimated cost in its existing coastal zone is about \$18.1 million, which is within the cost range suggested by EPA national estimates.
- However, the magnitude of Virginia's cost will be dependent upon which geographic boundaries are ultimately required, and how



Existing Coastal Zone Boundaries

NOAA "Basic" Boundary Recommendation

NOAA "Look Beyond" Watersheds

the OSDS management measure is interpreted. Especially if the OSDS measure is interpreted or implemented in a stringent manner, costs could reach a much higher level -- \$232.4 million for the entire proposed geographic boundary.

- Not implementing the management measures in Virginia will invoke relatively minimal funding losses from the federal government.
- Virginia's existing nonpoint pollution effort already pursues similar outcomes to the new federal requirements.

### **Review of the 900 East Main Street Building Renovation Project**

The 900 East Main Building is a building complex overlooking Capitol Square in Richmond. It has approximately 356,000 square feet of space. It consists of a west tower with 14 stories built around 1926, and an east tower with six stories completed in 1968. In 1989, the General Assembly appropriated approximately \$11.9 million to purchase the building. In 1990 the General Assembly appropriated an additional \$22.1 million for renovations to the building.

In September 1993, the Compensation and General Government Subcommittee of the Senate Finance Committee requested JLARC to perform an independent review of the 900 East Main Street building renovations. Problems such as asbestos, numerous change orders, cost overruns, and schedule slippage were widely known about the project, which had prompted several reviews prior to the JLARC study. JLARC staff were asked to consider questions regarding the cost, contracting practices, and management practices related to the building renovations, and to report its findings by December 1993.

Findings from the JLARC review indicated that the problems identified at the 900 East Main Street building were in part due to management errors by the Department of General Services (DGS), as well as the performance of contracted firms. JLARC staff concluded that DGS needed to tighten up certain procurement procedures, including criteria for the prequalification process. The JLARC report also made recommendations addressing contractor reference checks, internal morale and performance appraisal at DGS, and departmental management structure.

The department reports it has been addressing JLARC's recommendations to strengthen internal and contracting procedures:

- The department has reviewed its management structure, position responsibilities, and program missions. A reorganization has been

initiated in the Bureau of Facilities Management, Maintenance and Operations Section.

- The department reviewed position descriptions and performance expectations for project managers to ensure that background, experience, and other qualifications are adequately addressed.
- DGS human resource management has provided training to Division of Engineering and Buildings employees on the process and procedures in conducting performance appraisals and using progressive discipline.
- The department has revised procedures relating to open-end contracts to procure services for capital outlay and maintenance. These revisions include limiting the services to be provided under standing contracts, placing annual term and financial limits on projects, and awarding more than one contract for each type of service to allow for competitive bidding.
- Systematic programs are in place to ensure asbestos survey information is available and used in accordance with the requirements of a specific project or scope of work.
- The *Capital Outlay Manual* is being revised for reissue in early 1996.

In support of the study findings, the General Assembly passed legislation effective July 1995 which defined the requirements established for the prequalification of firms for Capital Outlay projects. DGS has distributed additional guidance to all affected State agencies.

The renovation of the building is now complete. Instead of the Department of Information Technology and the other tenants that were originally planned, the building is now slated to house the Office of the Attorney General, the Office of the Lieutenant Governor, the Department of the Lottery, and the VCU/MCV computer facility.



## Organization and Management of the State Personnel Function

During the 1993 Session, JLARC was mandated to study the organization, staffing, management, and resource needs of the Commonwealth's personnel function, in conjunction with the Joint Commission on Management of the Commonwealth's Workforce. The study was directed to include, but not be limited to, the Department of Personnel and Training (DPT). Because DPT is the primary agency among the seven State agencies identified by the Virginia Personnel Act to provide personnel related services, JLARC focused its study on the organization and management of DPT. In fiscal year 1993, DPT was appropriated \$5.4 million and 88 staff to oversee Virginia's personnel function in the more than 90 State agencies, employing over 110,000 State workers.

Findings from the JLARC review indicated that DPT was relatively decentralized compared to other states' central personnel agencies. DPT was also found to be appropriately organized and adequately staffed to perform its statutory responsibilities. However, JLARC staff analysis found that DPT needed to take more initiative in several areas, including processes related to policy development and dissemination, and communication with the State agencies. Also, JLARC staff found concerns relating to low morale, frequent leadership turnover, and inconsistent direction. Finally, although most agencies were satisfied with the operation of the State's personnel function, larger agencies were found to be the least satisfied, wanting greater autonomy.

Since the review, DPT has initiated a number of operational and management changes:

- DPT has been more proactive toward improving communication with the agencies it serves.

For example, DPT is in the process of implementing an electronic bulletin board called "open door" which will provide instantaneous access to health benefits information, training resources, and all DPT publications.

- DPT internal processes have been modified to enhance agency understanding of DPT policies and procedures. For example, DPT's policy office is now issuing quarterly updates to the Policy and Procedures Manual. DPT's Office of Health Benefits has rewritten its Health Insurance Manual to include more current information on health benefits.
- DPT has granted decentralization of job classification authority to all State agencies. In conjunction with this decentralization, DPT modified compensation policies to permit decisionmaking at the agency level.
- Provision of training is undergoing significant changes at DPT. An RFP has been issued to secure a wide range of vendor-developed training programs, including management development programs, aimed at meeting agencies' critical needs. In addition, DPT has resumed efforts to leverage training for State employees through the Virginia Community College System.
- Training in the area of equal opportunity employment has been stepped up. The Office of Equal Employment Services (OEES) has been conducting comprehensive training in sexual harassment. OEES also is in the process of developing training on the Americans with Disabilities Act, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, and How to Conduct a Human Resource Audit.

## Study Series on State/Local Relations

Over the past decade, the General Assembly has focused considerable attention on improving State and local government relations. This was evidenced, in part, by a series of mandated JLARC reviews relating to various aspects of the State's relationships with local governments:

- *Interim Report: Local Mandates and Financial Resources* (January 1983);

- *State Mandates on Local Governments and Local Financial Resources* (December 1983);
- *Towns in Virginia* (July 1985);
- *Local Fiscal Stress and State Aid* (September 1985);
- *Catalog of State and Federal Mandates on Local Governments* (February 1992);
- *Intergovernmental Mandates and Financial Aid*

- to *Local Governments* (March 1992);
- *State/Local Relations and Service Responsibilities: A Framework for Change* (March 1993);
- *1993 Update: Catalog of State and Federal Mandates on Local Governments* (June 1993);
- *Review of Regional Planning District Commissions in Virginia* (November 1994).

The earlier studies in this series have been discussed in previous editions of this *Report to the General Assembly*. The summaries which follow describe the most recent two study areas - the cataloging of mandates and a review of planning district commissions.

### ***Catalogs of State and Federal Mandates on Local Governments***

JLARC's 1992 publication of the *Catalog of State and Federal Mandates on Local Governments* was designed to be a comprehensive source of all State and federal mandates to local governments. Shortly after its publication, however, supplies were depleted. Rather than reprint the catalog, JLARC staff decided to update the original report, and released the new version in 1993.

JLARC also recommended that the catalog be updated annually. As a result, legislation was passed in 1993 directing the Commission on Local Government (COLG) to formally undertake this task. The Commission reports that it is meeting this new responsibility, as well as acting on other related issues:

- The Commission published its first catalog in March 1995. The next catalog is slated for publication in summer of 1996.
- COLG's current catalog contains abstracts of the 415 State and/or federal mandates. Included in the abstract is a brief description of the mandate, identification of the administering agency and Secretariat, the legal authority for the mandate, the type of mandate, and additional relevant comments.
- Consistent with a JLARC recommendation, the 1993 General Assembly required all State agencies to assess the mandates they have placed on local governments. The purpose of the assessment is to streamline, reduce, or eliminate mandates. This process is being facilitated by the COLG, and as of April 1, 1995, a total of 126 assessments

had been completed. Remaining assessments are scheduled to be completed by June 1996.

- COLG has met with appropriate involved parties to discuss a means by which the Commission could hasten development of fiscal impact analyses for proposed legislation affecting local governments.

In addition, other groups are building upon the JLARC work to further improve State/local relations:

- The Virginia Chamber of Commerce, along with a number of the State's cities, has formed a group called the Urban Partnership, with the goal of developing a vision for the urban areas of the Commonwealth.
- The General Assembly recently created a Commission on State and Local Government Responsibility and Taxing Authority, chaired by the Lieutenant Governor, which continues JLARC's work in analyzing the most appropriate assignment of service responsibilities between the State and local governments.

### ***Review of Regional Planning District Commissions in Virginia***

In 1968, the General Assembly established a statutory framework for addressing issues of regional concern through the Virginia Area Development Act (VADA). The Act provided for the creation of planning district commissions (PDCs) and service district commissions.

PDCs are voluntary associations of local governments designed to foster intergovernmental cooperation by bringing local governments together to resolve regional problems brought on by population growth, and economic and demographic changes. Service district commissions were intended to evolve from PDCs and were to provide service delivery through a regional form of government.

Senate Joint Resolution 310 of the 1993 General Assembly Session directed JLARC to continue examining issues related to State and local relations.

This led to the formation of a JLARC subcommittee that ultimately directed JLARC staff to review PDCs.

At the time of review, no region had implemented the service district concept. However,

#### **JLARC State/Local Service Responsibilities Subcommittee:**

- Senator Joseph V. Gartlan (Chair)
- Delegate Robert B. Ball, Sr.
- Delegate Vincent F. Callahan, Jr.
- Delegate Jay W. DeBoer
- Delegate Franklin P. Hall
- Senator Kevin G. Miller
- Delegate W. Tayloe Murphy, Jr.

regions did use the VADA framework as a vehicle for regional progress through the use of PDCs.

The JLARC report reviewed the regional PDCs and their role in relation to State and local governments. The major findings from the review were:

- In general, PDCs place less emphasis on regional planning and a comprehensive view of regional needs than is called for by the VADA. In particular, as PDCs become less reliant on federal funds and more reliant on local funds, they are increasingly providing services of a more localized nature. While this trend can be viewed positively or negatively, from the standpoint of promoting regionalism, it is a concern.
- Local officials are generally satisfied with the types of services provided by PDCs and with their performance. Also, many PDCs reported noteworthy regional accomplishments. Despite these accomplishments, however, there is still a sense that regional efforts are needed to address some critical issues which cross-cut Virginia's localities. The report recommends improvements in selected PDC operations to better facilitate regional results.
- With regard to the future direction for PDCs, the report identifies three tiers or levels of involvement with PDCs that the State could pursue, ranging from little or no State involvement to a

strong State role in directing PDC priorities toward regional work. The level of State involvement is dependent upon the role the Legislature believes PDCs should play – as “associations of local governments” whose focus is to perform whatever services their member localities request, as independent regional entities whose focus is to encourage and forge regional solutions to area-wide problems, or as a combination of the two. Specific options related to the three tiers are included in the body of the report.

Based on the JLARC study, the 1995 General Assembly revised the Virginia Area Development Act to provide Virginia's PDCs with greater direction and a renewed commitment to regional coordination. The revisions refocus PDCs toward a regional orientation through changes in the Act's purposes and name (Regional Cooperation Act), and by requiring regional strategic plans.

To encourage greater cooperation within PDCs, the Act establishes a Regional Cooperation Incentive Fund. In addition, unnecessary and unproductive requirements of the original act were eliminated. Further, the provision for service districts in the Act was repealed. Finally, the General Assembly set up an accountability structure whereby the State can be kept informed of PDC activities.

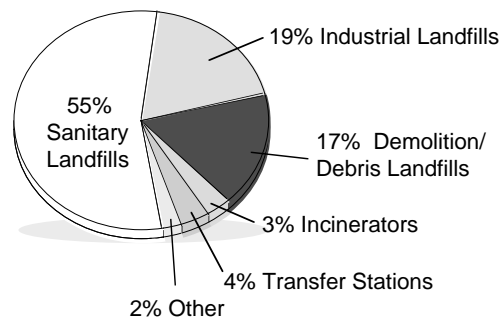
**Solid Waste Facility Management in Virginia: Impact on Minority Communities**

In 1993, the General Assembly directed JLARC to study the practices related to the siting, monitoring, and cleanup of solid waste facilities with a special focus on the impact of these activities on minority communities. While there are no hazardous waste disposal facilities in Virginia, local governments and private companies operate more than 240 non-hazardous solid waste facilities across the State. The study mandate was passed in response to charges that minority neighborhoods were being targeted as host communities for solid waste facilities, in particular large regional landfills.

The majority of Virginia's hazardous waste facilities are sanitary, industrial, and demolition debris landfills which are used to dispose of various types of solid waste by burying the refuse in the ground. The Department of Environmental

Quality (DEQ) is the State agency responsible for ensuring that regulations governing the management and disposal of solid waste are properly

**Types of Solid Waste Management Facilities in Virginia**



562 Total Facilities Permitted Since 1971

implemented. In 1988, the responsibilities of this agency increased significantly with the adoption of a sweeping set of solid waste regulations that were designed to protect the environment from possible contamination related to the disposal of solid waste.

While the study found no evidence of an intent to discriminate against minorities, the analysis revealed that in some cases, siting and monitoring practices had a disproportionate impact on minority communities. Significant findings of the report include:

- Just 17 percent of the solid waste facilities sited since 1988 were found to be in communities with a minority population rate exceeding 50 percent. This called into question the view that minority communities are routinely targeted to host solid waste facilities in Virginia.
- However, almost four out of every ten solid waste facilities sited in the State since 1988 were located in disproportionately minority communities. In nearly half of the communities, the difference between the community and locality-wide minority population rate was substantial.
- No evidence was found of an intent to discriminate by local governing bodies which approve site locations, but local governments were found to do a poor job of proactively involving the community in the siting process.
- Critical gaps were found in the DEQ's solid waste regulatory oversight program. Compliance monitoring of solid waste facilities with respect to groundwater monitoring and landfill closure activities is not consistently implemented.
- Staffing problems have led to inconsistencies in the performance of DEQ inspectors. Data for a sample of waste facilities indicated less inspection activity for facilities in minority neighborhoods.
- Growth in private regional landfills in Central Virginia has created geographic and racial equity issues. A disproportionate amount of solid waste is disposed in Central Virginia, which has a large proportion of minorities.

### JLARC Wins National Award for Solid Waste Study

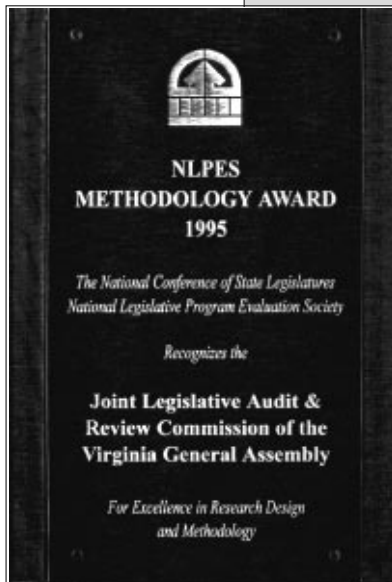
The study *Solid Waste Facility Management in Virginia: Impact on Minority Communities* won the **1995 Award for Research Methodology** from the National Legislative Program Evaluation Society. The Society, which is affiliated with the National Conference of State Legislatures, each year presents an award to recognize excellence in research among JLARC's peer organizations nationally.

JLARC's research task was challenging because of the difficulty in pinpointing "waste facility communities" and obtaining the necessary demographic data for such neighborhoods across the State. Previous attempts in other states had been limited by overly broad units of analysis, such as zip code zones.

The JLARC approach utilized census blocks, of which there are about 150,000 in the State, averaging only 40 persons per block. Using a computerized geographic information system, JLARC staff plotted facility locations by means of their longitudinal coordinates. All census blocks within a given radius (one to three-mile radiuses were used) could then be selected by the computer and matched against U.S. Census data on population and race within the chosen blocks.

The award citation lists the strengths of the JLARC study, which gave it the edge over the other contenders. Among the strengths listed: "JLARC's methodology allowed it to go beyond the anecdotal information about the solid waste facilities siting process to reach defensible, and replicable, conclusions."

JLARC member Delegate Jay DeBoer accepted the award on behalf of the Commission at the NCSL annual meeting in Milwaukee.



## Review of the Involuntary Commitment Process

Involuntary commitment is a process by which an individual with a mental illness, who is a danger to self or others, or who is unable to care for self, may be temporarily detained and committed to a hospital on an involuntary basis following a hearing. In the United States, there is no federal law or process which specifically addresses involuntary civil commitment. Involuntary commitments are governed by State laws.

The *Code of Virginia* directs that Virginia's adult involuntary commitment process occur in two major stages: (1) the petition and pre-hearing detention period, and (2) the involuntary commitment hearing. The statutes allow for a short period of involuntary temporary detention during which time the individual is evaluated. The results of the evaluation are the basis for the outcome of the involuntary civil commitment hearing. Unlike many other states, Virginia has established an involuntary mental commitment (IMC) fund to pay for the medical and legal costs associated with the temporary detention period and the involuntary commitment hearings.

JLARC was directed by Item 15 of the 1993 Appropriation Act to examine the fiscal issues related to the IMC Fund and the operational and policy issues involving the involuntary mental commitment process. In response, JLARC staff prepared two reports. An interim report was issued in February 1994, and a final report was published in December 1994.

The review concluded that the Virginia involuntary civil commitment process served to protect an individual's due process rights; however, the process could be improved. For example, variations in the process might result in individuals being involuntarily detained who do not present behaviors indicative of mental illness. The report recommendations built on the strengths of the Virginia process while addressing deficiencies. The major findings included:

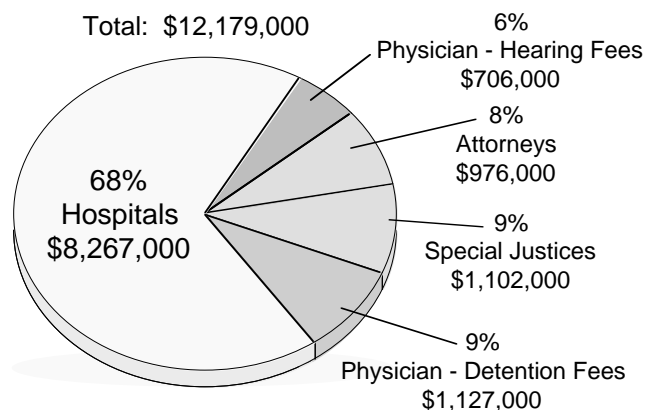
- Compared to processes in some other states, Virginia's involuntary commitment process had some strengths, including a shorter period of detention prior to the commitment

hearing. However, the comparison indicated some areas of weakness, such as pre-screening for detention, detention criteria, and hearing oversight.

- Although State laws governing the process provided important safeguards, process improvements could be made to ensure equitable treatment of candidates for commitment, and to promote greater efficiency through improved procedures for determining who needs to be detained and held for a commitment hearing.
- Due to the public safety issues involved, law enforcement officers should continue to have a role in the transportation of individuals during the process, but there might be opportunities to reduce the number of transports required.
- Judicial decisions within the involuntary commitment process must be made within the context of available mental health services, and decisionmakers within the process raised concerns about the availability of treatment alternatives.
- More efficient and effective use and oversight of the involuntary commitment fund could save almost \$1 million annually (with net State savings of more than \$500,000).

During the 1995 Legislative Session, many of the recommendations in the JLARC report were implemented through House Bill 1960, resulting in a major rewrite of *Code of Virginia*

### Payments from the Involuntary Mental Commitment Fund – FY 1994



sections dealing with involuntary civil commitment. Among the more important changes, the new statutes:

- require the Board of Medical Assistance Services to establish a reasonable rate for inpatient care during the temporary detention period and regulate the cost of that care;
- make the criteria for the issuance of an emergency custody order and a temporary detention order (TDO) more reflective of the criteria for commitment;
- remove a possible conflict of interest by having magistrates issue all temporary detention orders;
- require community services boards to take a more active role in the process by having the CSB provide staff to prescreen individuals prior to the issuance of a TDO or designate an independent mental health examiner to do the prescreening;
- require that special justices determine if transportation can be provided to committed pa-

tients by hospital security staff (rather than law enforcement officers/deputies) who currently provide transportation for voluntary admissions;

- require that an audio tape of the commitment hearing be made, which could be used for review by the chief judge should questions be raised about the special justice's handling of the case;
- direct how some aspects of the process, which have not been fully implemented in some jurisdictions as intended, should be correctly implemented;
- require that an adult home hold open a bed for a resident under TDO until the commitment hearing is held.

The changes taken together should result in fewer unnecessary temporary detention orders being issued, fewer transports needing involvement by law enforcement, fewer individuals being involuntarily held on TDOs unnecessarily, more oversight of the process, and stronger protection of the individual's rights of due process.

### Review of the Implementation of HB 776

House Bill 776, passed by the 1994 General Assembly, excluded from the Personnel Act employees who report directly to an agency head. Excluded employees serve at the "pleasure and will" of the appointing authority and are not subject to the State's grievance procedures or layoff policy.

JLARC was requested to review HB 776 by the Senate Finance Subcommittee on Compensation and General Government. This request was approved by a JLARC subcommittee. JLARC staff were directed to examine: (1) the implementation of HB 776, (2) whether HB 776 could be consistently implemented, (3) executive reorganization powers, and (4) options for amending HB 776.

The review found that the implementation of HB 776 had been generally consistent with the letter of the statute. An exception was that the Department of Personnel and Training was not maintaining an "ongoing and up-to-date list of the affected positions" as required by the *Code of Virginia*.

In addition, JLARC staff found that HB 776 had not significantly reduced the numbers of excluded positions when compared with Senate Bill 643 of the 1985 Session, a general expecta-

tion of the General Assembly when HB 776 was passed. The number of excluded positions had only decreased from 560 to 520, despite HB 776's provision to no longer exclude 42 correctional wardens and field unit superintendents and 259 positions at the third level of management. In fact, two-thirds of State agencies had more excluded employees than under SB 643.

The small decrease in the number of excluded positions stemmed from HB 776's exclusion criterion, which affected positions reporting directly to an agency head. In addition, this criterion appeared problematic because it:

- disproportionately affected agencies with fewer than 50 employees (these agencies had 88 more positions excluded by HB 776 than by SB 643);
- disproportionately affected employees in certain secretariats; and
- did not consistently apply to similar positions.

Executive branch officials have significant powers to internally reorganize agencies and to abolish positions. These powers, particularly position abolishment, are in some ways more significant than the authority granted by HB 776, as they apply to all of an agency's workforce. The

1990 reorganization of the Department of Education was a dramatic example of the reorganization of an agency resulting in significant position abolishment.

JLARC staff identified three options for addressing concerns noted in this review. The first option was to specify the positions to be excluded either in statute or in the Appropriation Act. The second option was to revise HB 776 to address concerns regarding small agencies and the types

of positions to be excluded from the Personnel Act. The third option was to eliminate the excluded category of employees and to correspondingly increase the Governor's appointment powers.

JLARC findings and options were presented in a staff paper to the subcommittee which requested the study. Subsequently, the 1995 General Assembly passed House Bill 2194, which in effect implements the third option discussed above.

### ***The Concept of Benchmarking for Future Government Actions***

Recently, there has been a renewed emphasis and effort at all levels of government to improve the efficiency, effectiveness, and accountability of both government programs and funding. This emphasis has resulted in a number of different initiatives at the local, state, and federal government levels. Moreover, many private sector organizations have taken management actions designed to achieve similar results. These initiatives have ranged from focusing on and improving program and process outcomes to improving the manner in which governments and private organizations serve their citizens and customers. A mechanism that has come to the forefront in meeting these objectives is benchmarking.

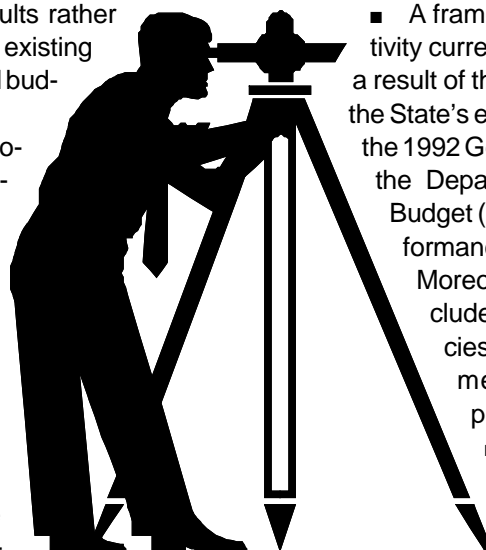
House Joint Resolution 107 (HJR 107) of the 1994 General Assembly Session directed the Joint Legislative Audit and Review Commission (JLARC) to study the concept of Virginia benchmarks for future government actions. A number of factors cited in HJR 107 provided the impetus for the present study: measuring results rather than inputs, making better use of existing resources, and setting program and budget priorities.

Benchmarking may have the potential to address many of the concerns cited in the study mandate. One type of benchmarking, performance measurement, tends to focus on the outcomes of programs or processes, and attempts have been made by both state and federal governments to link these results to budget decisions. A second type of benchmarking, best practice benchmarking, which is more commonly associated with the pri-

mate sector, is a management practice that focuses on emulating best practices in outstanding organizations. This type of benchmarking could also help State agencies make better use of existing resources.

Although the distinction between the two processes may not always be clear, the goals and objectives of the processes are typically clearer—organizational improvement with a greater focus on outcomes. Nonetheless, the extent to which the benefits of these management practices exceed potential drawbacks needs to be carefully evaluated before implementing them on a statewide basis in Virginia. Significant findings from this report include:

- While the benchmarking initiatives implemented in many states are ambitious, it is not clear whether the established goals can be met within existing resource levels. The sustained commitment of decisionmakers is also essential to the success of these initiatives.
- A framework for benchmark activity currently exists in Virginia. As a result of the 1991 JLARC report on the State's executive budget process, the 1992 General Assembly directed the Department of Planning and Budget (DPB) to implement a performance measure pilot project. Moreover, DPB has also concluded that a number of agencies utilize both performance measures and strategic planning.
- Best practice benchmarking holds potential for State agencies in Virginia. There are



likely many functions that State agencies could benchmark, thereby learning new and innovative methods used by both private and public organizations that could be adapted for use by the State. Therefore, State agencies, with guidance from DPB, should implement best practice benchmarking.

- Finally, based on findings from the DPB performance measure pilot project, additional services in the form of a clearinghouse-type database, on-going technical assistance, and an

interagency task force could be utilized to improve both the results and sustainability of any benchmarking or performance measure processes.

All of the report recommendations have received the support of the Department of Planning and Budget. Further, in June 1995 the Governor issued Executive Memorandum 3-95, which established an initiative for agency goal setting and performance budgeting to be used in developing the 1996-1998 budget.

### ***Follow-Up Review of Community Action in Virginia***

Community action programs are designed to help low-income people become self-sufficient. Most community action programs are administered by community action agencies (CAAs). CAAs are locally-operated agencies, which are either non-profit incorporated entities, agencies of local government, or quasi-public agencies. There are 26 local CAAs and three community action statewide organizations operating in Virginia.

CAAs have been providing services to the low-income population in the Commonwealth for nearly 30 years. During that time the mission of community action has not changed significantly. Continued emphasis has been placed on programs which "promote and support the development, coordination, and delivery of services and activities having a measurable and potentially major impact on the causes of poverty."

In 1989, JLARC conducted a review of the programs and activities of CAAs in Virginia. The study reported that the performance of CAAs was mixed. Although most CAAs were able to describe case examples of successful performance, system-wide deficiencies were identified in CAA accountability and in the Department of Social Services' oversight of CAA activities. Twenty recommendations were made for addressing specific problems at both the CAA and State levels.

In 1994, the General Assembly requested that JLARC evaluate actions that CAAs and the Department of Social Services (DSS) have taken in response to recommendations made in the previous report, particularly those concerning financial and program accountability of the CAAs and State oversight of CAA activities.

The follow-up review found that both funding and staffing of CAAs have increased appreciably since 1989. Over 500 full-time positions have been added to CAAs since the last JLARC report. In addition, total CAA funding increased substantially between fiscal year (FY) 1988 and FY 1994, due primarily to increases in federal and State program-designated funds. Federal and State Community Services Block Grant (CSBG) funding that is not program-designated has been relatively level over that period.

The review also found that progress has been made in implementing a number of recommendations made in the previous report. For example, CAAs are better able to account for numbers of clients served in various programs and are complying with statutory requirements concerning board membership. In addition, DSS is administering funds on a more systematic basis and has increased oversight capacity and activities relative to CAAs.

However, there is a substantial need for additional improvements. Specifically, the report found that CAAs need to:

- develop and use better program performance measures,
- strengthen client record management and reporting practices,
- better monitor their administrative costs, and address internal financial control problems.

Additionally, the report found that DSS should streamline its on-site monitoring process, better document its monitoring activities, and more effectively use information it collects from community action agencies and statewide programs.



# JLARC & The Virginia Retirement System

*This biennial Report to the General Assembly is designed to provide brief overviews of JLARC study activities, findings, and agency responses. Such summaries, however, cannot communicate the many aspects and impacts of a typical JLARC study effort. Therefore, as consistent with previous editions of the Report to the General Assembly, this section provides a more in-depth description of a recent JLARC study series.*

*Chosen for its considerable interest to the General Assembly and State employees, JLARC's evaluation of the Virginia Retirement System (VRS)*

*is the focus of this chapter. Significant changes were made to the VRS system as result of the review. The structure and governance of VRS were improved as a result of the 1994 amendments to the Code of Virginia. The Legislature's role in VRS operations was clarified and expanded to include permanent oversight of system activities. Finally, although there was a convincing need to improve VRS operations, JLARC staff were able to report that VRS investments appeared sound.*

## Background on the System

VRS administers a statewide public employee retirement system which provides defined benefit pension plan coverage for State employees, teachers and non-professional employees of local public school boards, and employees of participating political subdivisions. In addition to the State system, VRS administers separate retirement systems for State police officers and judges, a group life insurance program, a deferred compensation program, and a health insurance credit program for eligible State retirees.

A total of 228 State facilities, 146 local school divisions, and 357 political subdivisions participate in the retirement system. In addition, 131 local school divisions include their non-professional employees in the system. At the close of fiscal year 1994, VRS had 263,071 active members. There were a total of 89,346 retired members, terminated vested members, and beneficiaries. Total pension fund assets were valued at \$16.1 billion. Retirement benefits paid in FY 1994 totaled \$689.7 million.

## Origin of the Review

In the years preceding the JLARC study, the VRS Board was involved in a series of activities which called into question the independence of the Board and its ability to effectively govern. Among the concerns raised were those regarding the retirement system's acquisition of the RF&P Corporation and subsequent appointments to the RF&P board of directors. Such actions created a public impression that the VRS Board was influenced by political considerations, that the Board was unnecessarily secretive, and that it was unable to effectively govern the retirement system.

In response to these concerns, the 1993 General Assembly issued two mandates which, when combined, resulted in the largest, most extensive review of the Virginia Retirement System (VRS) since the system's inception in 1952. House Joint Resolution 392 requested JLARC to conduct a comprehensive study of the VRS. Senate Joint Resolution 251 requested JLARC to

review the State's group life insurance program for public employees. More specifically these mandates asked JLARC to evaluate:

- the structure and governance of the VRS system,
- VRS' investment practices and performance,
- the actuarial soundness of the retirement funds, and
- the funding and rate structure of the group life insurance program administered by VRS.

In compliance with the mandates, JLARC staff issued three reports in January of 1994:

- *Review of the Virginia Retirement System;*
- *The Virginia Retirement System's Investment in the RF&P Corporation;* and
- *Review of the State's Group Life Insurance Program for Public Employees.*

To address some of the highly technical issues required in the mandates, JLARC staff competitively procured the services of a number

of consultants. Bear Stearns Fiduciary Services, Inc., contributed to the analysis on management of VRS investments. Alexander & Alexander Consulting Group, Inc., analyzed the actuarial soundness of the VRS, as well as prefunding and rate structure issues related to the group life

insurance program. A real estate panel of university-based consultants reviewed the real estate investment of the RF&P Corporation. In addition, a panel of corporate tax experts reviewed the RF&P acquisition and reported on tax liability issues.

### Review of the Virginia Retirement System

The first study in the series recommended changes to VRS operations in four major areas: the structure and governance of the retirement system, the need for legislative oversight, investment policies and performance, and actuarial soundness. To strengthen the independence of the system, JLARC staff made several recommendations regarding the VRS structure and governance:

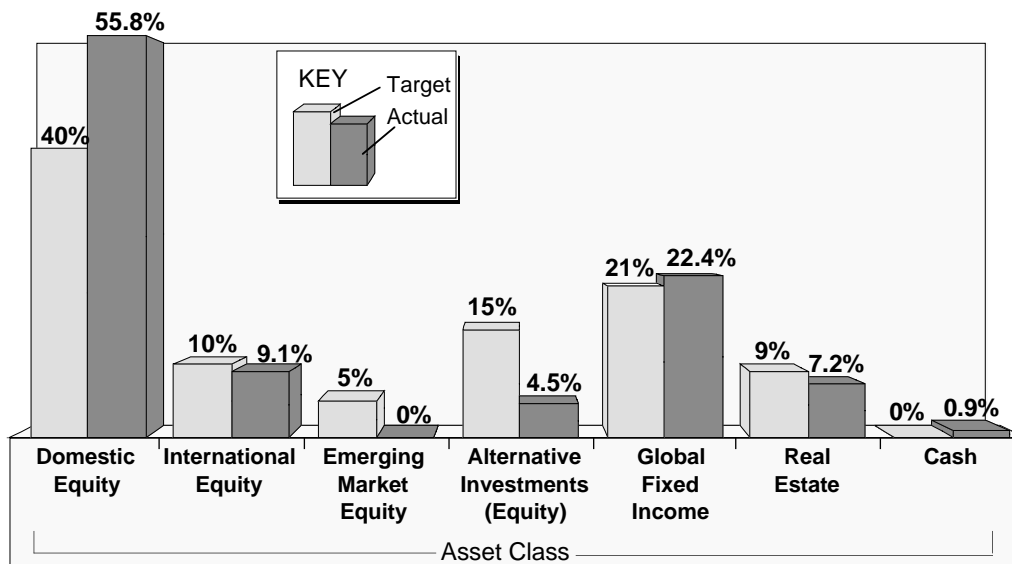
- The VRS should be made independent of the executive branch.
- The appointment of trustees should be a shared responsibility of the Governor and General Assembly.
- The VRS trust funds should be established as independent trusts.
- The structure of investment advisory committees should be established in law.

As recommended, the 1994 General Assembly made VRS an independent agency of State government, and its employees were ex-

empted from the State Personnel Act. In addition, three major legislative initiatives resulted from the study recommendations. First, a proposal was put forth to amend Article X, Section 11 of the Virginia *Constitution* to define VRS funds as independent trusts. This was done to provide greater protection to the VRS assets, by creating stronger legal safeguards. The proposed amendment was approved by the 1995 Session, and if passed by the 1996 General Assembly, will be voted on by the public at large in November 1996.

Second, the *Code of Virginia* was amended to revise the administrative structure of the VRS. Changes were made to reconstitute and reestablish the Board of Trustees. Qualifications for the chief investment officer were established, and membership and qualifications for the Board's investment advisory committees were defined. The purpose was to allow more legislative involvement in determining Board membership, and to provide for better qualification of appointed

**VRS Asset Allocation: Actual Compared to Policy Targets, as of June 30, 1995**



Board members. The JLARC-recommended revisions have redefined the governing structure of VRS, and a new Board is now in place.

The General Assembly also clarified its linkage to the VRS Board. Prior to the JLARC review, there was no formal relationship between the Legislature and the Board of Trustees. However, the *Virginia Constitution* requires that the Legislature be responsible for maintaining the retirement system for State employees. To fulfill this obligation, the 1995 General Assembly statutorily delegated responsibility for pension fund assets to the Board of Trustees.

Third, to help ensure accountability of VRS activities to the legislature, the Virginia Retirement System Oversight Act was passed during the 1994 Session. This legislation requires the Joint Legislative Audit and Review Commission to “oversee and evaluate the Virginia Retirement System on a continuing basis, and to make such special studies and reports as may be requested.”

To this end, one full-time position on the JLARC staff was dedicated to VRS oversight. The cost of this position is paid for, in accordance with the statute, out of VRS funds. Since July 1, 1994, JLARC staff have worked with the VRS to meet the requirements of the Act. In addition to the monitoring of VRS activities, three oversight reports have been issued covering: VRS investments, the disability retirement program, and the 1991 early retirement incentive program (see synopses at the end of this chapter).

Finally, the consultants hired by JLARC to evaluate the State’s retirement system indicated that the investment program and portfolio structure are fundamentally sound and reasonable in almost all major respects, from both a

procedural and substantive standpoint. Bear Stearns and Alexander & Alexander prepared separate, in-depth reports on investment management and actuarial soundness, respectively, and briefed the Commission on their findings. No cause for concern was found regarding the investment decisionmaking process. Therefore, the final report noted:

- The asset allocation was sound.
- Investment performance was acceptable given the current level of diversification.
- The managed futures program was a reasonable investment, although some adjustment of fees was needed.
- Benefits were well funded.

Recommendations were made to improve VRS investment and strategies and operations. The consultants were specifically directed to review the number, qualifications, and performance of VRS’ investment managers. On the basis of this review, a recommendation was made to significantly decrease the

number of managers, a consolidation which should lead to significant efficiencies and economies. Subsequent to the study, the number of external managers was decreased by 33 percent (from 105 in July 1993 to 69 in August 1995). This enabled VRS to reduce its investment expenses, which are paid directly out of the pension trust fund, from \$68.8 million in FY 1994 to \$53.3 million in FY 1995.

Another study recommendation has resulted in VRS adopting a formal statement of investment policy and objectives — to be periodically reviewed and affirmed or amended — which will provide needed guidance to the Board. Finally, the study also found that pay-as-you-go funding of cost-of-living adjustments will result in increased contribution rates in the future.

***VRS reduced its investment expenses, which are paid directly out of the pension trust fund, from \$68.8 million in FY 1994 to \$53.3 million in FY 1995.***

### ***VRS’ Investment in the RF&P Corporation***

Prior to 1991, the RF&P Corporation was the oldest railroad company in the United States operating under its original charter. The company owned substantial landholdings along the Washington, D.C. – Richmond corridor that it had acquired during the railroad’s 156-year operating history. RF&P’s principal shareholders were the

CSX Railroad Corporation (37 percent), the Commonwealth of Virginia (20 percent), the Norfolk Southern Railroad Company (six percent), and other individual public shareholders (37 percent).

In May 1990, the VRS Board of Trustees began procedures to acquire the RF&P Corporation. With the completion of a complex series of

asset and stock purchases and a tender agreement in October 1991, the State's retirement system became the owner of the \$540 million corporation.

Although the VRS routinely purchased stock in private corporations, the RF&P investment was considered unique for several reasons. First, it was unusual for a pension system to be the sole owner of a private corporation. Second, approximately 30 percent of RF&P's gross assets were undeveloped land holdings which needed to be developed or sold by the company in order to generate investment income. Third, by purchasing undeveloped land, large risks were assumed regarding proper zoning and management of the land, as well as an implicit tax liability which could have cost the VRS up to \$450 million.

These characteristics sparked significant public and legislative concern, exacerbated by a lack of information made available to the General Assembly pertaining to the acquisition. While at that time there was no requirement for the VRS to inform the General Assembly of each investment under consideration, the nature of the RF&P investment and the General Assembly's ultimate constitutional responsibility for the retirement system should have prompted the VRS to better inform the Legislature of the purpose and long-term benefits of the acquisition.

The JLARC staff review of the VRS investment in the RF&P Corporation concerned three broad issues: whether the VRS Board was meeting its fiduciary responsibility, whether the purchase of the RF&P was a prudent and sound investment for VRS, and whether the managing structure of the RF&P adequately safeguarded the State's interest.

Regarding fiduciary responsibility and investment, the JLARC review found:

- The VRS Board of Trustees acted reasonably in acquiring the RF&P Corporation.
- However, if the long-term potential of this investment was to be realized, RF&P staff would have to successfully manage the tax liability risks.
- Additionally, the RF&P staff would need to negotiate favorable zoning terms for its raw land and keep development costs at a reasonable level.

In its recent status report, the RF&P cited a number of actions taken to minimize risks and increase the value of its holdings. For example, the corporate structure was changed from a "C"

corporation to a real estate investment trust (REIT). This concurrently reduced RF&P's tax liabilities while significantly increasing the book value of the company. In addition, conversion of cash into operating real estate assets increased yield from six percent to 14 percent, and RF&P reports that equity investments have appreciated significantly.

Regarding organizational issues, JLARC staff identified a number of concerns with RF&P's operations:

- an unwillingness or inability of some senior staff members to adjust to the new corporate mission;
- an inefficient and ineffective organizational structure;
- insufficient attention to basic administrative policies; and
- company instability created by the interim, part-time status of the company's chief executive officer.

Subsequent to the JLARC review, many of these concerns were addressed. In spring 1994, new criteria were established for the RF&P board members. VRS recruited members with relevant expertise in real estate, investments, finance and business management. For example, the RF&P board of directors now includes two current and one former member of the VRS Real Estate Advisory Committee, all with considerable real estate expertise.

RF&P also appears to be focusing more appropriately on administrative details. The company now presents a monthly management report to its directors which summarizes the leasing transactions, capital projects, zoning and property rights issues, land sales, anticipated projects, and financial statements. RF&P management states that "on a continuing basis, we evaluate our operating expenses as compared to comparable VRS asset managers to confirm that RF&P is well within established ranges. We manage to an approved budget as well as to the standards that other VRS asset managers are expected to meet."

Additionally as recommended, RF&P hired a full-time chief executive officer. However, he subsequently resigned, and an interim appointment was made. Because several unsolicited proposals to purchase all or a portion of the company have recently been received, the RF&P board is not seeking a permanent president until the company's future ownership has been determined.

### **Review of the State's Group Life Insurance Program**

The Virginia group life insurance program for public employees provides benefits in the event of natural and accidental death and dismemberment. Participation in this VRS program is a condition of employment. As of June 30, 1994, approximately 339,000 active and retired employees were covered under the program, with a total of \$16.8 billion of life insurance in force. All employees pay the same rate regardless of age, gender, or health status. Virginia is one of only two states which prefund their life insurance benefit in advance of retirement. VRS contracts with the Life Insurance Company of Virginia to underwrite the coverage and to administer several aspects of the program.

The JLARC review of the State's group life insurance program focused specifically on the funding and rate structure of the group life program. Overall findings were:

- Program benefits are generous and well funded, and premium rates are low compared to the programs of most other states.
- Performance of the VRS' actuary and the Life Insurance Company of Virginia in connection

with the program has been reasonable and effective.

- However, the suspension of premiums during FY 1994 decreased the amount of prefunding and ultimately reduced the actuarial soundness of the program.

To strengthen the funding of the group life insurance program the report recommended:

- An independent evaluation should be performed prior to altering the program's funding methods or rates.
- VRS should adopt a formal funding policy for the program.
- VRS should perform another actuarial valuation to identify the full effect of the premium suspension and to evaluate alternative funding approaches.

In response, the VRS reports that its actuary is now conducting a study using June 30, 1994 data for developing rates to fully fund future benefits in the 1996-98 biennium. The study also should provide the Board of Trustees with enough information to address the other JLARC recommendations.

### **The Role of JLARC in Providing VRS Oversight**

JLARC's new oversight function for the Virginia Retirement System is authorized by the Virginia Retirement System Oversight Act of 1994 (§30-78 through §30-84 of the *Code of Virginia*). The Act directs JLARC to oversee and evaluate the VRS on a continuing basis and as directed by the General Assembly. Oversight objectives include the following:

- Provide timely, accurate information about the retirement system to the General Assembly.
- Assess the appropriateness of the structure of governance for the retirement system and recommend modifications to the structure as necessary.
- Evaluate on a periodic basis the soundness of the retirement system trust funds.
- Evaluate the performance of the VRS investment program and report to the General Assembly on any significant changes in the investment program.

- Evaluate the efficiency and effectiveness of VRS administration and operations.

To implement the retirement system oversight function, several activities are under way or planned for the near future:

- JLARC staff regularly attend monthly meetings of the Board of Trustees, the Investment Advisory Committee, and the Real Estate Advisory Committee. Staff also periodically attend board of directors meetings of the RF&P Corporation.
- Staff monitor and review the VRS investment program and distribute to the General Assembly periodic update reports. Three reports have been issued to date (see next page for summaries). In the future, these reports will typically focus on five main areas: asset allocation, investment policy, investment performance, long-term assets and liabilities, and short-term investments and liquidity. The documentation and data submitted by VRS for these reports

also serve as the basis for oral briefings to the Commission by VRS.

- Staff provide an annual pre-session status report to the Commission. For the 1996 Session, this status report will focus on the reorganization of the VRS Board and the advisory committees. The briefing will also address VRS' status as an independent agency, including its progress toward the development of comprehensive personnel policies and procedures.
- The JLARC staff are producing a *Legislator's Guide to the Virginia Retirement System*, to be completed for the 1996 Session. The *Guide* will include discussions of the system's governance and structure, administrative and management functions, benefits programs, investment programs, funding and actuarial practice, a description of recent State and federal legislation affecting VRS, and a discussion of some emerging issues for public employee retirement systems. The *Guide* will also include such items as

current constitutional and statutory language relating to the system and retirement benefits programs, a chronology of VRS benefit changes, frequently asked questions concerning VRS, and summary statistics on VRS and other public retirement systems across the country.

In sum, JLARC's review of the Virginia Retirement System has resulted in many improvements, as well as a continuing role for the Commission and its staff in the future. Much of the credit for these changes goes to the JLARC VRS Oversight Subcommittee, whose members are:

- Senator Stanley C. Walker (Chair)**
- Senator Hunter B. Andrews**
- Delegate Robert B. Ball, Sr.**
- Delegate Vincent F. Callahan, Jr.**
- Delegate Jay W. DeBoer**
- Senator Joseph V. Gartlan, Jr.**
- Delegate Franklin P. Hall**
- Senator Richard J. Holland**
- Delegate Lacey E. Putney**

## VRS Oversight Reports


The enabling legislation for the new oversight function calls for periodic reports to update the Legislature on the programs and performance of the retirement system. For these update reviews, JLARC staff have developed a special new format (see illustration at right) to distinguish them from non-VRS reports. The three updates completed so far this year are summarized below.

### VRS Oversight Report No. 1: The VRS Investment Program

The initial update report examines many of the same investment-related issues assessed in the first VRS study, *Review of the Virginia Retirement System*. Subsequent to that report, the 1994 General Assembly made significant statutory changes affecting the VRS investment program.

First, the General Assembly eliminated the legal list of authorized investments, and established a new prudence standard for VRS investments. Under the new statutory provision, the VRS Board of Trustees (the Board) may make any investment provided that it is made "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person

March 8, 1995 VRS Oversight Report No. 1



JOINT LEGISLATIVE AUDIT  
& REVIEW COMMISSION  
OF THE VIRGINIA GENERAL ASSEMBLY

### The VRS Investment Program

Report Summary and Contents

- **Asset Allocation** ..... Page 3  
The VRS Board of Trustees approved a revised asset allocation policy which increases equity and real estate investments, and reduces fixed income investments.
- **Investment Policy** ..... Page 5  
A comprehensive review of VRS investment policy has been initiated by the Board of Trustees.
- **Investment Performance** ..... Page 9  
VRS has experienced mixed results in terms of recent investment performance, with a total rate of return well below the actuarial investment return assumption of eight percent.
- **Long-Term Assets and Liabilities** ..... Page 11  
For the first time, the Board of Trustees has completed an analysis of long-term assets and liabilities. The findings support the current asset allocation policy.
- **Short-Term Investments and Liquidity** ..... Page 14  
The Virginia Retirement System maintains a sufficient level of cash to meet current and short-term future needs. However, VRS benefit expenses exceeded contributions for the first time in fiscal year 1994.

**Profile: Virginia Retirement System Investments**

Chief Investment Officer: Erwin H. Will  
 Total Assets: \$16.6 billion  
 Actuarial Return Assumption: 8%  
 Number of VRS Investment Staff: 15  
 Current Number of Outside Managers: 70  
 Number of Active VRS Members: 263,071  
 Number of Retired VRS Members: 73,200

Total Return on Investments				
(Most Recent Full Fiscal Years)				
	1991	1992	1993	1994
	6.4%	11.2%	11.5%	1.7%
(Time Periods Ending 12/31/94)				
	10 years	5 years	3 years	1 year
	11.6%	7.2%	4.9%	0.0%

**Asset Allocation** (as of December 31, 1994)

Asset Class	Asset Allocation (% of Total Assets)		Where Invested (% of Asset Class)		Investment Strategy (% of Asset Class)	
	Target	Actual*	Domestic	International	Active	Passive
Equity	70%	58%	85%*	15%	64%	36%
Fixed Income	21%	28%	91%	9%	100%	0%
Real Estate	9%	7%	100%	0%	70% <sup>†</sup>	30%

\*Of total assets, 1% was cash and 3% was tactical asset allocation. <sup>†</sup>Includes private equity. <sup>‡</sup>Includes RE&P Corporation. Source: Virginia Retirement System.

*The front page of each VRS Oversight Report will provide (1) an overview of the report findings, and (2) a quick update table on key investment indicators. The special report logo and format differentiate this twice-a-year publication from other JLARC studies.*

acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”

Second, the General Assembly strengthened the required membership of the Investment Advisory Committee (IAC) and the Real Estate Advisory Committee (REAC). As a result of the new requirements, a greater level of investment expertise is now present on each committee. In addition, both of the advisory committees were made mandatory for the VRS Board. Each advisory committee is required to provide the Board with “sophisticated, objective, and prudent investment advice.”

While a complete assessment of the impact of these recent changes would be premature, the VRS investment program appears appropriately reoriented. Some important observations can be made:

- The VRS Board of Trustees approved a revised asset allocation policy which increases equity and real estate investments, and reduces fixed income investments.
- A comprehensive review of VRS investment policy has been initiated by the Board of Trustees.
- For the period ending December 31, 1994, VRS experienced mixed results in terms of investment performance, with a total rate of return well below the actuarial investment return assumption of eight percent.
- For the first time, the Board of Trustees has completed an analysis of long-term assets and liabilities. The findings support the current asset allocation policy.
- The Virginia Retirement System maintains a sufficient level of cash to meet current and short-term future needs. However, VRS benefit expenses exceeded contributions for the first time in fiscal year 1994.

## **VRS Oversight Report No. 2: The VRS Disability Retirement Program**

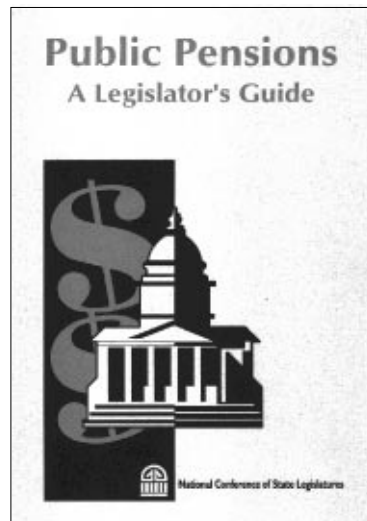
The VRS disability retirement program provides retirement benefits in the event that an individual is physically or mentally unable to perform the duties of his or her current occupation. More than \$84 million in disability retirement benefits were paid to more than 10,600 individuals during calendar year 1994.

The Joint Commission Studying the Management of the Commonwealth’s Workforce (Workforce Commission) requested that JLARC, as part of its retirement oversight function, perform an operations and management review of the disability retirement program. JLARC’s study approach focused on three general areas: the scope and profile of the disability retirement program, the adequacy of VRS policies and procedures for the program, and the extent to which individuals receiving VRS disability retirement benefits are also receiving earned income.

In general, the study concluded that VRS needed to develop formal administrative regulations for the disability determination process, as well as develop additional sources of information to assist in determining the extent of an individual’s disability. VRS concurred with the findings of the JLARC review.

In addressing the JLARC recommendations, VRS reports the following activities:

- The VRS Board has directed staff to begin development of regulations for the administration of the disability program. Input from the medical and legal professions will be utilized, with the regulations presented to the Board by July 1, 1996.
- Although current statute provides that the Medical Board is to be composed of three members, staff have been directed to draft legislation increasing the number of members on the Medical Board to four. Staff also have been



*NCSL recently released a comprehensive revised edition of its 1985 legislator's guide to public pension systems. JLARC's VRS oversight staff provided extensive comments during the drafting process for the NCSL manual.*

directed to establish criteria for selecting physicians to serve on the Medical Board as well as standards by which to evaluate the Board's performance.

- VRS plans to develop a standard process for the recall of disability retirees.
- Staff of VRS have been directed to examine the establishment of an investigative component of the disability process and report their findings by January 1, 1996.
- The duties of the Compliance Officer have been reorganized into the Benefit Programs and Services Division. Consideration is being given to providing wage support to the Compliance Officer pending final determination of staffing needs. The function of the Special Assistant for Policy has been abolished.
- The VRS Board supports further analysis of those earning income while receiving disability benefits, and have directed staff to cooperate with the Workforce Commission on this issue.

### ***VRS Oversight Report No. 3: The 1991 Early Retirement Incentive Program***

During the 1991 Session, the General Assembly enacted legislation establishing an early retirement incentive program for members of the VRS. This program provided eligible individuals with enhanced retirement benefits while also permitting an immediate reduction in personal services expenditures for the State. Approximately \$37 million in budget reductions for FY 1992 was attributed to the early retirement program. A total of 3,535 State employees and 2,607 political subdivision and local school board employees retired early under the program.

The JLARC VRS subcommittee directed JLARC staff to provide a summary of the implementation and net effects of the incentive program. The key findings were as follows:

- The program was developed in response to a projected State revenue shortfall. Analysis performed by the Department of Planning and Budget concluded that the program would create a net financial benefit for the State if the replacement of early retirees was kept to a minimum. The General Assembly authorized the program after the required budget savings for FY 1992 were increased. Judges and State Police were not eligible. Participation was optional for political subdivisions.

***“We believe that the JLARC recommendations will go a long way to enhance the services that we provide to those applying for disability retirement as well as to the employers who fund those benefits”***

— VRS Director's status-of-action report.

ate a net financial benefit for the State if the replacement of early retirees was kept to a minimum. The General Assembly authorized the program after the required budget savings for FY 1992 were increased.

- A mandatory budget reduction target was created for each State agency. Agencies had to submit early retirement plans, containing estimates of the number of retirees and the need for replacements, to their Secretaries and to the Department of Planning and Budget (DPB). Based on their review of agency plans, DPB staff realized that the replacement rate for State early retirees would exceed 50 percent.
- The program enabled certain long-time employees to leave service under dignified circumstances, and allowed their employers to reduce their payrolls. However, it also produced a sudden, massive loss of leadership and expertise at the State level. The participation rates and position replacement rates for State early retirees exceeded the assumptions used by DPB in estimating the fiscal impact of the program. The program also created a large actuarial loss – \$238 million for State employees and \$119 million for teachers – for VRS.
- Several key issues should be examined when evaluating a proposed early retirement program. These include the trade-off between short-term budget reductions and long-term pension liability, the program's relationship to overall budget reduction strategy, monitoring of position replacement, the rehiring of early retirees, and the proper recognition of all program costs.



# Status of Previous JLARC Studies

## Study Series on the Virginia Medicaid Program

This section provides follow-up information on selected studies completed two or more years ago.

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 grew 46 percent between FY 1990 and FY 1992 for a total of \$1.4 billion in FY 1992. The number of persons receiving Medicaid services also increased significantly—by 33 percent in the same time period.

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 indigent care appropriations to the State teaching hospitals and the Medical College of Hampton Roads. 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. Ultimately, JLARC staff produced eight Medicaid-related reports.

In general, JLARC found that Medicaid spending in Virginia was not "out of control." Increases in the program were the result of inflation and decisions by the Congress and the General Assembly to expand eligibility and services covered. The reports noted that there were very few options available to the State to further control Medicaid costs. The JLARC study concluded that the Department of Medical Assistance Services (DMAS) was effectively controlling hospital, long-term care, and ambulatory care expenditures.

Consequently, most of the 89 JLARC staff recommendations from the Medicaid report series focused on streamlining and improving existing program operations. Many actions taken by DMAS in response to the recommendations were summarized in the 1993 *Report to the General Assembly*. As expected however, related activities have continued since that time.

Recently, DMAS appears to have taken steps to enhance some of its internal operations. The department reports that it has expedited the cost settlement and audit processes for hospitals and long-term care facilities. Additionally, as

recommended, DMAS and Department of Mental Health, Mental Retardation and Substance Abuse Services now meet prior to budget submissions to compare forecasts.

Some program specific changes also have been implemented. Of significance is the implementation of a proactive estate recovery program in FY 1993. This change was recommended in the JLARC report *Medicaid Asset Transfer and Estate Recovery*. As of March 1995, more than \$313,000 has been collected through this program. Further, accounts totaling more than \$1,000,000 are awaiting settlement and payment to DMAS. JLARC staff analysis indicated that such estate recovery activities could eventually produce an annual savings of \$9.7 million.

Highlights of other program-specific activities recently implemented by the department are described below, following a brief summary of the report to which they correspond.

### **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 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.

This 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. However, educating recipients about patient responsibilities, expanding Virginia's managed care ("Medallion") program to increase physician participation, and stepping-up utilization review activities were recommended.

The department's recent activities appear to be addressing these concerns:

- DMAS has initiated a statewide training program through the Department of Social Ser-

vices, designed to educate recipients on patient responsibilities and appropriate utilization at the time of Medicaid enrollment.

- As part of the General Assembly's 1995 initiatives, DMAS plans to expand enrollment in the Medallion program to all Medicaid recipients, effective in July 1995.
- Reimbursement for pharmacy services has been changed to reflect a lower dispensing fee. Also, DMAS developed a cost-saving initiative whereby pharmacies agreed to reduce Medicaid expenditures through a voluntary prior authorization program for certain categories of drugs.
- As recommended, the department is exploring the feasibility of expanding pharmacy coverage to include reimbursement for limited over-the-counter drugs for specific recipients.
- Third party liability processes are being improved through automation, which should enhance: (1) the identification of Medicaid cases for which a third party is responsible for payment, and (2) recoveries of Medicaid payments made on behalf of these cases.

### ***Medicaid-Financed Long-Term Care Services***

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. Because of the projected increases in Virginia's elderly population, the demand for many of the long-term care services financed through Medicaid are expected to increase. This concern has been heightened by the fact that, at the time of JLARC review, recipients of long-term care services constituted just 10 percent of the Medicaid population, but were responsible for more than 56 percent of its costs. This study explored a number of options for reducing the overall costs of Medicaid funded long-term care services.

A major conclusion of this review was that the reimbursement system for nursing homes was well designed and appropriately considered most of the key factors which influence cost. However, payment ceilings needed to be based on measures of efficiency. Also, the system did not adequately account for the higher operating costs faced by smaller nursing homes, and did not reflect costs associated with legislatively-required criminal record checks and protection of employ-

ees from bloodborne pathogens.

Another significant finding was related to a federal law which requires community care programs to target persons at-risk of institutional placement, and stipulates that community care costs should not exceed the cost of institutional care. According to the study, over half of current recipients appeared to be mistargeted, increasing Medicaid spending by more than \$16 million annually.

Based on DMAS' recent status-of-action letter, the department has addressed these and other concerns outlined in the JLARC review:

- Efforts to develop efficiency standards for the nursing home industry are reported complete.
- Through General Assembly approval of funding, DMAS has increased reimbursement to nursing facilities to account for criminal records checks and employee protection from bloodborne pathogens.
- DMAS worked with the Virginia Health Care Association to develop fair reimbursement rates for small nursing facilities.
- As recommended, the department has eliminated the distinctions made for hospitals when establishing fees for the delivery of home health services. The department will only authorize payment of a higher fee to hospitals if there are no freestanding agencies which will agree to accept home health care referral.
- DMAS has developed a reimbursement rate methodology for personal care providers.
- Conflicting requirements in federal certification and inspection-of-care regulations were identified during a review of the nursing home manual. These conflicts have been acknowledged by the federal Health Care Financing Administration, which is currently working to resolve the problems.
- Through a task force comprised of staff from the Virginia Department of Health, DMAS, and both State-owned and small community group homes, a new inspection of care form was developed and is being field tested.

### ***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. In general, the review found that the program is conservatively managed, and

the services provided are, with only a few exceptions, those required by law. In fact, hospital providers have argued that reimbursements are 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 reached by DMAS and the VHA, no changes can be made to Medicaid's hospital reimbursement systems until July 1996, except under specific circumstances. However, the problems identified in the JLARC review did not require immediate changes. JLARC staff recommended that DMAS consider certain issues for future reimbursement reform.

DMAS is currently undertaking three significant activities which address concerns outlined in this JLARC report:

- DMAS began a comprehensive review of Medicaid hospital reimbursement with a hospital task force on January 1, 1995. Slated for review are analyses of capital costs, the current hospital peer grouping structure, disproportionate share adjustments, payment rates to rural hospitals, and outpatient reimbursement. Reimbursement methods used by other states will also be reviewed.
- JLARC recommended that DMAS increase utilization review for emergency services at all Virginia Medicaid participating hospitals. The department reports that reviews saved \$14.3 million in FY 1993. Changes have been made recently to the list of diagnosis codes, which should save an additional \$5 million.
- DMAS is in the process of implementing a computerized system for prior authorization and utilization review. This is expected to at least double the annual volume of requests processed, resulting in more potential savings.

### ***Funding of Indigent Hospital Care in Virginia***

As part of specific directives contained in SJR 180, JLARC staff were asked to review the funding of indigent hospital care in Virginia. Completed as a separate study, this review found that the Medical College of Virginia Hospitals and University of Virginia Medical Center provided the

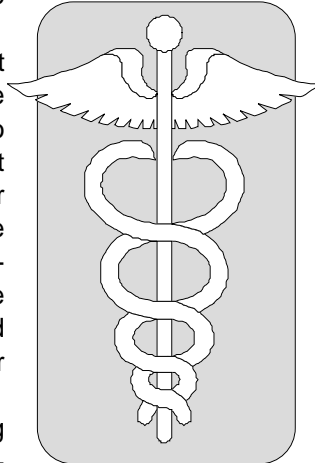
majority of State-funded indigent care. Although the State hospitals were found to be accountable with the use of State funds, the report noted that the appropriate use of the funds needed to be clarified. As part of that process, and per a JLARC recommendation, the General Assembly reduced appropriations (\$2.6 million in FY 1992) to the State teaching hospitals by the amount that was used to subsidize the indigent care of non-Virginians.

The following are more recent actions related to the study :

- In July 1993, The Board of Medical Assistance Services submitted a report to the Secretary of Health and Human Resources which included a set of criteria to determine whether to cover specific transplantation services, recommendations for transplant facility selection, and recommendations for reimbursement for transplantation procedures.
- The General Assembly increased by \$2.5 million the indigent care appropriation for the Medical College of Hampton Roads. This increase was offset by an overall increase in Medicaid disproportionate share funds flowing to Virginia.
- The Indigent Care Appropriation Plan for the Medical College of Hampton Roads was revised to incorporate costs rather than charges in the computation of indigent care losses.

### ***Medicaid Continues to Evolve***

The policies and procedures guiding the Medicaid program and the Indigent Care Appropriations continue to evolve. Future changes to these programs can be expected. Hospital reimbursement will likely be revised, based on task force review and recommendations. The current funding structure for indigent care at the State teaching hospitals remains tenuous, as it is dependent upon a federal law that is likely to change. However, considering that both Virginia Medicaid and the indigent care appropriation were functioning soundly at the time of review, and now have been enhanced by implementing many of the JLARC recommended improvements, Virginia appears to be in strong position for tackling the difficult indigent health care issues of the future.



## **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's universities to develop and transfer technology to industry. It implements this mission primarily by co-sponsoring research projects with industry. CIT also markets and licenses intellectual property developed at the universities. In addition, some of CIT's programs 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 had basically implemented the original legislative intent. Businesses sponsoring individual projects with CIT were generally satisfied with relationships and outcomes. CIT also had been successful in obtaining substantial funding from industry and the federal government. However, the study made recommendations for improvements in the areas of mission, governance, administration, and accountability.

Since the time of review, CIT indicates that there has been considerable activity in addressing all of the study recommendations and related mandates from the General Assembly. Statutory changes have refocused CIT's mission. According to CIT's president, the new mission provides a more balanced approach toward enhancing the State's competitiveness by providing Virginia's businesses with access to technological resources, as well as assisting in the creation and retention of high technology jobs.

Additionally, CIT has reorganized to more effectively meet its new mission. CIT has participated in "Opportunity Virginia", the Statewide strategic planning process for economic development. In combination, both CIT's new strategic plan and the agency reorganization serve to place additional emphasis on service programs and targeted industry sectors.

Other recent study-related activities include the following:

- The study recommended periodic reassessment of CIT's Secretariat placement. The 1995 General Assembly transferred the agency from the Secretary of Education to the Secretary of Commerce and Trade. According to a status-of-action report from the CIT, "this move was initiated by the business community, and has been widely viewed by CIT's customer base as a positive indication for CIT."
- As recommended, more staff support has been given to the Board, the composition of which was amended by the 1993 General Assembly. A regular calendar has been set for the 1994-1996 CIT Board meetings. Briefing materials are mailed in advance. Staff are assigned to support each Board committee. A retreat was held November 1994 for the Board, staff, and client companies to collaborate on the strategic plan.
- CIT has established a Science and Technology Task Force. This was mandated during the 1993 Session and was continued during the 1995 Session (HJR 447). CIT staff, along with staff from the Department of Economic Development and the State Council of Higher Education for Virginia, are currently working together on this project.
- In accordance with the economic development strategic plan, CIT's goal is to assist in the delivery of 6,000 jobs, 150 companies, and \$100 million in value-added service to CIT client companies by 1997. Additionally, this goal is to be a central element in CIT's evaluation plan, currently being developed by a national firm.
- CIT reports that it has formed close working relationships and partnerships with several key industry groups, including the Virginia Technology Council and emerging regional technology councils.

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- CIT's internal administrative operations have been reconsidered and in some cases revised. General and administrative expenses have been cut from 15 percent to 12 percent of the CIT's budget. Additionally, a private firm has been benchmarking compensation levels for all CIT personnel. Select services are being

out-sourced including legal, evaluation, and facility management. Formal policies and procedures for personnel, reimbursement, and travel are being reviewed.

- CIT now participates in budget development according to the guidelines of the Department of Planning and Budget.

### 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. The final report, presented to the 1993 Session, 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. Also, 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. This subcommittee work culminated in the passage of two bills during the 1993 Session. The first was an omnibus bill which revised the APA to increase opportunities for public participation in the regulatory process and increase public access to information. The second bill allowed for the suspension of regulations by joint executive and legislative action. 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.

Activity to improve the effectiveness of the APA continues. A standing advisory committee to the Code Commission was established early in 1995 to examine administrative law and process issues. The impetus for establishing this committee came in part from JLARC's finding that APA provisions and the level of agency implementation need continual review.

Recently the advisory committee held its first conference, attended by approximately 125 representatives of State and local government, the legal and academic communities, and others active in administrative law or administrative processes. The advisory committee also developed a summary of recommendations from the conference, indicating potential areas of improvement to the rulemaking process, public participation, adjudicatory case decisions, and judicial review.



### ***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 recommendations, which has been described in previous Reports 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. The JLARC study recommendations are still having substantive input on the regulation of homes for adults,

***“JLARC’s recommendations have guided this department throughout the development of the proposed adult care residence regulations. We appreciate the information and direction which your study has provided.”*** — DSS Director’s status-of-action report.

and this area has continued to be of interest to the General Assembly.

A major recommendation of the study was the establishment of a tiered system of care. In 1993, the General Assembly enacted statutes creating a two-tiered system of licensing for Virginia’s home for adults: residential, and assisted living. To advise the Department of Social Services (DSS) in developing the regulations, a Levels of Care (LOC) Task Force was created, composed of representatives from provider associations, advocacy groups, and State agencies.

The LOC Task Force has developed three sets of proposed regulations for adult care residences: adult care residence licensure, assessment and case management, and requirements for auxiliary grants. At present, the regulations are nearing the final stages of development. Many of the reforms recommended by JLARC are addressed in the proposed regulations, which include:

- the development of standards for medical procedures, medication management, staffing standards, staff qualifications, facility design, equipment, food service, and training for both home administrators and staff; and
- the establishment of two payment levels for auxiliary grant recipients: regular assisted living and intensive assisted living.

In addition, per a JLARC recommendation, the General Assembly has enacted legislation establishing the use of a uniform assessment instrument for all adult care residents.

### ***Study Series on Inmate Health Programs***

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 was

fulfilled through three JLARC reports: one which focuses on medical care and the organization and management of inmate health services within the Department of Corrections (DOC), a second report focusing on dental care, and a third report on mental health services.

In FY 1993, DOC expended nearly \$37 million to provide health care to an inmate population of about 17,000. The Department used these funds to provide inmate health care in the correctional institutions, in community hospitals, through private physicians and dentists, or at the Medical College of Virginia. In general, however, JLARC staff concluded that DOC did not effectively manage health care costs and service delivery. The three reports in the JLARC study series made a total of 86 recommendations addressing cost accounting standards, treatment reporting, administration and management, staffing, equipment, and access to care.

Since the completion of the JLARC study series, the department reports that it has undergone significant reorganization to improve reporting relationships and effect other changes involving the delivery and administration of inmate health care. A number of these changes are consistent with JLARC recommendations. For example, the role of the Office of Health Services appears to have been strengthened, which should help centralize and enhance management of medical, dental, and mental health services. Further, a third party administrator for health services is being solicited, which will impact — and hopefully improve — many services reviewed in the JLARC reports. The department believes that the functions, costing, and self-assessment of medical, dental, and mental health services will be improved and more fully integrated as the new organization takes effect.

The following discussions summarize additional DOC activities related to the individual reports.

### ***Evaluation of Inmate Medical Care and DOC Management of Health Services***

Although inmate access to medical care appeared to be good, JLARC found a number of concerns with DOC's management of inmate health care. More attention needed to be given to the on-site medical needs of female and handicapped inmates. Deficiencies in the documentation of care made access difficult to fully assess,

and also put the State in a precarious situation regarding potential legal actions. Moreover, DOC needed to significantly improve its monitoring of Correctional Medical Systems (CMS), the private company hired to provide health care services at the Greensville Correctional Center.

Numerous specific recommendations were made in the JLARC report to improve the oversight and management of inmate health care. The Department of Corrections appears to be making an effort to correct many of the deficiencies cited. Highlights of recent DOC activities to address JLARC's recommendations include the following:

- DOC has hired a new Chief Physician who will be responsible for assessing optimal utilization of existing facilities, equipment, and medical services.
- The department has completed and distributed a medical records manual, and training of facility staff has been implemented to improve documentation.
- New operating procedures have been developed to address concerns over the transfer of inmates with infectious diseases.
- Plans are being implemented to reduce the use of agency nurses, and the savings will be utilized to fund positions being relocated to facilities in need of additional staffing.
- DOC has developed new operating procedures for the identification, classification, and placement of inmates with disabilities. These procedures are being reviewed by the Attorney General's Office.
- The department now distinguishes dental, mental health, and medical expenditures when processing financial vouchers for the Commonwealth Accounting and Reporting System;
- DOC has issued a departmental operating procedure to accounting personnel to ensure there is a system-wide uniform classification of health care expenditures.
- DOC has issued an RFP for a managed care/third party administrator to assist with reimbursement policies, utilization review, cost analysis, analyzing trends in inmate health care services, and negotiating payment arrangements for medical services provided to inmates.
- The department has taken action to ensure that each institution's medical budget is established based on the medical mission of the institution, historical trends, and known factors which would impact expenditures.

### **Review of Inmate Dental Care**

This review found that both central and institutional dental procedures adequately addressed many of the important issues. However, given the changing composition and needs of the inmate population, many improvements needed to be implemented.

The department reports the following responses to JLARC recommendations:

- DOC's Office of Health Services, and especially the Chief Dentist, has undertaken a more proactive role regarding the administration of dental services. For example, the demand for off-site dental services has been reduced by establishing clinics at several facilities. Oversight and monitoring activities are receiving a higher priority.
- Reporting of dental-related data — service levels, morbidity, and expenditures — has been improved and should help the department manage costs, set service priorities, and evaluate staffing needs.
- The department has revised or developed written operating procedures for dental services at both the system-wide and institutional levels.

### **Evaluation of Inmate Mental Health Services**

The JLARC staff review of inmate mental health services led to two major findings. First, the department lacked a fully developed system of comprehensive mental health care. This led to problems in the quality of treatment in DOC's

sheltered care units, ineffective use of the department's psychologists providing outpatient treatment, and inefficient utilization of costly mental health treatment beds. Second, the department did not have adequate cost control mechanisms in place. This was, in part, due to limited maintenance of mental health services cost data.

In response to the JLARC recommendations, the department has initiated a number of actions:

- The department requested and received General Assembly approval for four regional mental health clinical supervisor positions, whose primary responsibility will be to implement a quality assurance improvement program.
- The use of individual treatment plans, progress notes, and mental health files for inmates has been standardized throughout the system.
- Program descriptions have been written for all therapy groups offered in each sheltered care mental health unit, and program outlines have been provided to participating inmates.
- Mental health services documentation has been enhanced through requirements specified in a newly written standard operating procedure.
- To address study concerns, a new structure of privileges for inmates assigned to Powhatan's sheltered care unit was put in place in February 1995.
- A licensure process is being developed for the mental health units operated by DOC.
- Problems with delays in the prison transfer process have been addressed by revising and centralizing the transfer procedures.

### **Rainy-Day Fund**

Virginia's "rainy-day" fund constitutional amendment was an outgrowth of the JLARC 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 one which reviewed the processes and models used for revenue forecasting in the executive branch. The revenue forecasting report acknowledged that forecasting errors are inevitable — some revenue shortfalls and surpluses are to

be expected. Given the inherent uncertainty of revenue forecasting, implementation of a revenue stabilization fund appeared to be a good means of coping with shortfalls.

The function of the proposed rainy-day fund was to skim off above-average revenue growth in prosperous years, and deposit these monies to an interest bearing account. Such monies would then be available when forecast error resulted in a revenue shortfall. However, because the *Constitution of Virginia* required policy makers to spend all revenues, the *Constitution*



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had to be revised in order to meet the objectives of Virginia's rainy-day fund.

By a three-to-one margin, the citizens of Virginia approved the JLARC proposal, and the Constitutional amendment was adopted in November 1992. 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 to the "rainy-day" fund was made on June 30, 1995, in the amount of \$79,896,927. This amount was required based on FY 1994 revenues. An additional deposit of approximately \$67 million will be required based on FY 1995 revenue experience. The \$67 million deposit will represent less than one percent of total general fund revenues for FY 1995 (\$6.9 billion).

### 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, now operated by the department's Division of Fleet Management (DFM). Per JLARC recommendations, regulations regarding the assignment of vehicles were tightened and more strictly enforced, resulting in significantly better vehicle utilization. Ac-

countability for 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.

The Department reports that it is continuing to improve fleet management. Several recent Executive Orders that are in line with JLARC recommendations have resulted in savings. For example, per a June 1994 Executive Order, the Commissioner of Transportation in consultation with heads of other agencies and institutions reviewed the as-

signment of all State-owned passenger vehicles. As a result of this review:

- 139 vehicles have been turned in to the centralized fleet. This has saved \$1,390,000 by avoiding vehicle replacement costs.
- \$35,000 in additional savings is anticipated due to placing 50 of the returned vehicles in the trip pool operated by DFM.
- VDOT has identified more than 150 vehicles which they believe should be part of the centralized fleet, allowing for potential future savings. VDOT plans to work with the agencies involved.
- The use of State vehicles for commuting is now



prohibited unless it is essential to the effective performance of an employee's responsibilities.

- DFM expects to determine the optimal size of the trip pool in Richmond and the most feasible means to achieve that size by the end of calendar year 1995.

In addition, the Governor's Blue Ribbon Strike Force has made several recommendations to improve the operation of the Centralized Fleet including: increasing customer satisfaction with DFM's fleet services, continual evaluation of the optimal trip pool size, and generally revising DFM's criteria for replacing vehicles. These recommendations, which are now being evaluated, build on

recommendations from the JLARC studies.

VDOT expects for the future, however, that fleet management costs may rise. Both purchase prices and operational costs of vehicles are anticipated to increase. This in part is due to the federal Energy Policy Act (effective model year 1996) and the Clean Air Act (effective model year 1998) requirements. Additionally, as of March 1995, DFM reports 70 outstanding requests from agencies for additional fleet vehicles. Also, 392 vehicles out of the 2,862 in the fleet have reached the JLARC-recommended 95,000-mile replacement criteria.

### Review of the Department of Taxation

In 1991, JLARC completed a review of the organization, management, and operations of the Department of Taxation, focusing on the effectiveness and efficiency of the agency's compliance revenue collection efforts. A major part of the study research effort included a statewide household survey of taxpayers, many of whom indicated they were underpaying their true State tax liabilities.

The difference between what taxpayers owe and the amount the State actually collects is referred to as a "tax gap." The JLARC review estimated that in 1989 the tax gap probably exceeded \$500 million. Since the State was undergoing a period of reduced revenues and fiscal austerity, collecting a higher percentage of these funds became particularly important. Many of the study recommendations focused on narrowing the tax gap. Others were aimed at improving operational aspects of the department.

The "bottom line" of the Department of Taxation review was that more tax revenues could be collected. The JLARC study estimated that if all recommendations including the collection strategies were implemented, more than \$150 million could be added to the annual tax revenues. Although the department initially contested many of the report's findings, the Tax Commissioner recently confirmed "the validity of many of the recommendations" and their role in "moving the Department of Taxation forward."

Over the past four years, the department has reorganized, new leadership has been put in place, and many of the additional study recom-

mendations have been addressed. The 1993 *Report to the General Assembly* summarized the department's initial efforts to lessen the tax gap. More recent departmental activities include the following:

- As recommended, the department is in the process of analyzing its accounts receivable. As a first step, accounts were sorted by the reasons for the assessments. The next phase will focus on the actual collectability of the debts.
- The study recommended that the department analyze the results of its tax amnesty program. A follow-up on high-income amnesty nonfilers has been performed. An additional \$54,400 was collected for the tax years 1990 and 1991. For the 1992 tax year over 1,100 individuals have been identified as nonfilers. The department plans to contact the best audit candidates.
- A new program to refine compliance data collection has been established using historical trend data. The department should be able to more accurately pinpoint possible collections by program and tax type.
- The department has reassessed and redefined its definition for compliance revenue. The compliance base was adjusted to include only those revenues which are attributable to direct compliance efforts. Further, refunds are netted from collections.
- Pilot programs aimed at narrowing the tax gap are being assessed. To that end, the department is evaluating the use of Virginia data in

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place of limited federal data to target enforcement activities on groups known to have a high probability for underreporting and underremitting tax liability.

- Per a study recommendation, the department has revised its audit selection process for corporate and sales tax audits. Initial efforts have focused on testing "market segmentation" selections, using existing data about audit productivity, business type, etc.
- The JLARC report recommended that the department use database matching with other State agencies to identify nonfilers, and the General Assembly expanded the department's ability to acquire such data. A database match with the Virginia Employment Commission

records discovered unregistered employers not paying withholding and/or sales and use tax. As a result, \$164,411 was generated and 25 employers were registered with the department.

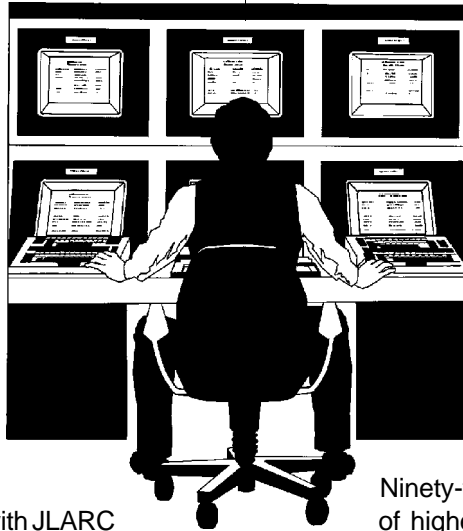
- The department reports that it has fully implemented JLARC's recommendation that uncollected business tax assessments be resolved prior to the three-year statute of limitations.
- As recommended, the department has resolved security and access issues related to the State Tax Accounting and Reporting System.
- For the first time, the department's 1994 audit report by the Auditor of Public Accounts will not contain any audit findings relative to fiscal or financial management controls.

## Review of Information Technology

JLARC's 1986-87 review of the Department of Information Technology was a major initiative involving 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 (DIT), as well as a major consultant study. The previous three editions of this biennial report provided considerable detail on the study and chronicled continuing improvements at DIT related to study recommendations.

Although eight years have passed since the review, the department continues to report initiatives in line with JLARC recommendations. The most recent improvements include the following:

- As recommended, security for DIT's computer operations has been considerably upgraded. Improvements have been accomplished in data security, physical security, disaster recovery, and contingency management. These have included training for DIT's clients, such as local governments, on their security responsibilities in accessing DIT's mainframes.



- DIT management continues to address JLARC concerns about the role of the System Development Division (SDD). Staffing levels have been steadily downsized, and is adjusted as necessary to meet client requirements by using contractors and temporary staff.

Vendor competition for State business has been ensured by minimizing sole-source procurements. The 1987 report found that 46 percent (dollar value) of procurements were sole-source purchases, whereas the proportion was only 17 percent in FY 1994.

- Procurement authority has been delegated to relieve burdens on existing staff.

Ninety-five agencies and all institutions of higher education now have delegation of procurement authority, which allows them to purchase from DIT's hardware/software contracts within specified spending ranges.

DIT also continues to provide support to the Council on Information Management (CIM) in its statewide strategic planning responsibilities. According to DIT's recent status report, "The process continues to evolve and mature through the collaborative and synergistic relationship among

the CIM, DIT, and the broad representation from State agencies and institutions of higher education and local government." The creation of the Council on Information Management was a major result of the JLARC study.

**"DIT remains cognizant of JLARC's 1987 findings, conclusions, and recommendations as the agency's technology and customer requirements continue to evolve."** — DIT Director's status-of-action report.

### **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 classified positions were abolished and 228 new positions created, for which department employees had to apply and compete in an open recruitment process. Also, the reorganization 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 (RFP)" 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.

Between the September 1991 JLARC review and January 1994, DOE reported that it enacted a number of JLARC recommendations in order to streamline the reorganized DOE's work processes. However, in 1994, DOE again underwent fundamental changes. With the election of a new Governor and the appointment of a new Superintendent of Public Instruction, comprehensive organizational adjustments were made in order to create a structure which better suited the way school divisions worked. These adjustments were completed July 1, 1994, and were based on the following objectives:



- a reduction in top management staffing levels,
- a downsizing of positions from 387 to 357,
- a savings of approximately \$2 million,

- an organizational structure with which school division personnel could identify and easily access resources,
- an organization that emphasizes instruction as its centerpiece, and
- an organization that promotes responsibility and accountability among its members.

The current Superintendent states, "many of the reasons for the organizational adjustments that began in 1994 reflected the issues and concerns raised in the 1991 JLARC review, opinions expressed by division superintendents and school personnel, and discussions with department personnel." According to the Superintendent, those issues involved:

- a confusing management structure in which employees did not understand reporting procedures and lines of authority, and where em-

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ployee job titles had little relationship to the work process or expertise of the incumbents;

- a vague work process (IDEA papers and RFP process) which was not understood the same way by anyone outside the agency and many inside, and which did not provide agency focus;
- an organizational structure that did not lend itself to access by local school divisions, and did not have clear service relationships with the school divisions; and
- a work process that made it very difficult to evaluate performance.

The agency head intends to continue the review of the department's functions, to determine an equitable staffing pattern that will support the department in promoting safe schools, vigorous academic standards and accountability, the use of technology, long-range planning, and parent and community involvement. In combination with this continued review and the Workforce Transition Act, the department anticipates that the number of DOE employees will be reduced to 280; however, the new organizational structure is expected to remain intact.

## Work in Progress

This section provides brief descriptions of assigned studies, ongoing functions, and other projects currently under way.

### **Cost of Competing in SOQ Funding**

Item 15 of the 1995 Appropriation Act directs JLARC to examine the cost-of-competing salary adjustment for personnel in Northern Virginia school divisions. This study will update and extend work regarding the cost of competing that was initiated in the 1988 JLARC study *Funding the Standards of Quality*. The 1988 study proposed that the State recognize a higher cost of competing for school division personnel in Northern Virginia, as the State does for its classified

employees in Northern Virginia.

Cost of competing adjustments have been included in SOQ funding since 1988, although approaches for calculating the adjustments have been changing. This technical study, to be reported to the 1996 Session, will examine whether the evidence still indicates that a cost of competing adjustment is needed, and what alternative options are available for refining the cost of competing adjustment.

### **Local Jail Inspection Options**

Item 15 of the 1995 Appropriation Act directs JLARC to “conduct a study of the oversight and reporting activities of the Department of Corrections related to local and regional jails.” The mandate further requires JLARC to conduct an evaluation “of the most appropriate organizational placement for such oversight and reporting activities.” The report is to be prepared for the 1996 Session.

DOC’s oversight and reporting activities include jail monitoring and inspections, as well as local jail population data collection and reporting. In addition, JLARC will evaluate the extent to which the Department of Corrections has complied with recommendations from the 1994 JLARC study, *Oversight of Health and Safety Conditions in Local Jails* (see summary in chapter two, “Recent Agency and Program Reviews”).

### **Incentives for Reducing Local Jail Populations**

Item 15 of the 1995 Appropriation Act directs JLARC to “conduct a study of alternatives to incarceration, and other incentives that could be adopted to aid in reducing the number of prisoners awaiting trial and the number of misdemeanants

held in local and regional jails.” In addition, the study is to specifically examine various reimbursement strategies. The report is to be completed by the 1996 Session.

### **Review of Virginia’s Juvenile Justice System**

Senate Joint Resolution 263 passed during the 1995 session of the General Assembly directs JLARC to conduct a functional area review of the Administration of Justice. A major focus of the JLARC’s evaluation activities in response to this mandate will be a review of the State’s juvenile justice system.

The primary mission of the State’s juvenile justice system is to rehabilitate the young offender. Each year in Virginia, staff in juvenile courts across the State process more than 60,000

cases involving acts of juvenile delinquency. While a small portion of these individuals are committed to a State learning center for both punishment and rehabilitation, most juvenile offenders receive community sanctions or are placed on probation.

A major focus of the first phase of this review, which is to be reported to the 1996 General Assembly, will be an analysis of court processing activities for juvenile delinquents and status offenders. The impact of programs designed to rehabilitate these youths will also be assessed.

Next year, the second phase of study will examine the organization and management of the

Department of Youth and Family Services and the operation of Virginia's learning centers.

### ***Review of the Virginia State Bar***

The Virginia State Bar's primary mission is to regulate the legal profession in Virginia. In carrying out this responsibility, the Bar acts an administrative agency of the Supreme Court of Virginia. However, it is also involved in numerous other activities related to the practice of law in the Commonwealth. Many of its other activities fall into one of three major functional areas: (1) improving access to legal services, (2) education of attorneys and the general public, and (3) providing support services for attorneys.

Senate Joint Resolution 263 passed by the 1995 Session of the General Assembly directs JLARC to conduct a review of the Virginia State Bar. The evaluation is to include "a thorough

evaluation of the revenues and staffing and each of the activities and programs of the Virginia State Bar in relation to its statutory mission..." The study mandate directs JLARC to complete its work and submit findings and recommendations to the 1996 Session of the General Assembly.

A major focus of the review will be assessing the effectiveness of the Virginia State Bar in carrying out its primary statutory mission — the regulation of the legal profession. In addition, the study will examine other responsibilities of the Virginia State Bar in relation to its primary mission and assess whether the agency is carrying out its responsibilities in the most efficient manner possible.

### ***Feasibility of Consolidating Game & Inland Fisheries and VMRC***

Item 15 of the 1995 Appropriation Act requires a review of the mission, organizational structure, and operation of the Department of Game and Inland Fisheries and the Virginia Marine Resources Commission to determine the feasibility of consolidating these two agencies.

Potential efficiencies or financial savings from a consolidation are to be identified. Progress from this review is to be reported to the 1996 General Assembly and to each following session until the review is completed.

### ***Review of the Department of Environmental Quality***

House Joint Resolution 531 from the 1995 session of the General Assembly requires a JLARC review of the effectiveness of the organization, operation, and performance of the Department of

Environmental Quality. An interim report is required for the 1996 session; the final report is due for the 1997 session.

### ***Review of Minority State Contracts***

House Joint Resolution 554 (1995) directs JLARC to "study the involvement of minority-owned businesses in State business through contracts with the Commonwealth." This review will examine the policies the Commonwealth has in place to provide opportunities for minority-owned

businesses to participate in State contracts. The study will also examine the extent of compliance with such policies and measure the extent of minority participation and access. A Commission briefing is planned for winter 1996.

**Environmental Regulation Costs:  
Review of DPB Methodology**

Item 332#1c of the 1995 Appropriation Act requires that the Department of Planning and Budget (DPB) conduct a comprehensive analysis of the costs and benefits of environmental regulations as new regulations are proposed or as

existing regulations are revised. This item also requests JLARC to review DPB's methodology for conducting this analysis. DPB is required to submit its methodology for JLARC's review by September 1, 1995.

**Prison and Jail Forecast  
Technical Committee**

Legislation passed during the 1995 Session (HB 2584) requires the development of a prison population forecast based on a consensus forecasting process. The Act provides for the establishment of a technical forecast group: "development of forecast methodologies to be employed and alternative forecasts by a technical advisory group comprised of representatives from the Department of Corrections, the Department of Criminal Justice Services, the Virginia Criminal Sentencing Commission, the Joint Legislative Audit

and Review Commission, and such experts as shall be appointed by the Secretary of Public Safety from the fields of criminal justice, population forecasting or other appropriate field of study as may be deemed necessary. The Secretary of Public Safety shall act as chairman of the technical advisory group." The staff methodologist represents JLARC in reviewing the development of forecast methodologies and alternative forecasts of the State's prison and jail populations.

**Debt Capacity  
Advisory Committee**

The JLARC Director is a member of the Debt Capacity Advisory Committee created by the 1994 General Assembly. The Committee is required to review the size and condition of the Commonwealth's tax supported debt and submit to the Governor and General Assembly an estimate of

the maximum amount of new tax-supported debt that prudently may be authorized for the next biennium. If necessary, the Director is to submit an informational memorandum to the chairs of the money committees.

**Future Projects Assigned**

The following studies have been assigned by the General Assembly, to be initiated during 1996:

<b>Assignment</b>	<b>Source (1995 Session)</b>
Study the court system in Virginia	SJR 263
Study land title records	SJR 338
Study videoconferencing to improve the Magistrate system	SJR 374 and HJR 532
Study Virginia Magistrate system; examine disparity of salaries	HJR 403



**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.

Nine internal service funds are now monitored by JLARC:

- (1) The **Central Warehouse** (Department of General Services) stores and distributes various goods such as canned foods, paints, paper products, and cleaning supplies to State agencies, local governments, and school divisions.
- (2) The **Office of Graphic Communications** (Department of General Services) provides graphic design, layout, photography, and typesetting services to State agencies.
- (3) **Special Maintenance Services** (Department of General Services) involves the provision of general building maintenance services to the General Assembly, the Department of Transportation, and the State Corporation Commission.
- (4) The **State Surplus Property Operation** (Department of General Services) manages and disposes of surplus property for State agencies and institutions.
- (5) The **Federal Surplus Property Operation** (Department of General Services) acquires and distributes federal surplus property.
- (6) The **Computer Services Division** (Department of Information Technology) provides data processing services to State agencies.
- (7) The **Systems Development Section** (Department of Information Technology) provides automated systems design, development, and maintenance services to State agencies.
- (8) The **Telecommunications Division** (Department of Information Technology) provides telephone and data transmission services to State agencies.
- (9) The **Division of Fleet Management** (Department of Transportation) operates the State's car pool and manages the fleet of passenger vehicles.

# Annotated Bibliography of JLARC Reports

**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).

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

**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' Compensation, 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 Session*), 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, in-



cluding 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, authorized 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.

**1993 Report to the General Assembly**, September 1991 (*8th Biennial Report, authorized by Section 30-58.2, Code of Virginia*) 66 pp. Summarizes studies conducted by JLARC since the 1991 biennial report, provides updates on agency responses to previous studies, and spotlights JLARC's Medicaid study series. This special edition also provides a 20-year overview of the Commission and its work.

**Evaluation of Inmate Mental Health Care**, October 1993 (*House Document 5 of the 1994 Session, authorized by Item 15 of the 1992 Appropriation Act*), 56 pp. A report in a series inmate health care. Assesses cost effectiveness and adequacy of mental health services provided to inmates, and identifies options for restraining growth of costs and improving treatment delivery.

**Review of Inmate Medical Care and DOC Management of Health Services**, October 1993 (*House Document 10 of the 1994 Session, authorized by Item 15 of the 1992 Appropriation Act*), 154 pp. A report in a series inmate health care. Focuses on the Department of Corrections' management and delivery of inmate medical care, including inmate access to care, cost-saving opportunities, and DOC attempts at privatization.

**Local Taxation of Public Service Corporation Property**, November 1993 (*Senate Document 8 of the 1994 Session, authorized by Senate Joint Resolution 309 of the 1993 Session*), 47 pp. Examines the effect of local property tax rates on the utility rates of public service corporations (PSCs), the relationship between local property tax rates and the value of PSC property, and alternative methods of taxing PSC property.

**Review of the Department of Personnel and Training**, December 1993 (*Senate Document 15 of the 1994 Session, authorized by Senate Joint Resolution 279 and House Joint Resolution 677 of the 1993 Session*), 126 pp. Focuses on the organization and management of the department and its roles in the Commonwealth's personnel function, including training, health benefit services, compensation and classification services, and information management.

**Review of the Virginia Retirement System**, January 1994 (*House Document 52 of the 1994 Session, authorized by House Joint Resolution 392 of the 1993 Session*), 100 pp. A report in a series on the VRS. Reviews the structure and governance of the system, investment practices and performance, and the actuarial soundness of the retirement funds. Summarizes assessments by JLARC staff and by investment and actuarial consultants.

**The Virginia Retirement System's Investment in the RF&P Corporation**, December 1993 (*House Document 53 of the 1994 Session, authorized by House Joint Resolution 392 of the 1993 Session*), 92 pp. A report in a series on the VRS. Focuses specifically on one of VRS' major investments, the 1991 acquisition of the RF&P Corporation, including the VRS Board's role in the purchase, the soundness of the investment, and the use of a holding company to manage the State's interest in RF&P.

**Review of the State's Group Life Insurance Program for Public Employees, January 1994** (*Senate Document 43 of the 1994 Session, authorized by Senate Joint Resolution 251 of the 1993 Session*), 33 pp. A report in a series on the VRS. Reviews the funding and rate structure of the group life insurance program administered by the VRS.

**Interim Report: Review of the Involuntary Civil Commitment Process, February 1994** (*House Document 77 of the 1994 Session, authorized by Item 15 of the 1993 Appropriation Act*), 28 pp. Examines the fiscal issues related to the involuntary civil commitment fund, a fund established by the General Assembly to pay for the medical and legal costs associated with the temporary detention period and the commitment hearing.

**Special Report: Review of the 900 East Main Street Building Renovation Project, March 1994** (*Senate Document 55 of the 1994 Session, authorized by the Commission at the request of the Senate Finance Compensation and General Government Subcommittee*), 46 pp. Examines the problems that occurred in the renovation of the 900 East Main Street Building, including the procurement of contractor services and the planning and management of the project.

**Review of State-Owned Real Property, October 1994** (*Senate Document 7 of the 1995 Session, authorized by Item 15 of the 1993 Appropriation Act and Senate Joint Resolution 239 of the 1993 Session*), 78 pp. Examines the management and disposition of State-owned real property, and inventories and estimates the market value of potentially surplus real property.

**Review of Regional Planning District Commissions in Virginia, November 1994** (*Senate Document 15 of the 1995 Session, authorized by Senate Joint Resolution 310 of the 1993 Session*), 80 pp. A report in a series on the State/local relations. Reviews the role of PDCs in relation to State and local governments, including regional priorities and performance, as well as potential future directions.

**Review of the Involuntary Commitment Process, December 1994** (*House Document 8 of the 1995 Session, authorized by Item 15 of the 1993 and 1994 Appropriation Acts*), 87 pp. Examines operational and policy issues involving the involuntary mental commitment process, including fund oversight, transportation concerns, detention criteria, and prescreening and hearing procedures.

**Oversight of Health and Safety Conditions in Local Jails, December 1994** (*Senate Document 17 of the 1995 Session, authorized by Senate Joint Resolution 91 of the 1994 Session*), 82 pp. Assesses the effectiveness of the Department of Corrections in ensuring appropriate health and safety conditions in jails. Considers current DOC standards, the effects of overcrowding, and the roles of the Department of Health and the Department of Youth and Family Services.

**Solid Waste Facility Management in Virginia: Impact on Minority Communities, January 1995** (*House Document 33 of the 1995 Session, authorized by House Joint Resolution 529 of the 1993 Session*), 122 pp. Studies the practices related to siting, monitoring, and cleanup of solid waste facilities in Virginia, focusing on the impact of these activities on minority communities. Assesses oversight by the Department of Environmental Quality, and examines statewide landfill capacity.

**Review of the State Council of Higher Education for Virginia, January 1995** (*Senate Document 36 of the 1995 Session, authorized by Senate Joint Resolution 18 of the 1988 Session and SJR 135 of the 1989 Session*), 86 pp. Focuses on SCHEV's coordinative roles in higher education, including system oversight, enrollment projections, evaluation of program productivity, assessment of student achievement, and student transfer issues.

**Costs of Expanding Coastal Zone Management in Virginia, February 1995** (*Senate Document 50 of the 1995 Session, authorized by Senate Joint Resolution 43 of the 1994 Session*), 37 pp. Examines the potential cost impacts in Virginia of increasing the scope of nonpoint pollution management measures, as promoted by the federal Coastal Zone Management Act. Considers alternative geographic zones for implementation, the considerable impact of retrofitting existing onsite disposal systems, and funding at risk from nonimplementation.

**VRS Oversight Report No. 1: The VRS Investment Program, March 1995** (*authorized by Section 30-78 et seq. of the Code of Virginia, which requires JLARC to provide the General Assembly with oversight capability concerning the Virginia Retirement System*), 16 pp. Provides a summary update of VRS investment policies, procedures, and performance, including asset allocation, long-term assets and liabilities, and short-term investments and liquidity.

**VRS Oversight Report No. 2: The VRS Disability Retirement Program, March 1995** (*authorized by Section 30-78 et seq. of the Code of Virginia, which requires JLARC to provide the General Assembly with oversight capability concerning the Virginia Retirement System*), 24 pp. Examines the operation and administration of VRS' disability retirement program, including structure and organization, demographic and financial characteristics, and disability determination. Also examines the extent to which disability retirees receive other income through employment.

**VRS Oversight Report No. 3: The 1991 Early Retirement Incentive Program, May 1995** (*authorized by Section 30-78 et seq. of the Code of Virginia, which requires JLARC to provide the General Assembly with oversight capability concerning the Virginia Retirement System*), 15 pp. Examines the design and implementation of the 1991 early retirement program, including the experience of selected State agencies and political subdivisions, and immediate savings versus long-term costs.

**Review of Capital Outlay in Higher Education, June 1995** (*Senate Document 3 of the 1996 Session, authorized by Senate Joint Resolution 135 of the 1989 Session*), 84 pp. A report in a series on higher education. Examines the capital outlay process as it applies to higher education, including master planning, the roles played by the various involved agencies, and maintenance needs.

**The Concept of Benchmarking for Future Government Actions, July 1995** (*House Document 2 of the 1996 Session, authorized by House Joint Resolution 107 of the 1994 Session*), 62 pp. Defines and examines best practice benchmarking and performance measurement and their shared goal: organizational improvement with a greater focus on outcomes. Assesses the potential for applying benchmarking in Virginia State government.

# JLARC Staff

## Research Staff

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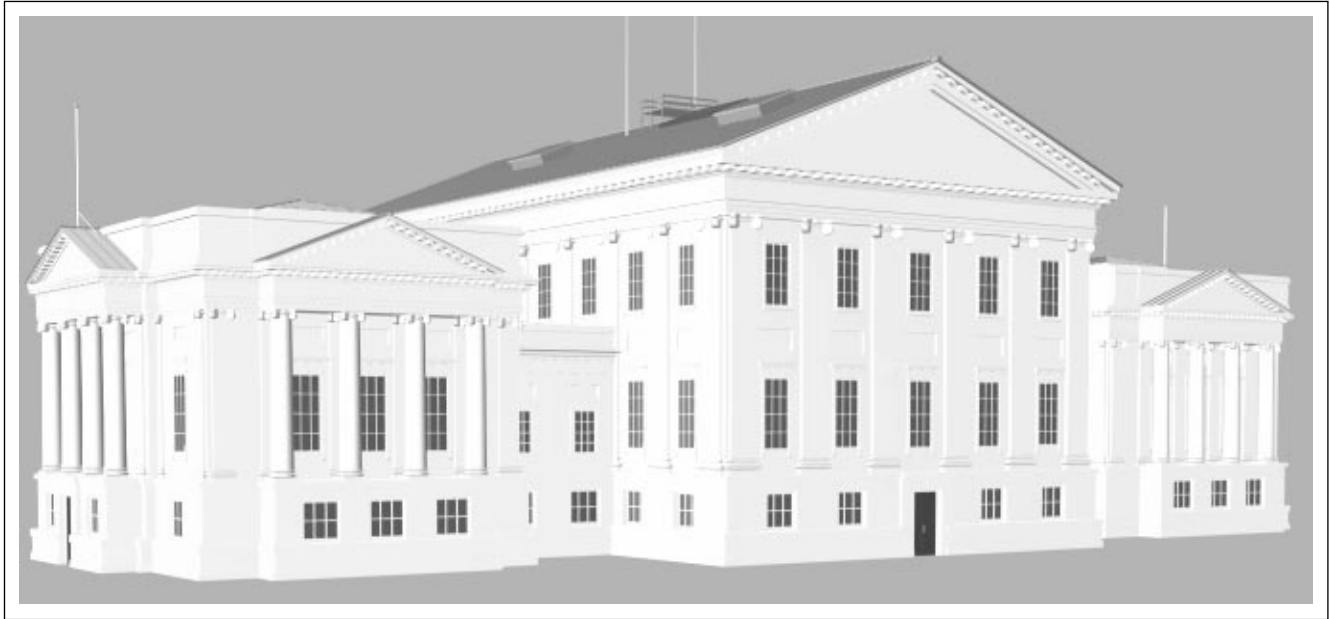
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JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION  
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