

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION'

THE
VIRGINIA
GENERAL
ASSEMBLY

REPORT
TO THE
GENERAL
ASSEMBLY

A summary report of Commission activities, 1974-1979

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Senator Omer L. Hirst (D., Fairfax County) has been Chairman of the Joint Legislative Audit and Review Commission for the last two years. He has served as a member of the House of Delegates (1954-1959) and as a member of the Senate (1964-1979). In December 1978, Senator Hirst announced his forthcoming retirement from the General Assembly after 22 years of legislative service.



COMMONWEALTH of VIRGINIA

Joint Legislative Audit and Review Commission

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

My Dear Colleagues:

I am pleased to transmit to you this report on the activities of the Joint Legislative Audit and Review Commission (JLARC) for the five year period from 1974 to 1979. This publication was authorized by the Commission in order to inform you, interested citizens, and agencies with which we work of our objectives, our reports, and our accomplishments.

The report is divided into two parts. The first part identifies the nature of legislative oversight and presents essential information about Commission and staff activities. Of special interest is a discussion of how oversight serves the legislature. The second part consists of a compendium of JLARC report summaries which (1) outline the purpose of each oversight project, (2) list key findings and conclusions, and (3) highlight significant legislative and executive actions taken to improve agency procedures, programs, and services.

In many ways, I believe our work speaks for itself. The Commission has established a reputation for timely, objective, and systematic oversight of State programs and agencies. Our staff has, in addition, developed a highly respected professional competence which has been formally recognized by two national awards for research excellence — one from the Governmental Research Association in 1975, and another from the National Conference of State Legislatures in 1979.

In fact, the Virginia General Assembly is acknowledged as an innovative leader among all state legislatures in the area of legislative oversight. The accomplishments noted as a result of report utilization clearly show that JLARC has become an important ingredient in the General Assembly's capability to bring about greater economy, efficiency, and effectiveness in the Commonwealth.

I believe the Commission has achieved many commendable objectives in the past five years. We have encouraged, indeed initiated, many necessary changes in programs, agencies, and services. We have contributed to better informed policy and spending decisions. We have stimulated self-improvement in public agencies. I am pleased to submit this record for your consideration.

On a more personal note, and with the perspective that comes from approaching retirement after twenty-two years of legislative service, I would like to state that I consider the work of JLARC to be one of the most meaningful activities in which I have been involved. I am grateful to have had a part in it and I thank each of you for the cooperation you have given me. Most particularly, I wish to thank my fellow members of the Commission for their dedicated efforts in making the legislative process more effective.

Respectfully,

September 10, 1979

Objectives of Legislative Oversight

An Informed Legislature

Oversight studies help inform citizen legislators about agencies, programs, and activities. A primary objective for JLARC is to gather, evaluate, and report information and recommendations that can be used in legislative decision-making. Reports may provide information 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 that may be used as reference material by legislators and agency administrators.

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 how an agency has decided to implement its mission.

Improved Efficiency and Effectiveness

JLARC is required by statutory mandate to make recommendations on ways State agencies may achieve greater efficiency and effectiveness in their operations. Efficiency is finding ways to accomplish the same tasks at lesser cost; effectiveness is 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.

Program and Agency Savings

Program costs savings are frequently the product of legislative oversight studies. Recommended savings are usually the most visible of all possible outcomes. 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, change may result in more spending to achieve greater effectiveness.

In order to illustrate actual and potential savings from oversight studies, several examples are depicted on the following page. One of the examples lists savings which are classified as immediate and tangible. Further opportunities for program savings are highlighted in the individual report summaries.

Actual and Potential Cost Savings

Savings, Economies, and Transfers

JLARC reports often contain recommendations intended to bring tangible savings and program economies. In addition, funds that have been found lying idle in restricted accounts could be put to active use if transferred to general purpose accounts. Examples of these savings and actions required are shown below. A check (✓) indicates the savings occurred.

✓ Improve the assignment and use of State cars	\$1,500,000
Use idle cash held in the Car Pool surplus property account	\$1,500,000
Collect charges for commuting in State-owned cars	\$ 302,000
✓ Reduce excess retained earnings in Working Capital Fund accounts	\$1,200,000
✓ Use as an offset to appropriations, excess cash held in a health revenue account	\$4,100,000
✓ Use actual cost as the basis for charges for State-owned aircraft operations (each trip)	\$ 30-219

Sale of Surplus Land

In 1977, a study of land management reported that 9,100 acres of surplus and unused property were owned by the State. About 5,400 acres were valued at \$10.3 million. If some of the unneeded surplus land were sold, the report concluded, revenue could be generated for agency needs. In 1979, the Governor announced he intended to implement the report's recommendations, and requested an updated land inventory.



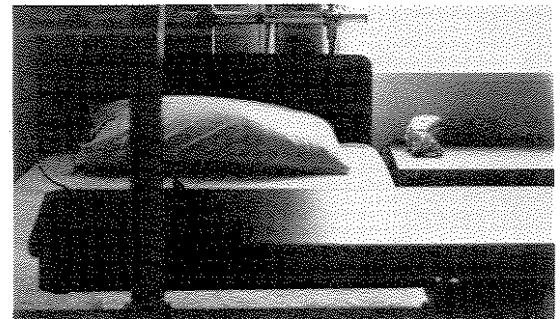
Improved Enrollment Forecasts

Many higher education appropriations are made on the basis of enrollment forecasts. In 1975, a study of actual community college enrollments for the 1970-1974 period concluded that about \$9.1 million would not have been appropriated if forecasts had been more accurate and timely. According to the State Council of Higher Education, audited enrollment projections, updated in the Fall of 1979, will be available for use in deliberations on the 1980-82 appropriations bill.



Health Care Cost Savings

Improved billing and collection of fees charged to patients able to pay for medical services would bring more revenue to State health care agencies. A study of local health departments identified at least \$2 million in outpatient fees had not been billed to patients. Similarly, a review of State teaching hospital programs found about \$3 million in patient fees had been written off as "bad debts" against State tax funds, even though the hospital did not have an adequate collection procedure.

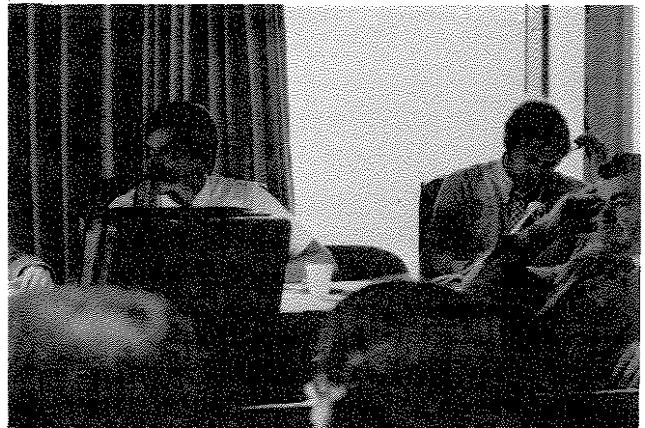
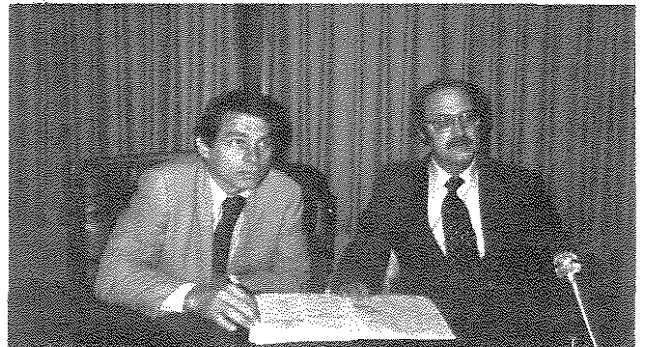
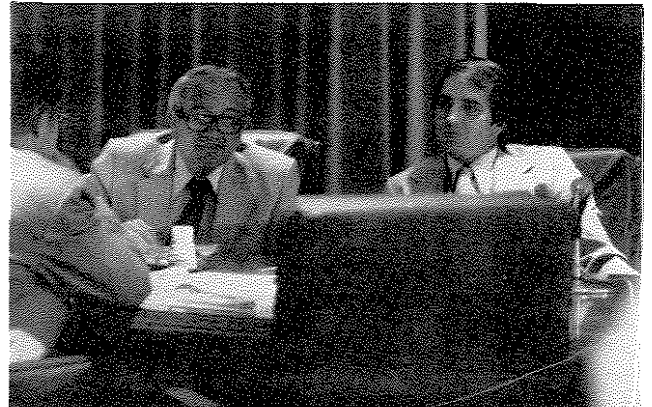


JLARC

Purpose and Role

The Joint Legislative Audit and Review Commission is the oversight arm of the Virginia General Assembly. It was established by the legislature in 1973 to review and evaluate the operations and performance of State agencies, programs, and functions.

The Commission is composed of seven members of the House of Delegates appointed by the Speaker, four members of the Senate appointed by the Privileges and Elections Committee, and the Auditor of Public Accounts, ex-officio. The Chairman is elected by a majority of Commission members. A Director is appointed by the Commission and confirmed by the General Assembly for a six-year term. The Director is responsible for employing staff and managing staff activities.



The Statutory Mandate

The reporting responsibility assigned to the Commission is specified in §30-58.1, *Code of Virginia*. Reports of findings and recommendations made by JLARC are to include:

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



Fulfilling the Mandate

In order to carry out this mandate, several types of reports are issued. *Performance* reports are designed to evaluate the accomplishment of legislative intent and to assess whether program expenditures are consistent with appropriations. *Operational* reports are made on a continuing basis of the practices of State agencies in making efficient and effective use of space, personnel, or equipment resources. *Special* reports are made of State operations and functions at the direction of the Commission, or at the request of the General Assembly.

Over the past five years, JLARC has issued 21 formal staff reports, which are summarized in this publication, and seven letter reports on specific topics of interest to the Commission. Fourteen additional projects have been authorized and are in process.

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 Evaluation Act, which resulted from a study of the nationally popular "Sunset" concept and other oversight methods, provides for the periodic review and evaluation of selected topics from among the seven program functions of State government. The seven program functions are Individual and Family Services, Education, Transportation, Resource and Economic Development, Administration of Justice, Enterprises, and General Government.

The Evaluation Act has three major thrusts. First, it establishes a process which involves legislators from standing committees of the House and Senate in the process of selecting and scheduling functions and topics for intensive scrutiny by JLARC. Second, it sets out a procedure to ensure that oversight studies completed by JLARC are coordinated with the standing committees having subject matter jurisdiction in the function under review. Third, it encourages utilization of oversight information by requiring public hearings on report topics 120 days after reports are transmitted to the General Assembly.

Staff and Research Methods

One characteristic that sets JLARC apart from other forms of legislative oversight is its research methodology. The Commission, through its staff, has the capability to systematically obtain, analyze, and report original data on program outcomes and impacts. Legislation also gives the Commission the authority to independently examine agency processes.

In order to maintain objectivity and to establish a high level of data credibility, research techniques adhere closely to generally accepted evaluation research principles. Examples of original data collection projects, quantitative research methods, and innovative evaluation techniques used by the Commission staff include:

- A random survey of 2,690 community college students, teachers, and counselors in the 1974 academic year, which assessed student satisfaction, tested enrollment classifications, documented faculty productivity, and measured counseling workload.
- A computerized simulation of reimbursement formulas used by third-party payors, including Blue Cross, Medicare, Medicaid, and State Welfare offices, which analyzed the impact of indigent care and occupancy levels on hospital rates.
- A statistical test applied to descriptive data for 653 residents of nursing homes, using analysis of variance, to examine whether high or low cost of care could be attributed to different patient characteristics.
- A follow-up of 23,000 people served by the State's vocational rehabilitation program, to determine the extent to which rehabilitants remained successfully employed over a two-year period.
- Regular use of unobtrusive research methods, such as analysis of aerial photographs, to examine authorized and unauthorized construction over a ten-year period at State institutions.

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

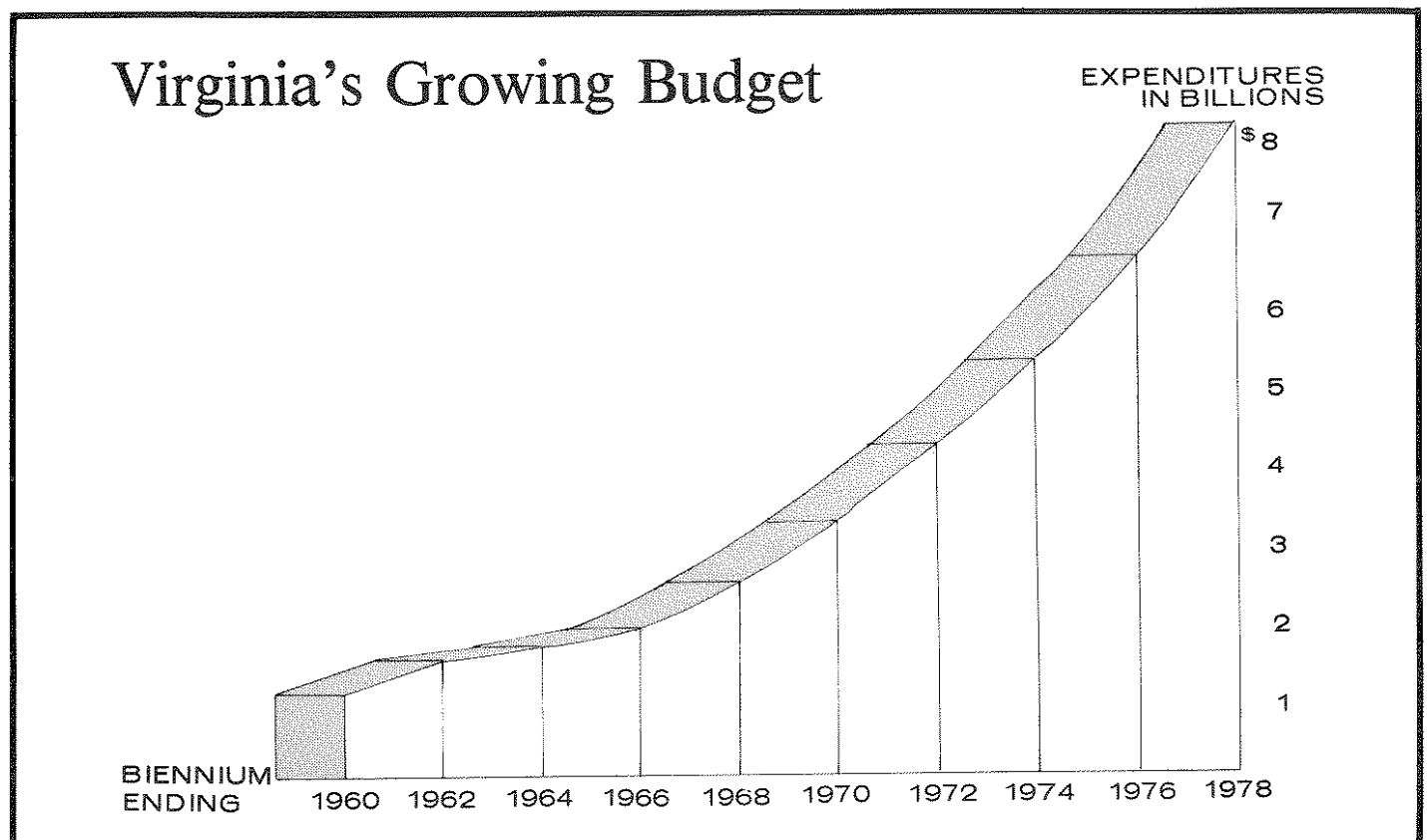
The Audit and Review Process

Legislative oversight projects generally follow a multi-step process. The Commission, or one of its subcommittees, identifies a topic for review and authorizes project initiation. Then, a preliminary scope survey and work plan is prepared which documents the step-by-step research approach to be used by the project team. After the team completes its research, it prepares a report which is distributed as an exposure draft to appropriate agencies and individuals for review and comment. The exposure draft, containing agency comments, is reported to the Commission.

The Commission authorizes distribution of the staff report to the Governor, members of the General Assembly, and other interested parties. The Commission, or one of its subcommittees, reviews the report and prepares an "Action Agenda" which includes key findings and recommendations from the report that the Commission itself wishes to endorse. Finally, copies of the "Action Agenda" are distributed to legislative committees and other appropriate officials.

Legislative Follow-Up

During 1978, the Commission adopted a policy of systematic follow-up on subjects covered by JLARC reports. Agency heads, members of governing boards, and representatives of the Governor's Cabinet are periodically invited to attend Commission meetings and review actions that have been taken in response to oversight projects. Brief follow-up studies are also authorized when the Commission feels they are necessary.



The Staff

The JLARC staff is headed by a Director who is responsible for preparing the budget, hiring personnel, administering the organization, managing research, and long-range planning.

JLARC is organized administratively into two research divisions, each headed by a Chief Analyst. Project teams, commonly ranging in size from two to five people, are assigned to the divisions for administrative and research coordination purposes. A team leader has responsibility for managing the project and directing team members. The teams are supported by principal or senior analysts for quantitative methods, legal research, and publication services.

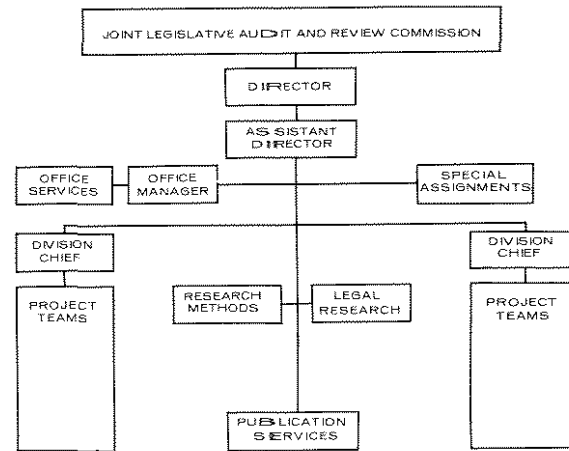
The Commission has a full-time staff. The varied education, training, and professional experiences of the research staff bring into focus the capability of the Commission for multi-disciplinary reviews and evaluations. Among the fields represented by undergraduate and graduate education are Business Administration, Economics, Education, Engineering, English, Law, Philosophy, Planning, Political Science, Psychology, and Public Administration. Most members of the research staff have graduate degrees.

Staff ranks reflect formal education, training, and experience. The ranks are: Assistant, Associate, Senior, Principal, and Chief Analyst. Promotions within rank, and to a higher rank, 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, on-campus credit instruction in fields related to the work of the Commission, and through in-service training programs.

The staff participates in preparing both the agenda and subject matter briefings for the Commission, which meets on the second Monday of each month.

JLARC is housed on the 11th floor of the General Assembly Building, adjacent to the State Capitol. Library and computer services are available in the legislative building and from State service agencies in the Capitol Square Area.

JLARC Organizational Structure



JLARC Operating Budget Synopsis

	1978-79	1979-80
Salaries	\$410,111	\$470,500
Expenses of the		
Commission	13,246	15,300
Travel	19,060	22,200
Office Maintenance, Equipment, Supplies & Furnishings	72,630	51,100
All Other Expenses	107,387	110,375
Total	\$622,434	\$669,475

Additional information on Commission activities, single copies of staff reports, and copies of legislation referred to in this report are available on request and without charge, to the extent supplies permit.

Ongoing Studies

SJR 133

Under the provisions of the Legislative Program Review and Evaluation Act of 1978, the General Assembly and its standing committees provide broad direction to many JLARC evaluation efforts. SJR 133, enacted during the 1979 legislative session, directs JLARC to evaluate during FY 1979-80 programs and agencies in the Standards of Living subfunction of the Individual and Family Services program function. Review efforts are to be coordinated with the House Committee on Health, Welfare and Institutions, and the Senate Committee on Social Services and Rehabilitation.

The JLARC review will concentrate on programs and activities in the Department of Welfare. Among study topics endorsed by the Commission during 1979 were: (1) Organization and Administration of Social Services Programs; (2) General Relief; (3) Title XX; (4) Homes for Adults; and (5) selected issues, including eligibility determination and redetermination, fraud and abuse control, management information systems in social service programs, and licensing and inspections of social service facilities.

Homes For Adults

A review of homes for adults will be the first study completed by JLARC under SJR 133. The State Department of Welfare is authorized to license adult homes in order to protect the health, safety, and welfare of residents. How well the department carries out its regulatory mission is the focus of the evaluation.

During the course of the study, deplorable conditions were observed in certain licensed homes, and potential instances of fraud were identified. A special staff report on these findings was made to the Commission on August 13, 1979, recommending actions to correct the deficiencies found in the homes.

In response to the recommendations, the Commissioner of Welfare began an intensive program of unannounced team inspections at an estimated 140 licensed homes, focusing on the adequacy of food service, nutrition, and sanitation.

The final report on homes for adults will be released in late Fall 1979.

Ongoing Studies

JLARC's review of the Commonwealth's deinstitutionalization policy is being performed in conjunction with the Legislative Commission on Mental Health and Mental Retardation. The report will focus on the basic aspect of deinstitutionalization — the release of the mentally ill and mentally retarded to the community from State institutions. A primary concern is the process for linking clients who require continuing care with appropriate community services.

Report findings have been communicated to several legislative subcommittees over the summer. A special report will be published and distributed to all members of the General Assembly prior to the 1980 legislative session.

The Extension Division of Virginia Polytechnic Institute and State University is the Commonwealth's largest investment in continuing education. In recent years, concern has been expressed about the proper role and mission of the Extension Division, which spends most of its \$25 million annual appropriation for cooperative extension. Many questions relate to the appropriateness of the broadened scope and changing nature of cooperative extension, which has a long history of service to agriculture and to rural areas.

The JLARC program review of the Extension Division was requested by a member of the General Assembly and approved for staffing during October 1978. The report has been scheduled for completion by Fall 1979.

HJR 237, adopted by the 1979 General Assembly, directs JLARC to study federal funds coming into the Commonwealth. The study will focus on the size, distribution, and impact of federal funds received by the State as well as by localities. JLARC will also evaluate the federal influence and conditions which accompany such funds. Although precise amounts are unknown, it is estimated that Virginia will receive approximately \$4 billion in federal funds during the 1980-82 biennium. An interim report will be made in December 1979, and a final report will be made before December 1980.

As a result of the study, Virginia has been asked to co-host a national conference on legislative control of federal funds in cooperation with the National Conference of State Legislatures. The conference is tentatively scheduled to be held in Richmond in early December 1979.

Deinstitutionalization

Cooperative Extension

Federal Funds in Virginia

Ongoing Activities

Working Capital Funds

Working capital funds are used to finance and account for central support services provided by one State agency to another. Section 2.1-196.1 of the *Code of Virginia* provides JLARC with the authority to establish new working capital funds and to discontinue those no longer needed. JLARC can also authorize the transfer of excessive retained earnings from such funds to the State General Fund. In light of these responsibilities, the Commission reviews on a continuing basis the central warehouse fund, printing and graphics fund, systems development fund, central telephone fund, and computer services fund.

Criminal Justice Training Programs

SJR 52 of the 1978 General Assembly directed the Virginia State Crime Commission, in conjunction with JLARC and the Secretary of Public Safety, to study criminal justice training in Virginia. The study was requested largely because federal funding for these programs will be reduced by half, effective July 1980, with no funds available after July 1981. The study focuses on existing training organizations, standards, policies, and activities. A report will be issued in or before November 1979.

Guides to Legislative Oversight

The Legislative Program Review and Evaluation Act requires a continuing review of legislative oversight by JLARC on behalf of the General Assembly. During 1980, the Act provides for a select legislative and executive task-force to comment on procedures adopted under the pilot program. In 1984, JLARC will hold a Conference on Legislative Oversight to consider state-of-the-art developments. The staff has also begun preparation of guides to various kinds of oversight projects to ensure high levels of quality control.

Finally, the Commission has agreed to participate in a long-term multi-state appraisal of oversight development and utilization being sponsored by the Eagleton Institute of Politics, Center for State Legislative Research and Service.

Completed Studies Under the Evaluation Act

The Evaluation Act called for pilot studies on medical assistance programs encompassed in the Individual and Family Services function. Contents include:

- Overview
- Outpatient Health Care
- The Certificate-of-Need Law
- Inpatient Health Care
- Long Term Health Care

Completed Medical Assistance Studies

Medical care for the poor is the third largest and fastest growing area of expenditure in the biennial budget. Because of this growth, JLARC undertook a series of comprehensive studies on medical assistance programs in Virginia. Subsequently, these studies were incorporated under the pilot review provisions of the Evaluation Act. JLARC focused on three types of health care and issued separate reports on each.

- *Outpatient health care*—medical treatment given principally by local health departments to people who do not require hospitalization.
- *Inpatient health care*—medical treatment given to people required to stay overnight in a hospital.
- *Long term health care*—extended treatment in nursing homes and certain mental health institutions for patients who need daily assistance in routine activities such as eating and dressing.

Two other reports were made in the series. The first presented an overview of existing health care programs for the poor. The second evaluated the State's certificate-of-need program.

The JLARC review constitutes the most thorough legislative analysis of State medical assistance programs ever made. There has been extensive utilization of the reports by legislative committees, individual members, the State Department of Health, and public and private health care providers in Virginia and elsewhere.

An Overview

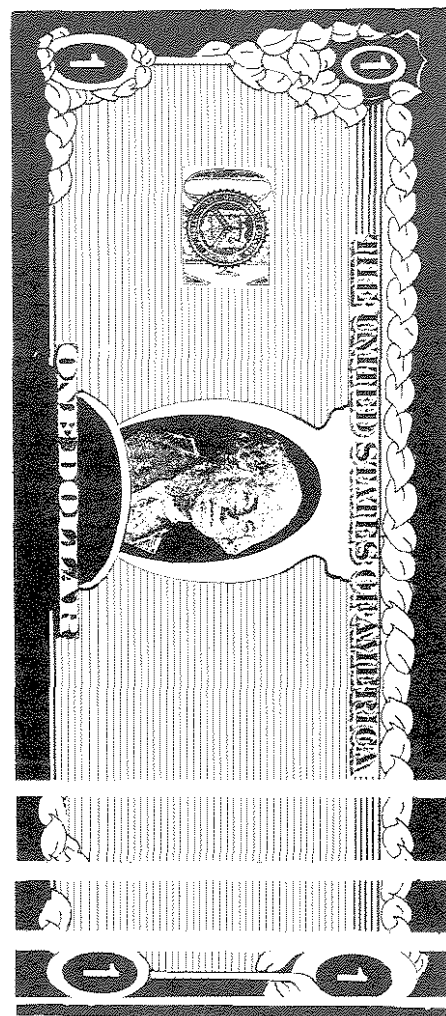
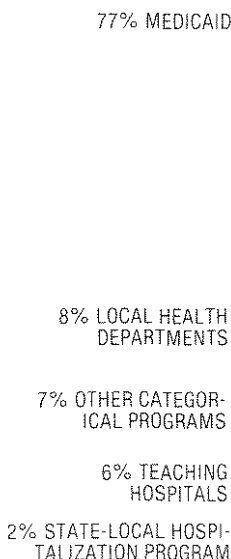
The *Overview* is a unique JLARC report in that it is essentially descriptive in nature. Its purpose was to serve as a legislative reference tool and to provide a base of information on which other health care reports could build. An inventory of 19 different public programs providing health care to the poor makes up the majority of the report. Individual summaries highlight expenditures, source and level of funding, services provided, and eligibility requirements. The legislative basis for each program is also described.

There is no single source of health care for the poor. Instead, a multitude of public and private programs has evolved in piecemeal fashion over the past 50 years.

Despite sharply rising expenditures for public health care, many gaps remain in the types of services available. Total general and special fund expenditures for indigent health care in the 1976–78 biennium exceeded \$700 million.

Medical Assistance Programs in Virginia: An Overview, June 13, 1978. (100 pp.)

How the State Health Dollar is Spent (\$355 Million in 1977)



Under the Evaluation Act

Outpatient Health Care

In *Outpatient Health Care*, JLARC reviewed the extent to which local health departments provide medical care to indigents, the effectiveness of State Department of Health oversight of local health department management, and the potential for duplication in public outpatient services.

Among the principal findings were the following:

1. Better cooperation between local health departments and teaching hospitals was needed to ensure that continued expansion of outpatient care does not lead to duplication of services in areas served by both types of facilities.

2. Local health departments varied considerably in the outpatient care which they offer to poor people. Some urban health departments offer an extensive range of services while other departments offer only limited medical care. Local health department expenditures for each indigent person ranged from \$11 to over \$171.

3. The funding formula which determines State and local percentage shares of health department funding was outdated. The formula did not take into account newer revenue sources such as sales or utility taxes, and did not include measures of local need or tax effort.

4. Maintenance of patient accounts and collection of fees at local health departments were hindered by a lack of uniform records management. A review of patient accounts for one year alone suggested that from \$2 million to \$7.5 million in patient fees were not collected.

5. The balance in the local health department revenue account was at times unnecessarily high. The high balances resulted from underestimation of revenues by the Department of Health and the practice of collecting and retaining revenues for an entire fiscal year before using them in a succeeding year.

Based on the study findings, JLARC recommended that excess cash held in the health revenue account be used as an offset to the general fund appropriation for local health services. The resulting appropriations offset, totalling \$4.1 million, was an immediate, one-time savings to the Commonwealth.

Other recommendations called for a revised method of determining State support for local health departments, establishment of a uniform, reliable records management procedure, and establishment of a uniform definition of indigence.

Several follow-up actions have been reported by the department. First, criteria have been developed to assess the type and quality of services provided at the local level. Second, an intra-departmental task-force is working to submit a revised funding formula to the General Assembly by 1981. Third, an improved definition of medical indigency has been drafted and is under public review. Finally, accounting procedures relating to eligibility determination and to billing and collecting medical service fees have been changed.

Outpatient Care in Virginia, March 13, 1979. (80 pp.)

Certificate-of-Need

The Certificate-of-Need Law is a regulatory mechanism for controlling the development of medical facilities and services. In 1977, the General Assembly directed JLARC to examine whether the law served the public interest. Attention was to be directed at the need to conform State law with federal law.

The study highlighted the law's importance in implementing health care plans and in containing health care costs. Without certificate-of-need, the State would lose at least \$35 million annually in federal assistance.

Despite the key regulatory function certificate-of-need was found to play, the law had not been completely effective in fulfilling its intended purpose. Although the growth of new hospital beds had been curbed and shortages of nursing home beds eliminated, existing beds continued to be approved for renovation, replacement, and conversion in overbedded areas of the State.

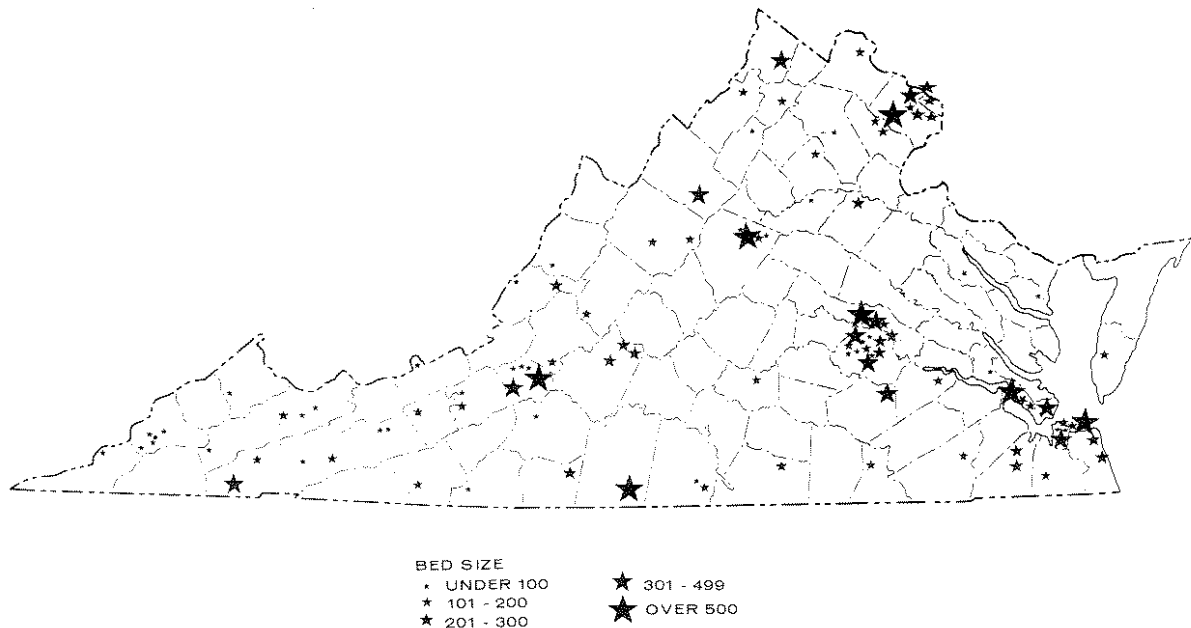
In addition, the program needed:

- greater administrative consistency;
- a more stable health planning process for determining facility and service needs;
- better defined authority to deal with existing beds;
- a strengthened monitoring system to provide reliable information on the existing supply of beds and to discourage unapproved changes in beds and services; and
- enhanced coordination with other health care regulatory functions.

Because there were federal requirements for certificate-of-need, and in view of the functioning of the health care market, the Commission recommended the State keep and improve the certificate-of-need program. An "Action Agenda" containing 11 recommendations and six additional considerations was adopted by the Commission and referred to the health committees of the House and Senate. A hearing on the report and recommendations is planned for the near future.

Certificate-of-Need in Virginia, August 13, 1979. (140 pp.)

General Hospitals in Virginia



Inpatient Health Care

Inpatient Health Care is primarily concerned with the programs and services available to the poor in Virginia hospitals. In addition, the study focuses on the availability of, and accountability for, public funds spent in this health care area.

Among the important study findings were the following:

1. The State has spent substantial sums for indigent hospital care, but has had little control over hospital rates or health care costs. In FY 1976,

federal and State payments for indigent hospital care (excluding teaching hospitals) totalled \$64.9 million. This amounted to about eight percent of total hospital revenues of \$783.4 million.

2. Responsibility for delivery of indigent hospital care was fragmented among at least nine programs, the State teaching hospitals, and private sector hospitals.

3. State teaching hospital expenditures for indigent care, approximately \$23 million in general

fund expenditures annually, were almost equal to the State share of medicaid expenditures for inpatient care. However, oversight of teaching hospitals has been limited, and each hospital employed different and uneven procedures for processing patient accounts.

4. Access to the State-Local Hospitalization program is not provided evenly throughout the State. Eligibility standards vary and an increasing number of localities have opted out of the program.

5. Surplus beds, which existed in each Health Service Area, contributed to low occupancy rates and higher costs for all payors. By 1983, the cost of maintaining a projected 2,100 surplus beds could be as high as \$50 million.

Recommendations focused on the key issue of cost containment. A primary concern was reduction of surplus beds statewide. The Department of Health was requested to evaluate methods for a reduction in the number of beds licensed, the decertification of existing beds and services, and increased conversion of beds to other uses. It was further recommended that medicaid reimbursement be determined prospectively and be based on an acceptable occupancy rate (80 to 85 percent) when actual occupancy is below that level.

Other administrative problems were also addressed. For example, it was recommended that State teaching hospitals be requested to develop and implement procedures for determining patient eligibility for State-subsidized indigent care. Recommendations were also made to improve hospital cost reporting for medicaid purposes and to better define the purpose of the State-Local Hospitalization program.

The Virginia Health Services Cost Review Commission established by the General Assembly in 1978 has been working toward developing a uniform hospital accounting and reporting system for the State.

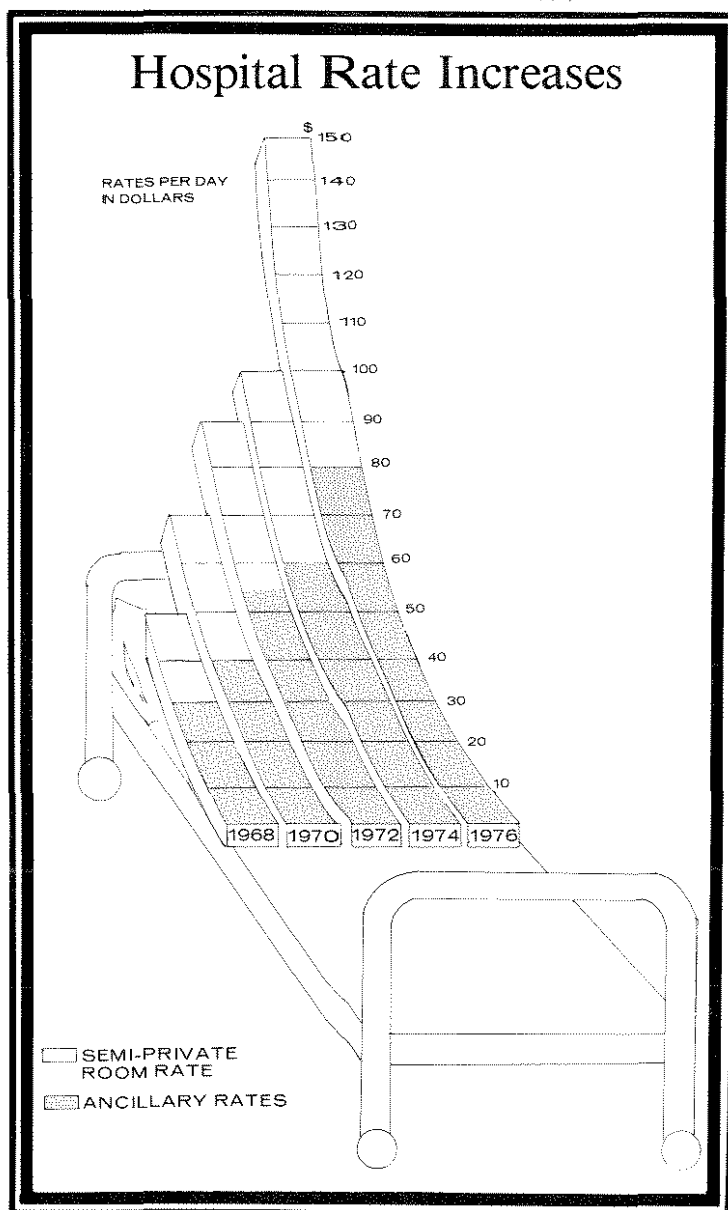
The University of Virginia Hospital has reported that steps have been taken to identify the costs of and patient eligibility for free care. A manual billing system for all outpatient clinic services should be in place by September 1979 and an automated system is being developed. Eligibility for hospital service is now determined by a uniform screening process and fees are assessed when appropriate based on a written sliding scale.

The Medical College of Virginia has made numerous organizational changes, and anticipates a reduction in patient receivables and accurate

identification of charges through implementation of an improved Hospital Information System.

In order to help contain costs, the State Department of Health has stated that it would be receptive to prospective reimbursement and charges based on minimum occupancy levels if they were mandated for all payors. The department plans to reflect regionalization of services and alternatives to inpatient care in future health planning documents. In addition, the department has taken steps to revise Blue Cross audit forms for medicaid purposes, and monitor PSRO activities.

Inpatient Care in Virginia, January 2, 1979. (124 pp.)



Long Term Health Care

Long Term Health Care had two principal objectives: to evaluate the effectiveness of State oversight of nursing homes in terms of cost and quality of care, and to review medicaid reimbursement processes.

Among the important study findings were:

1. The licensing standards and inspection process used in Virginia nursing homes were generally adequate. However, enforcement of compliance with the standards was hampered by a lack of effective sanctions. Some standards needed to be strengthened, such as those for staffing ratios and training requirements for nursing aides.

2. Many of the existing medicaid cost controls were not enforced. Property-related expenses, such as depreciation and interest costs, were areas of potential abuse.

3. The payment system used for medicaid in Virginia encouraged private investment but did little to control cost increases or promote efficiency.

4. Nursing aides, who provide approximately three-quarters of the care in nursing homes, were not adequately trained.

5. Although there was clear legislative intent that nursing home patients be able to make complaints known to appropriate State officials, complaints were not being channeled to the appropriate authorities.

JLARC and members of health committees in the House and Senate made 31 specific recommendations to improve nursing home licensing procedures and medicaid cost controls. Principal among these were recommendations to: assign

complaint resolution responsibility to the Health Department; amend the *Code of Virginia* to strengthen licensing enforcement; withhold medicaid payments for noncompliance with accounting and auditing requirements; continue development of an improved rate-setting system for medicaid reimbursement; and establish uniform training requirements for all nursing aides.

A joint hearing on the report and its recommendations was held in December 1978 by the House Committee on Health, Welfare and Institutions and the Senate Committee on Education and Health. Since the hearing, it has been reported that action has been taken on 29 recommendations.

Some of the more significant actions include:

- enactment of legislation giving the State Department of Health lead responsibility for complaint resolution, and the establishment of a telephone hotline in the Office on Aging to process complaints of nursing home residents;
- passage of legislation giving the State Department of Health intermediate sanctions to enforce licensure standards. This provision enables the department to enforce quality control standards with realistic sanctions short of closure—a step never taken by the department because of the potential displacement of patients; and
- establishment of training programs for nursing aides by the Department of Education (at the request of the private nursing home industry in its response to the JLARC report).

Long Term Care in Virginia, March 28, 1978. (120 pp.)

Completed Program Evaluations and Management Reviews

JLARC reviews and evaluates on a continuing basis the operations and performance of State programs, agencies, and functions. Contents include:

- Use of State-Owned Cars
- The Capital Outlay Process
- The Virginia Supplemental Retirement System
- Marine Resource Management
- Use of State-Owned Aircraft
- The Virginia Institute of Marine Science
- Management of State-Owned Land
- Working Capital Funds
- Water Resource Management
- Vocational Rehabilitation
- Drug Abuse Control Programs
- The Virginia Community College System

Use of State-Owned Cars

During FY 1978, State employees used passenger vehicles to travel almost 96 million miles—greater than the distance from the earth to the sun—at a cost of \$13.4 million. Over half of this travel occurred in employee-owned vehicles at State expense. The remaining mileage involved more than 2,600 general purpose passenger vehicles owned by the State. The operational review of State-owned cars examined the economy and effectiveness of vehicle utilization and control. Among the principal findings were the following:

1. Many pool cars were underutilized. Between 201 and 327 vehicles assigned to agencies and individuals were identified as uneconomic. Many car assignments were unjustified on the basis of operator duties.

2. There was a need for greater control over employee use of State-owned cars for regular commuting. Much of the 2.5 million miles of annual commuting was not job-related.

3. Financial management of the Central Garage Motor Pool needed to be strengthened. The motor pool had not effectively used all sources of available revenue to finance pool operations, resulting in an

excess cash balance of over \$1.5 million. In addition, depreciation was incorrectly calculated, a practice which inflated operating costs.

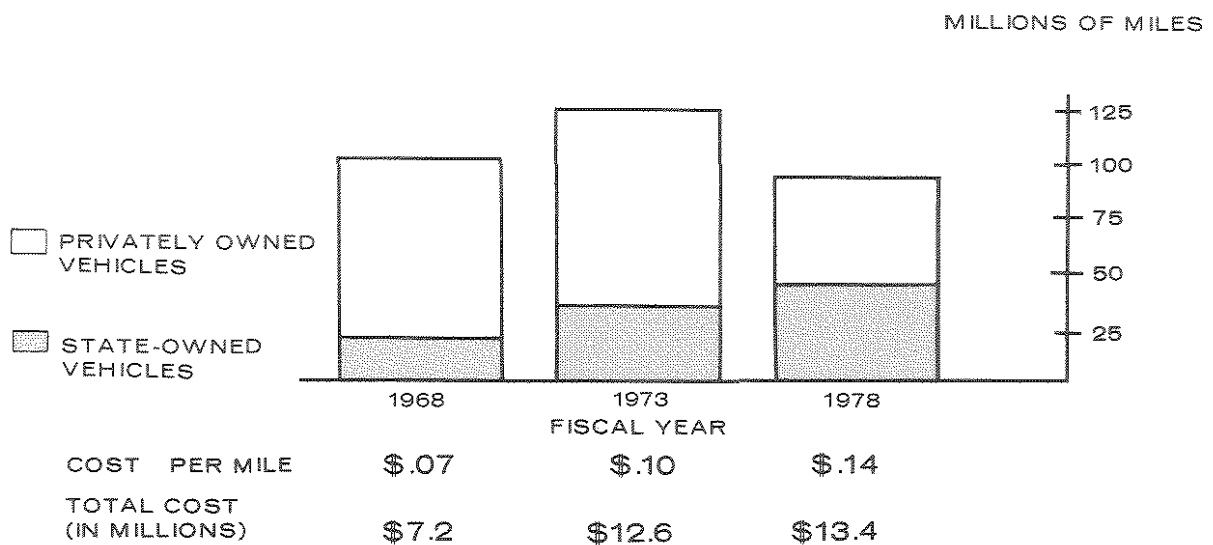
4. Records of State-owned passenger vehicles were incomplete. No one knew how many passenger vehicles were owned or used by State agencies.

The Commission recommended development of more clearly defined policies governing assignment and use of pool cars; limiting commuting to essential purposes and charging employees for such use; improved financial management; and establishment of a comprehensive inventory of vehicles owned or used by State agencies.

At the direction of the Commission, the JLARC staff met with the State Car Pool Committee in August. The Car Pool Committee concurred with many of the findings and recommendations and ordered several changes in motor pool procedures. In addition, subcommittees were appointed to develop a plan to establish commuting charges, and appropriate assignment and use criteria. The Car Pool Committee plans to report its actions to the Commission prior to the 1980 session.

Management and Use of State-Owned Motor Vehicles, July 9, 1979. (74 pp.)

Miles and Cost of State Employee Travel



The Capital Outlay Process

Growing concern over time and cost overruns on construction projects, coupled with a need to examine the planning and budgeting process, formed the basis for the JLARC review of the capital outlay process. Capital outlays involve expenditures for the construction, renovation, and acquisition of buildings and major items of equipment. The main objectives of the review were:

- to identify and document the components and procedures of the capital outlay process;
- to evaluate agency compliance with legislation and administrative procedures; and
- to determine the efficiency of the process in producing projects that are completed within amounts appropriated and within reasonable lengths of time.

Virginia's capital outlay process provided for the construction, renovation, and acquisition of about \$1 billion in projects from 1966 to 1976. During this time, the process was not systematically developed and lacked procedural unity. The planning and budgeting relationships between the operating and capital budget processes were ambiguous. In particular, legislative and administrative policies needed to be developed to explicitly define the role of the Department of Planning and Budget in capital planning and budgeting activities.

The lack of systematic attention to project monitoring and control resulted in nearly \$1 million of unauthorized agency building activities and project cost and time overruns. Money had been spent to construct or alter buildings without the prior approval of the Governor or General Assembly. Many projects receiving appropriations during the 1972-74 biennium required additional funding and were delayed by six months or longer.

To improve the capital outlay process, JLARC recommended that the State:

- place greater reliance on long-range planning as a means to systematically identify future capital project needs;
- conduct an in-depth review of each capital outlay request for its program need and impact;



- establish appropriate methods to prevent construction of unauthorized projects;
- seek effective ways to expedite project completion and reduce cost overruns; and
- develop a clear capital outlay definition, comprehensive capital outlay instruction manual, and information collection system.

The capital outlay report has been used by both the executive and legislative branches. The Governor is implementing administrative reforms which parallel the Commission's recommendations. Two legislative actions during the 1979 session related to the capital outlay process. House Bill 1672 cleared the way to consolidate capital budget-making responsibilities under the Department of Planning and Budget, and provisions of the Appropriations Act were amended to prohibit agency contracts in perpetuity with architectural and engineering firms.

The report indicated a need for greater legal and administrative controls over the selection of architects and engineers. A legislative committee, to which the question of architect selection was referred, has recently endorsed new selection and monitoring procedures.

The Capital Outlay Process in Virginia, October 10, 1978. (100 pp.)

The Virginia Supplemental Retirement System

The discovery of fraudulent payments of more than \$100,000 in retirement system funds prompted a management review of the Virginia Supplemental Retirement System (VSRS). The study was requested by the Auditor of Public Accounts to support a financial audit of VSRS. At the request of the Governor, a staff member of the Department of Management Analysis and Systems Development participated in the review.

The purpose of the management review was to determine whether the policies and management practices of VSRS conformed to generally accepted standards. The review had three objectives: to critique policies and oversight practices of the VSRS Board of Trustees; to review VSRS internal management; and to evaluate services provided to members of the retirement system. Among the important findings were the following:

1. Although VSRS was responsible for assets in excess of \$1 billion, financial practices were inadequate. Improved financial leadership and additional staff were required.
2. Financial and membership records were not in good condition. Some important membership information was not accurately maintained.
3. VSRS did not have an accurate organizational plan which detailed the duties of the functional divisions, internal relationships between departments, and personnel needs of the agency.

4. Training programs presented by VSRS to agency personnel were not supported by necessary manuals. As a result, there was misunderstanding among agency representatives about applicable policies, reporting requirements, and membership documentation.

5. Actuarial information was not properly communicated to the VSRS Board, the VSRS members, the Governor, and the General Assembly.

JLARC made recommendations in 13 broad management categories. Among these were recommendations to:

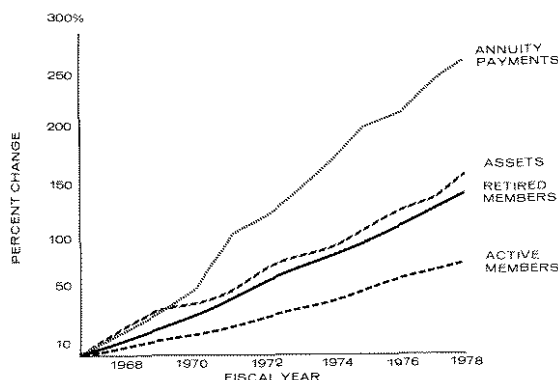
- introduce legislation to require an annual audit;
- expand the Board of Trustees to strengthen financial oversight;
- overhaul the financial reports and control systems by adding additional staff, reclassifying the duties of some existing positions, and improving financial reporting;
- require the preparation of an annual management plan for Board review and approval;
- revise the agency training procedures;
- purge and correct membership records; and
- appoint an investment advisory committee.

On December 12, 1978, the chairman of the VSRS Board of Trustees presented a detailed report to JLARC on action taken in response to the management review recommendations. The report indicated general agreement with most of the review findings, and outlined planned corrective steps. Implementation of these corrective steps is still under way.

Legislation was passed in 1979 to require an annual audit of VSRS. The Secretary of Administration and Finance authorized the employment of an experienced financial director and an internal auditor. Other personnel changes recommended in the review are being implemented. An investment advisory committee was appointed during Summer 1979 to enhance VSRS investment advice.

Virginia Supplemental Retirement System, October 10, 1978. (108 pp.)

VSRS Retirement Growth Indicators



Marine Resource Management

Marine resource management involves a wide array of programs ranging from oyster fishery regulations to marine science education. The primary purpose of the study was to evaluate the marine resource effort in Virginia, focusing on the management of program and agency activities.

Important findings of the study were:

1. The Commonwealth's involvement in marine affairs has been widespread, but no single agency was authorized to plan and manage the use of marine resources.

2. The oyster industry has suffered a sharp decline in production and employment since 1900. A need existed for a more efficient and effective oyster fishery management program.

3. The ability of the Marine Resources Commission to respond expeditiously to the changing conditions of the commercial fisheries was constrained by legislated regulations.

4. Marine resource agencies have relied on outdated administrative practices in implementing program responsibilities.

5. Lack of coordination among marine science educational programs and shortcomings in educational administration needed to be overcome. The educational affiliative relationship between the College of William and Mary and the Virginia Institute of Marine Science (VIMS) had not provided effective oversight or coordinated instructional planning.

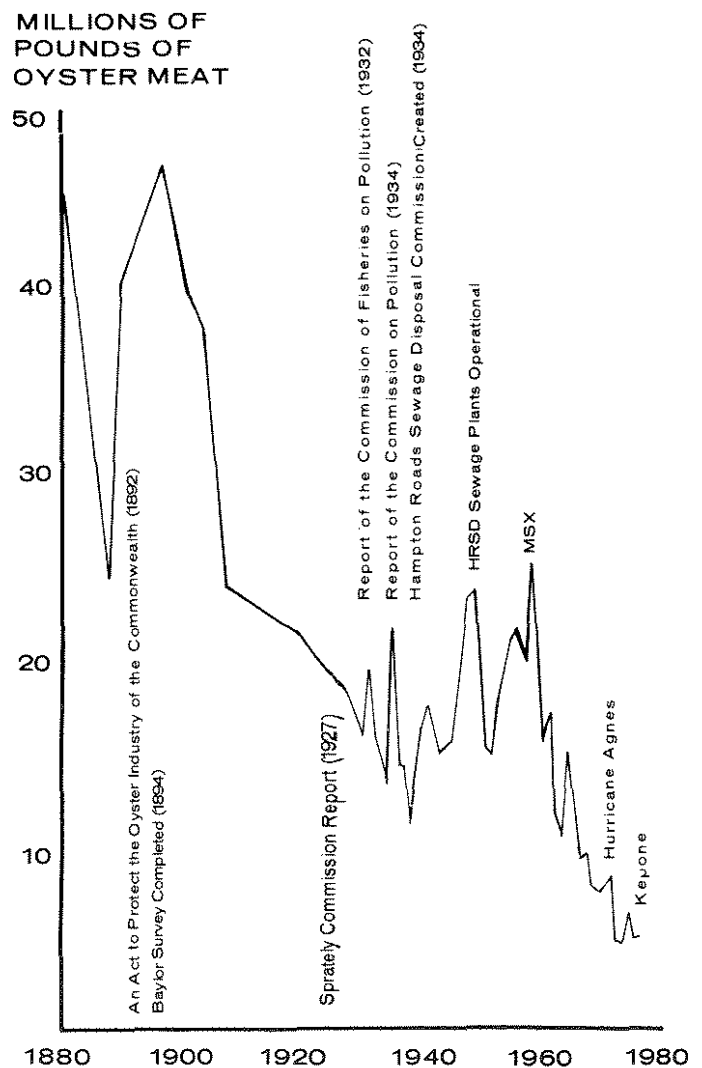
JLARC recommended that appropriate committees of the General Assembly be urged to review the effectiveness and efficiency of present oyster fishery management and administrative practices. The Commission further urged that the State Council of Higher Education be requested to carry out a comprehensive study of the State's marine science education effort. This study was to take a close look at the appropriateness and advisability of VIMS' affiliative relationship with William and Mary.

The State Council of Higher Education completed its study in 1978 and recommended the merger of the Virginia Institute of Marine Science with the College of William and Mary, and the creation of a graduate marine science education consortium. Both recommendations were enacted into law by the 1979 General Assembly.

HJR 35, enacted by the 1978 legislature, requested the House Committee on Chesapeake and Its Tributaries and the Senate Committee on Agriculture, Conservation and Natural Resources to study problems facing the shellfish industry. The committees will make their report in 1980.

Marine Resource Management in Virginia, June 28, 1977. (198 pp.)

Virginia Oyster Catch



Use of State-Owned Aircraft

This special report examined various aspects of agency aircraft operations, including ownership, use, cost, and management. Among the important study findings were:

1. Of the 22 aircraft owned or operated by State agencies, three were statutorily authorized. There were no State guidelines on aircraft acquisition, use, or record-keeping.
2. In FY 1976, the cost of supporting agency aircraft was about \$560,000. Travel in agency-owned aircraft over short distances was frequently more expensive and less timely than alternative means of transportation.
3. Seven agencies independently administered, maintained, and operated State aircraft, but only three had written policies on the use of aircraft.
4. Available evidence indicated that some State-owned aircraft may not have been justified in light of agency use and changing program needs. Some aircraft were used inefficiently, uneconomically, or for questionable purposes.
5. Agency aircraft operations were decentralized. It was unclear whether the system of airfleet management was effective or efficient. A need existed for increased utilization, improved scheduling, and greater supervision of employee use of aircraft.

"The greatest problem is not doing evaluations, but as those who serve in legislative bodies know, the greatest problem is using them."

Allen Schick (Urban Institute)

JLARC recommended the establishment of general guidelines for agency aircraft use and recordkeeping. In addition, it suggested a comprehensive assessment of State aircraft needs be made by the Governor. Pending completion of such actions, the Commission recommended that all aircraft acquisitions be identified in the Appropriations Act, and that the Act's general provisions be amended to require the Governor to establish guidelines for the acquisition, use, and review of aircraft.

Several study recommendations were subsequently incorporated into the 1978-80 Appropriations Act. Section 4-9.07 was amended directing the Governor to prepare general guidelines regarding aircraft acquisition and use; and to examine the aircraft needs of agencies and determine the most efficient and effective method of organizing and managing the State's aircraft operations.

Use of State-owned Aircraft, October 24, 1977. (36 pp.)

Management of the Virginia Institute of Marine Science

During JLARC's study of marine resource programs, numerous financial and general management problems were observed at the Virginia Institute of Marine Science (VIMS). A special report was prepared by the Commission and submitted to the Governor for consideration and action. This report looked at the Institute's financial status, temporary loan balance, institutional management, and vessel operations. JLARC concluded that:

1. Financial practices were not sound. The Institute had a projected \$1 million deficit and temporary loans were not repaid in a timely fashion as required.
2. The Institute had also acquired an ocean-going vessel and spent more than \$350,000 to make it seaworthy, despite a restriction on such general fund expenditures.

The Commission made a series of recommendations to strengthen temporary loan procedures and financial management. Furthermore, several agencies, including the Auditor of Public Accounts, the Department of Accounts, the Budget Office, and the Governor were requested to take actions.

In July 1979, the Institute was formally merged with the College of William and Mary.

Special Report: Certain Financial and General Management Concerns, Virginia Institute of Marine Science, July 26, 1976. (40 pp.)

Management of State-Owned Land

This operational review assessed the extent to which agencies have complied with legislative intent in identifying unused surplus land which could be sold or used by other State agencies. In addition, the study reviewed the land records management function of the Division of Engineering and Buildings. The principal findings of the study were:

1. Many agencies had not complied with statutory requirements pertaining to the identification of surplus land. There were 16 agencies that owned more than 9,100 acres of surplus land and an additional 5,000 acres of underutilized land. Based on local tax estimates, 5,400 acres of the surplus land were worth about \$10.3 million.
2. The central land records were not accurate or comprehensive. Discrepancies between the central records and agency files ranged from just under ten acres for a tract of land controlled by the Department of Corrections to over 923 acres at the University of Virginia.
3. Most agencies had not developed plans for managing substantial and valuable timber resources on their property.
4. The lack of a specific policy for determining the value of surplus land hindered the expeditious sale of unwanted parcels.

The Commission recommended the development of uniform criteria for surplus and underutilized land; improvement of the central land inventory; and legislation to require the preparation of timber management plans.

Since the report was issued, legislation has been enacted which requires the Division of Engineering and Buildings to establish criteria for determining whether property under the control of a department, agency, or institution should be classified as surplus to current or proposed needs. Legislation was also enacted requiring State agencies to develop timber management plans for all tracts of sufficient size and value to warrant the effort.

In February 1979, the Governor announced a plan to fully implement the recommendations of the JLARC report. Pursuant to the plan, the Governor announced he had asked the Department of General Services to coordinate a review by each State agency of the land under its control.

Management of State-Owned Land in Virginia, April 19, 1977. (120 pp.)

Working Capital Funds

Working Capital Funds evaluated the extent to which the use of such funds by agencies and institutions of higher education was consistent with legislative intent and with principles of sound financial management. Major conclusions of the study were:

1. Working capital funds can be helpful in financing and accounting for various types of support services which are provided by one agency to other agencies and institutions. However, 13 of Virginia's 17 working capital funds did not meet commonly accepted criteria for financial entities of this type.
2. Monies previously advanced to working capital funds for financing "start-up" costs resulted in a circumvention of the legislative appropriations process.
3. Cumbersome inter-agency billing processes impaired the efficiency of working capital funds. Late payments by customers of some funds resulted in inadequate cash balances.
4. The four functions for which working capital funds were a suitable financial mechanism—central telephone, central warehouse, computer services, and printing and graphics—had numerous operational and administrative deficiencies.

"We cannot expect to keep on enacting new programs and chartering new agencies without eliminating old ones, and I believe that all of us in government are becoming more and more convinced that this is so."

Congressman James J. Blanchard (D., Mich.)

The Commission ordered that all inappropriate working capital funds be terminated and that alternative financing mechanisms be developed. As a result, the Comptroller closed 13 inappropriate funds.

Legislation was drafted and subsequently enacted into law to restrict working capital fund advances to the amounts appropriated by law and to clarify oversight responsibility. The Commission directed the Comptroller to transfer \$1.2 million in excess retained earnings held by the funds to the general fund.

Working Capital Funds in Virginia, February 11, 1976. (100 pp.)

Water Resource Management

The water resource management report assessed the effectiveness of the Commonwealth's laws and programs for managing water resources. Important findings of the evaluation included:

1. Between 1972 and 1976, water resource planning had focused primarily on controlling water pollution, with insufficient attention paid to problems of water supply. Southeastern and Northern Virginia faced potential water shortages.

2. The State Water Control Board did not act to resolve disputes among localities over the use of water supplies.

3. Sanitary regulation of drinking water was not systematic and did not adequately address the potential hazards of toxic substances.

4. Water quality in Virginia was found to be generally good, but water sampling procedures were not adequate for making a definite assessment.

5. Industrial and municipal wastewater treatment plants appeared to regularly violate conditions under which they were permitted to discharge wastewater in the State's waters.

The report concluded that water resource management should be strengthened by con-

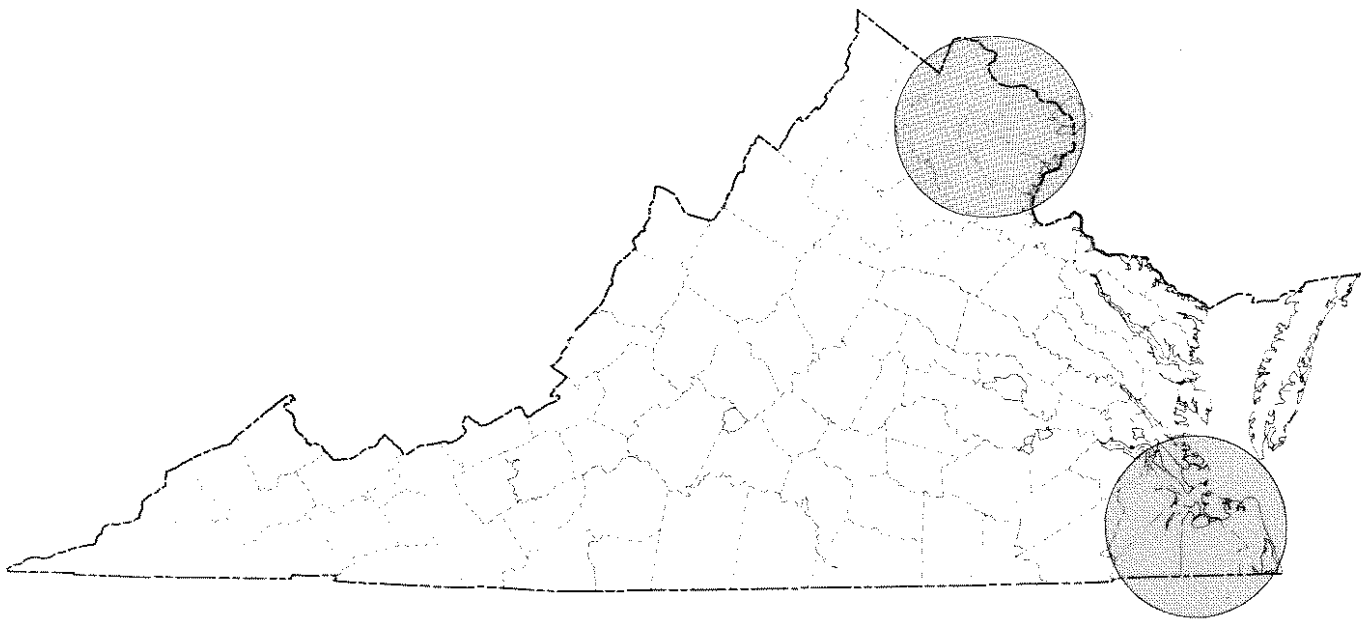
solidating water management responsibilities in a single agency reporting directly to the Secretary of Commerce and Resources. Other suggestions called for the State Water Control Board to take a more active role in addressing water supply disputes among localities, to place greater emphasis on comprehensive water resource planning, and to more stringently enforce wastewater permit conditions.

The 1977 General Assembly created the State Water Study Commission to look at local water supply and allocation problems. The water study commission has focused its attention on water problems in Northern and Southeastern Virginia. Potential water shortages in Northern Virginia may be partially alleviated by an agreement signed by Virginia, the District of Columbia, and Maryland which guarantees minimum amounts of water to all users of the Potomac River.

More emphasis has been placed on enforcing wastewater discharge permit conditions by the Board, and a number of violators have been taken to court.

Water Resource Management in Virginia. September 15, 1976. (266 pp.)

Potential Water Supply Problem Areas



Vocational Rehabilitation

JLARC's evaluation of the vocational rehabilitation programs managed by the Department of Vocational Rehabilitation (renamed the Department of Rehabilitative Services) and the Commission for the Visually Handicapped sought to:

- determine the number of Virginians in need of vocational rehabilitation;
- review client eligibility for rehabilitation services;
- assess the adequacy of the services provided clients;
- determine whether clients remain employed and become economically independent once they are rehabilitated; and
- assess organizational management.

The number of handicapped Virginians eligible for rehabilitation services was found to exceed the department's available resources. This shortfall in service capacity reinforced the need for effective eligibility controls to ensure that the most severely disabled could be served first. Counselors frequently accepted clients who represented the easiest cases in order to meet productivity goals set by the department. For example, over half of the department's clients in 1973 were in limited handicap categories.

A follow-up of clients placed in wage-paying jobs found that as many as two-thirds remained employed. Of the severely disabled with a physical handicap, 55 percent were steadily employed compared to about 60 percent for all clients. For all clients who remained employed, the average annual income was \$4,600.

The report highlighted two management concerns: agency controls over counselor budgets were lax, and regional directors did not have sufficient authority to act on specific regional, financial, and program needs.

Among key recommendations of the Commission were that the department:

- develop priority systems to shift emphasis from serving large numbers of minimally disabled clients towards serving the most severely handicapped;
- exercise greater control over counselor expenditures; and
- delegate more authority to middle-level managers.

Approximately six months after the release of the report, the department presented the Commission with a plan of action which covered the major issues and detailed how the department intended to respond to them.

Vocational Rehabilitation in Virginia, November 9, 1976. (190 pp.)

Drug Abuse Control Programs

The JLARC review of drug abuse programs was designed to take a comprehensive view of all types of control functions ranging from education to law enforcement, adjudication and treatment. Special attention was given to the organization and coordination of State level planning activities.

The report highlighted a number of significant concerns including:

- A comprehensive follow-up of former drug treatment clients found that few remained arrest free and employed.
- Drug education programs had not reduced the level of drug use as originally expected. The factual teaching approach may have actually contributed to increased experimentation with drugs.
- A number of drug arrests made by local and State law enforcement agencies involved simple possession of marijuana. The report concluded that enforcement resources and criminal sanctions directed at controlling drug abuse should be related to the drug's social cost or potential harm.
- Significant variations were found among courts in conviction rates and sentencing for the same drug offense. Use of the deferred judgment statute, a law which allows a judge to dismiss a charge for first time drug possession, was applied inconsistently.
- The drug abuse and alcohol control effort lacked effective coordination. A complicated structure of State, regional, and local organizations was involved in substance abuse control with overlapping and conflicting responsibilities.

In light of such findings, the report concluded that Virginia's drug laws should be applied more uniformly, and modified where necessary. The report also concluded that an independent drug and alcohol agency was needed to effectively coordinate all the Commonwealth's substance abuse efforts.

Information contained in the report has been used extensively by legislative committees and commissions charged with studying various aspects of substance abuse control policies and programs. The report was used by the House and Senate Subcommittee on Substance Abuse in recommending that a combined alcohol and drug abuse umbrella agency be created in the Department of Mental Health and Mental Retardation. Subsequently, legislation was passed implementing the recommendation of the subcommittee.

Virginia Drug Abuse Control Programs, October 14, 1975. (350 pp.)

The Virginia Community College System

A study of the Virginia Community College System was the first project authorized by the Commission. The purpose of the report was to review administrative and educational aspects of system management after an eight-year period of intensive building and development. Important findings included:

1. Two-year colleges with comprehensive programs were accessible throughout the Commonwealth, and there was a high degree of student satisfaction with the schools.
2. The department needed an operationally useful master plan and a revised management information system.
3. Student classifications were not accurate or complete. Failure to identify educational objectives for over half of the students in the system detracted from accurate planning, staffing, and budgeting.
4. In the system's attempt to meet a wide diversity of student needs, many programs were offered with insufficient enrollments. The VCCS could have saved \$550,000 over the 1973-74 academic year just by reducing the number of classes with fewer than 15 students.
5. Limited progress had been made toward establishing transfer agreements with publicly supported senior colleges in Virginia. More than half of all VCCS courses were not transferable.
6. Inaccuracies in enrollment forecasts had resulted in appropriation of general funds of about \$9.1 million more than justified. Of this, about \$4.3 million was returned to the general fund.
7. Recordkeeping by the Special Training Division of the VCCS was inadequate to support division objectives or outcomes.
8. Open program admissions (in addition to open admissions to the school) permitted students to enter programs without regard to ability, and there

were no requirements for standardized diagnostic testing. This policy may have contributed to a high attrition rate.

The report recommended that the State Council of Higher Education and the State Board of Community Colleges take appropriate action to:

- improve enrollment forecasting by institution and by campus;
- reduce program proliferation through application of productivity standards;
- formulate articulation agreements for the orderly transfer of community college credits to four-year institutions; and
- eliminate the "unclassified student" category to improve system planning and budgeting.

In addition, the Auditor of Public Accounts was directed to conduct a fiscal audit of the Special Training Division. The Division of the Budget and the Appropriations Committee were requested to separately identify funds for the VCCS Management Information System.

The Department of Community Colleges and the State Council of Higher Education have reported to JLARC several times on steps taken to improve system management. Over 40 unproductive programs were discontinued. Revised procedures were established for enrollment projections, and guidelines for operation of the Special Training Division were developed and submitted to the Board for approval. A study of articulation problems between two-year and four-year institutions was initiated by the Council on Higher Education. The Department of Community Colleges developed a definitive student classification system.

In 1977, the State Council of Higher Education changed institutional budget guidelines to require that appropriations be based on course credit hours rather than on student classifications.

The Virginia Community College System, March 17, 1975. (346 pp.)

Completed Studies Requested by Joint Resolution

JLARC performs special studies at the request of the General Assembly. Contents include:

- Sunset, Zero-Base Budgeting, Evaluation
- Zero-Base Budgeting?
- The Sunset Phenomenon
- Special Study on Camp Pendleton

Studies on Legislative Oversight

In 1977, the General Assembly requested that JLARC make a comprehensive study of a nationally popular approach to legislative oversight, Sunset legislation. The Commission was assisted in its study by a 12-member task force called for by HJR 178, the study directive.

Working together, the 19 legislators and four private citizens held a series of meetings and three study forums on legislative oversight. Participants included members and staff of the U. S. Congress and state legislatures, administrators, and representatives of various public and private organizations. The proceedings of each forum were published and widely distributed. One publication, *Sunset, Zero-Base Budgeting, Evaluation*, was selected for nationwide distribution by the National Conference of State Legislatures.

The Sunset study committee found that Virginia had a well-developed legislative oversight process and concluded that new oversight concepts should be built on existing strengths.

These reports, and the conclusions and recommendations of the Sunset study committee, provided the basis for the development and eventual adoption of the Legislative Program Review and Evaluation Act of 1978.

Sunset, Zero-Base Budgeting, Evaluation

Sunset, Zero-Base Budgeting, Evaluation was the first report in the series on legislative oversight. The report consists of transcripts of a two-day conference held in May 1977. Conference participants were Congressman James J. Blanchard (D., Mich.), Edward E. Lane (Virginia House of Delegates), Dr. Allen Schick (Urban Institute), Bruce Adams (Common Cause), Dr. Benjamin Shimberg, (Educational Testing Service), Graeme Taylor (Management Analysis Center), Bruce Spitz (Minnesota legislative staff director), Linda Adams (Connecticut legislative staff director), and Ray D. Pethtel (JLARC staff director).

The proceedings demonstrate that Sunset, Zero-Base Budgeting, and evaluation are tools of legislative oversight which, used properly, have the potential to enhance each other. Successful implementation of Sunset, ZBB, and evaluation, however, depends on a legislature's commitment to using the information that these processes generate.

Sunset, Zero-Base Budgeting, Evaluation—Proceedings of a Conference on Legislative Oversight, May 5 - 6, 1977. (88 pp.)

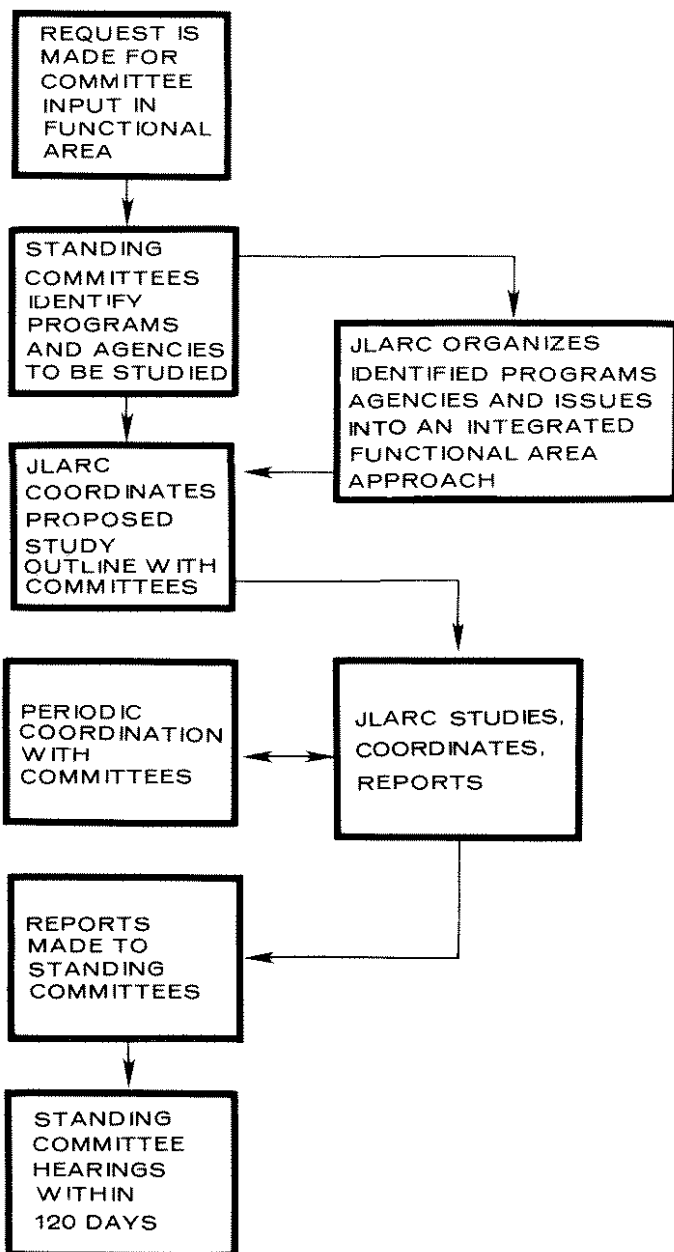
Zero-Base Budgeting?

The second report in the series contains transcripts of testimony received at a Zero-Base Budgeting forum held in August 1977. Forum participants were S. Kenneth Howard (Wisconsin State Budget Director), Thomas L. Bertone (New Jersey Office of Fiscal Affairs), Andrew B. Fogarty (Director, House Appropriations Committee of Virginia), and Maurice B. Rowe (currently Virginia Secretary of Commerce and Resources).

Although program budgeting does not organize fiscal data in a manner which requires funding options below existing levels, it does provide such data in a manner which permits clear choices between existing and increased funding levels. Forum participants generally agreed that Virginia's new program budget system needed time to be fully implemented and tested before a further modification, such as ZBB, was attempted.

Zero-Base Budgeting—Proceedings of a Forum on Legislative Oversight, August 23, 1977. (56 pp.)

Legislative Program Review and Evaluation Act Process Detail



The Sunset Phenomenon

The Sunset Phenomenon concluded the series and contains the final oversight report. The article "Directions for Legislative Oversight in Virginia—The Sunset Phenomenon," contains the findings and recommendations of JLARC and the advisory task force. The transcripts include the following articles: "Colorado's Sunset Experience" by Colorado State Senator William J. Comer; "The Implementation of the Colorado Sunset Law" by Tim Knaus of LEGIS 50; "Coping and Cooperating with the Colorado Sunset Law" by Colorado administrator Robert E. Brooks; "The Federal Response to the Sunset Phenomenon" by Congressional staffer Alvin From; and "A Survey of Sunset Legislation" by Kirk Jonas of JLARC.

The Sunset Phenomenon reported that Sunset is a popular concept of legislative self-discipline which forces evaluation of the base of government. It shifts attention from the promulgation of new programs to the review of existing ones. Sunset has an "action-forcing mechanism" that schedules the automatic termination of agencies or programs which are not explicitly reauthorized. It is widely accepted that few actual terminations would take place. In fact, at the time of the study, no major program or agency in any state had been terminated under a Sunset law. However, the purpose of Sunset is primarily the evaluations it forces, not terminations.

The study committee urged that the General Assembly not enact standard Sunset legislation which mandates program or agency termination. In light of the strong processes already working in Virginia, the committee offered instead a discretionary oversight proposal to build on Virginia's existing legislative evaluation activities. The committee proposed the Legislative Program Review and Evaluation Act. The Evaluation Act was adopted by the 1978 Session of the Virginia General Assembly and signed into law by the Governor, effective July 1, 1978. Studies under this Act, described elsewhere in this report, are under way.

The Sunset Phenomenon—Papers of a Forum on Legislative Oversight, July 25, 1977. (96 pp.)

Special Study on Camp Pendleton

A special study of Camp Pendleton, the State Military Reservation at Virginia Beach, was requested by HJR 14 of the 1978 session. A 12-member advisory task force was called for by the resolution to assist JLARC. The study evaluated the current uses of Camp Pendleton, the needs of the Virginia National Guard for training space and facilities, and the needs of area communities for public purpose land. It further evaluated the degree to which Camp Pendleton could be used for public purposes.

1. Camp Pendleton is used primarily by the Virginia Army National Guard for military training. Although the Guard benefits from this use, 1,200 feet of beachfront and large adjacent land areas make Camp Pendleton an attractive recreational site. Almost half of the Camp's 874 acres is under long-term lease to the City of Virginia Beach. Much of the property is used for recreational purposes.

2. Although Virginia Beach has abundant and high quality beaches, only one-fifth of the City's 37.5 miles of beachfront property is open and accessible to the public.

3. Constraints to the development of Camp Pendleton as a recreational area include:

- current usage and estimated replacement cost of necessary military facilities (\$10–15 million);
- conflict with federal ownership and use of property adjacent to Camp Pendleton; and

- legal encumbrances involving property, leases, and facilities.

JLARC and the advisory task force concluded and recommended that Camp Pendleton continue to serve as the State Military Reservation. It further recommended that the Department of Military Affairs encourage public utilization of the property under suggested guidelines. Additionally, the study committee proposed that a Joint Resolution be introduced urging the Governor and Virginia Congressional delegation to secure the return of 727 acres of Seashore State Park, which the federal government condemned and took during World War II.

During the 1979 session, the Department of Military Affairs proposed a plan under which the Camp's beach parcel could be used for recreational purposes for most of the summer. This proposal was accepted by the City of Virginia Beach and a three-year agreement was signed. An appropriation of \$100,000 was made to make improvements to the Camp beach area which would permit greater public usage. SJR 136 urging the return of the 727 acres at Fort Story to Seashore State Park was adopted. Copies of the resolution were forwarded to members of Virginia's Congressional delegation and the Governor. Suggested usage guidelines have been written by the Department of Military Affairs.

Special Study: Camp Pendleton, November 27, 1978. (72 pp.)

Training at Camp Pendleton



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