JOINT LEGISLATIVE
AUDIT AND REVIEW
COMMISSION

THE
VIRGINIA
GENERAL
ASSEMBLY

1981 REPORT TO THE
GENERAL ASSEMBLY

A summary report of Commission activities
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

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

July 10, 1981

My Dear Colleagues:

It is my pleasure to transmit to you the second biennial report of the Joint Legislative Audit and Review Commission. This Report to the General Assembly includes a summary statement on each Commission project completed to date, and focuses on how agencies have responded to legislative oversight findings and recommendations.

One of our major accomplishments during the past two years has been the full implementation of the Legislative Program Review and Evaluation Act. Two series of reports, one dealing with health care subjects and one dealing with social service subjects, have been completed. A third series of reports which evaluates highway and transportation issues is nearing completion. The series approach is important because it allows a more comprehensive review of each function of State government than would be possible if we limited our work to single topics in each area.

During 1980, a select committee assessed JLARC’s performance in implementing the Evaluation Act. The committee concluded that the act has worked very well. Our recommendations have influenced many program and management improvements. In fact, the follow-up findings we report on for 1981 have shown that the General Assembly has been successful in generating a great deal of useful information. JLARC report findings and recommendations have saved the Commonwealth millions of dollars and greatly improved the effectiveness and efficiency of governmental agencies and programs.

Virginia’s prominence in legislative oversight is recognized far beyond the boundaries of our Commonwealth. JLARC has received several awards for research excellence. It has been cited for consistently high quality products by its peers. Because of its success, the Commission has been requested by the Eagleton Institute at Rutgers University to participate in a national study of legislative oversight.

The bottom line that I use to judge the value of legislative oversight, however, is results. And I believe the results shown in this report speak highly of the efforts of the Virginia General Assembly and the cooperation of the executive agencies with which we work.

My two years as chairman of JLARC have been challenging and rewarding. I am proud to submit this document for your review.

Respectfully,

Dick Bagley
The Joint Legislative Audit and Review Commission 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 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 of office. The director is responsible for employing staff and managing staff activities.

The Statutory Mandate

The reporting responsibility assigned to the Commission is specified in Section 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.
- 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.

The Commission has also been assigned authority to make 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 the biennial report, agencies are requested to file "status of action" reports on their efforts to address the Commission's findings and recommendations. Special follow-up studies are required in cases where the Commission has cited waste, extravagance, fraud, or misuse of public funds.

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 Section 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 this combination of program and fiscal reviews.

Working capital funds are used to finance and account for support services provided by one State agency to another. Section 2.1-196.1 of the Code of Virginia gives JLARC 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 working capital funds to the State general fund. To carry out these responsibilities, the Commission reviews on a continuing basis working capital funds for graphics, systems development, telecommunications, central warehouse, and computer services.

Fulfilling the Mandate

To carry out its mandate, 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 are made on practices of State agencies in making efficient and effective use of space, personnel, or equipment. Special reports are made of State operations and functions at the direction of the Commission or at the request of the General Assembly.
Since 1975, JLARC has issued 34 reports including 28 evaluative studies, three reports on legislative oversight, and three descriptive summaries. Each report is annotated in this publication. In addition, eight letter reports have been prepared on specific topics of interest to the Commission. Twelve new projects are in progress.

**Legislative Program Review and Evaluation Act**


The Evaluation Act has three major thrusts. It involves legislators from standing committees of the House and Senate in the process of selecting and scheduling topics for JLARC study. It sets out a procedure for coordinating oversight studies completed by JLARC with the standing committees which have jurisdiction over the subject under review. It encourages utilization of oversight information by requiring a public hearing on the review subject after completed reports have been transmitted to the General Assembly.

**Health Pilot Assessment**

One provision of the Evaluation Act called for a pilot review of programs and agencies involved in the delivery of health care services, and an assessment of the pilot review. The purpose of the provision was to provide an early opportunity for improving the Evaluation Act based on the experiences of members, staff, and agencies in actually working with it.

The pilot review effort lasted about two years and resulted in five health care reports. The studies were coordinated with the Senate Committee on Education and Health and the House Committee on Health, Welfare and Institutions.

The Commission was assisted in its assessment of the pilot effort by a select committee composed of legislative and executive representatives. The committee met in October 1980 and reached two major conclusions. First, the Evaluation Act was working effectively and needed no statutory revisions. Second, the study procedures were basically sound. Suggested refinements and clarifications included the following:

- Increase agency involvement in selecting study topics.
- Give agencies sufficient time in which to review exposure drafts and prepare written responses.
- Achieve better balance in report tone by giving more credit for positive performance.
- Involve study subcommittees in follow-up activities.
- Bring to the attention of the General Assembly any significant policy matters regarding a subject that may be on the horizon.

The Commission is considering ways in which to implement the committee's recommendations.
Research Methods

One characteristic of JLARC work is its methodological rigor. This use of rigorous research methods increases the accuracy and reliability of the information reported by JLARC.

Applying rigorous methodologies to the practice of legislative oversight requires a variety of research tools, such as statistical sampling, survey instruments, recording schedules, and data analysis techniques. The use of each method is weighted to determine if it will yield appropriate and reliable information that will hold up to public scrutiny.

Research methods are selected to produce information about specific aspects of agency operations or program impacts. Some examples of research methods and tools used by JLARC include the following:

• A variety of computerized statistical packages is used in research analysis. The Statistical Analysis System (SAS) and the Statistical Package for the Social Sciences (SPSS) are commonly used. These computer packages allow staff to do statistical analyses involving massive numbers of calculations in a minimal amount of time. In one study, the SAS general linear model procedure was used to determine which of 45 residencies of the Department of Highways and Transportation had productivity that was higher or lower than would normally be expected on 14 maintenance activities. The high and low residencies were then targeted for further field investigation to determine differences in operations and organizations.

• To determine the quality of care available in homes for adults, experts in the fields of nutrition, sanitation, and fire safety were requested to evaluate a randomly selected sample of homes. The experts' ratings were used as one measure of quality of care.

• As part of a complex vehicle cost responsibility study, the equitable allocation of costs among users of Virginia's highway system required analysis of many construction projects. Highway design characteristics of all projects completed in 1980 were collected and used to cluster projects into 18 groups for analysis. The clustering procedure permitted an allocation of costs which was sensitive to the

Mr. Petthel Delegate Callahan Delegate Putney
distinctions among types of highway projects and, therefore, increased the accuracy of cost allocation by vehicle class.

• Analysis of aerial photographs was used as an unobtrusive way to examine unauthorized construction at State institutions.

• Analysis of 488 randomly selected social service cases yielded descriptive information on welfare clients and the services they received. Because of the representative nature of random samples, a variety of descriptive information could be estimated statewide, and a profile could be developed of a typical Title XX client.

• A random survey of 2,690 community college students, teachers, and counselors was used to assess student satisfaction, test enrollment classifications, document faculty productivity, and measure counseling workload.

• A computerized simulation of reimbursement formulas used by third-party payors, including Blue Cross, Medicare, Medicaid, and State welfare offices, analyzed the impact of indigent care and occupancy levels on hospital rates.

Senator Bateman  Senator Willey
Audit and Review Process

Legislative oversight projects begin when the Commission, or one of its subcommittees, identifies a topic for review. The Commission authorizes project initiation and the project is assigned to a staff team.

A work plan is prepared which documents the research approach to be used by the team. After the team completes its research, it prepares a report which is reviewed internally and subjected to quality control standards. Subsequently, an exposure draft is distributed to appropriate agencies for review and comment. The exposure draft, which contains any comments an agency wishes to make, is reported to the Commission.

The Commission, or one of its subcommittees, reviews the report and prepares an action agenda. The agenda includes key findings and recommendations that the Commission wishes to endorse. Copies of the action agenda are distributed to legislative committees and other appropriate officials.

The Commission authorizes distribution of the staff report and recommendations to the Governor, members of the General Assembly, and other interested parties.

The Staff

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

The staff is organized into two research divisions, each headed by a division chief. Project teams, commonly ranging in size from two to four people, are assigned to the divisions for administrative and research purposes. Team leaders have responsibility for project management and directing teams on a day-to-day basis. The teams are supported by specialists in research methods, legal research, and publication services.

The varied education, training, and professional experience of the research staff are important to the Commission. Among the fields represented by undergraduate and graduate education are business administration, economics, education, engineering, English, journalism, law, philosophy, planning, political science, psychology, public administration, and urban systems. Most members of the research staff have graduate degrees.

Staff titles reflect formal education, training, and experience at JLARC. The titles are assistant, associate, senior, 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, on-campus credit instruction in fields related to the work of the Commission, and in-service training programs.

The staff participates in preparing both the agenda and subject matter briefings for the monthly meetings of the Commission.

JLARC is housed on the tenth and 11th floors of the General Assembly Building, adjacent to the State Capitol. Library and computer services are available in the legislative building.
Outcomes of Legislative Evaluation

Legislative evaluation of State agencies and programs can be a powerful tool for good government. If evaluation findings are used, the results can be significant. Cost savings are the most visible outcome. JLARC recommendations and agency implementation have resulted in measurable cost savings and economies that exceed $43 million. These savings have involved such items as the sale or transfer of State-owned land, use of excessive balances in special purpose accounts, improved debt collection, and more efficient vehicle management. Frequently, however, savings are difficult to measure. They may take the form of deferred spending or postponed increases rather than actual cost reductions.

Improvements in the administration and management of programs are another important evaluation outcome. Supplying needed services is the business of government, and improved effectiveness means better performance in delivering services.

Specific legislative mandates are created when legislation is written and enacted. Evaluation can assess compliance with such legislative intent.

This section reports on outcomes of legislative evaluations performed by JLARC. Examples have been taken from selected reports to illustrate the following:

- Improvements in compliance with legislative intent.
- Improvements in management practices.
- Improvements in program practices.
- Cost savings, economies, and transfers.

Some changes are direct outcomes of JLARC’s evaluation. In other cases, evaluation served as a catalyst for improvements.

Improvements in Compliance With Legislative Intent

Appropriation of Federal Funds

Virginia’s constitution provides that “no money shall be paid out of the State Treasury except in pursuance of appropriations made by law.” To provide the State with needed flexibility to receive unanticipated federal funds during legislative interims, the General Assembly made provisions for the acceptance and expenditure of funds not specified in the Appropriations Act.

While this provision gave agencies needed flexibility, JLARC found that, during the 1978-80 biennium, over one-half billion dollars in federal funds was authorized for expenditure without legislative participation. Overuse of this budget procedure represented a significant erosion of the General Assembly’s appropriation prerogative.

As a result of JLARC’s identification of this issue, a limit was established on amounts that can be routinely received in excess of appropriations. The feasibility of more accurate agency estimates was demonstrated at the 1980 Session when, in response to legislative pressure, agencies offered $29 million in budget amendments dealing with expected federal funding.

Rights of Nursing Home Patients

In 1976, the General Assembly passed a nursing home patient bill-of-rights which included a mandate that patients be free to complain to outside sources without fear of reprisal. Despite this mandate, a 1978 JLARC study found that the State did not have an effective way to process complaints. Many complaints did not reach the proper authorities and evidence suggested that patients who did not have families or frequent visitors had no effective way to voice a complaint.

In response to JLARC recommendations, legislation was passed assigning the Department of Health lead responsibility for resolving nursing home complaints. A complaint coordinator now handles all complaints in accordance with written procedures. The department has also revised the rules and regulations for the licensure of nursing homes to include a section on patients’ rights. In addition, a telephone hotline has been established in the Office on Aging to receive complaints of nursing home residents.
Improvements in Management Practices

Reduction of VIMS Deficit

As early as 1976, JLARC reported the start of an operating deficit at the Virginia Institute of Marine Science (VIMS). Subsequent audits revealed a $6.9 million deficit as of June 30, 1980. Since VIMS merged with the College of William and Mary on July 1, 1979, there have been significant improvements in VIMS's financial management. The college reports VIMS is no longer operating at a deficit. Reduced vessel operations have resulted in savings of $200,000. Beginning June 30, 1981, VIMS anticipates making an annual contribution of $400,000 toward reducing the past accumulated deficit.

Reduction of Title XX Program Overexpenditure

JLARC found that the State had overexpendited its allotment of federal Title XX funds by a total of $3.95 million for two of three federal fiscal years. Conditions which led to this program deficit included overallocation of available funds, late billing by some agencies, inadequate monitoring of fund balances, and unanticipated federal actions.

The Commission recommended that the Department of Welfare develop a plan for amortizing the overexpenditure of federal funds and concentrate its efforts on monitoring and controlling expenditures in a period of tightened resources.

The Department of Welfare has taken steps to amortize the Title XX overexpenditure and projects that federal funds will be in balance by September 30, 1981.

Reduction of Case Worker Errors

A 1980 JLARC review found that in approximately 24 percent of general relief cases local workers made judgmental or procedural errors which resulted in incorrect payments or payments to ineligible persons. The cost of these errors was estimated to be at least $1.3 million and possibly as high as $2.2 million.

To strengthen program administration, the Commission recommended that the Department of Welfare increase casework monitoring to assess worker compliance with program requirements and develop guidelines for local workers on verifying client eligibility.

The Department of Welfare is developing a statewide financial services monitoring system that will include the general relief program. The department reports that the system will identify problem areas, and that corrective action initiated by State and local staff should reduce errors. The department is also developing guidelines on verifying eligibility to be included in the general relief manual.

Deferral of Highway Equipment Purchases

A 1980 JLARC review found that much of the Department of Highways and Transportation's fleet equipment was underutilized. JLARC analysis showed that as much as $9.4 million could be saved by deferring purchase of replacement equipment. The department reports that approximately $8 million has been saved through such deferrals.

The department has appointed a special committee which is studying criteria for purchasing equipment, setting utilization standards, and finding ways to reduce the equipment inventory. Plans have also been announced to significantly reduce equipment purchases over the next two years.

Unified Budgeting

In 1978, the State's capital outlay budget process was separate from the operating budget process. Because of this split, no one agency performed a comprehensive program review of capital outlay requests. Some recently built projects were standing vacant or not being used as originally planned because operating needs were not coordinated with capital plans.

JLARC recommended unifying the budgeting process and this has been largely achieved. The statutory responsibility of the former Division of Engineering and Buildings was removed by the General Assembly in 1979. The Department of Planning and Budget now directs a single system of budgeting for both program and capital outlays.
Improvements in Program Practices

Clarification of Mission and Avoidance of Duplication

During the 1979 review of the Extension Division of Virginia Tech, JLARC found that cooperative extension program priorities were not clearly defined. Program growth had placed the extension division on a potential collision course with the mandates and programs of at least 23 other State agencies.

In response to Commission recommendations, the division developed a revised mission statement which was approved by the 1981 General Assembly. This statement restricted program scope and helped clarify budgeting and programming functions.

The division has developed memorandums of understanding with 30 State agencies defining the scope of activities to be carried out by each agency; developed a policy regarding duplicated effort; strengthened relationships with local coordinating groups; and taken the lead in establishing new coordinating groups where they appear to be necessary.

Improved Rate-Setting for Welfare Grants

Auxiliary grants administered by the Department of Welfare pay for the care received by many residents of licensed adult homes. A 1979 JLARC review found that auxiliary grant rates were not based on reliable or audited cost data. The Commission recommended strengthening the auxiliary grant program by redesigning cost reporting forms, requiring audited cost data, and basing rates on reliable data.

Cost reporting policies and procedures have been clarified and cost reporting forms are being revised by the Department of Welfare. For the first time, the department has generated actual cost data which the House Appropriations Committee has used in setting the maximum auxiliary grant rate.

Increased Use of State Property

JLARC’s study of Camp Pendleton in 1979 evaluated the potential use of camp property for recreational, as well as military, purposes. The study found that although the City of Virginia Beach contained more than 37 miles of quality beaches, only one-fifth of this was open and accessible to the public. To help alleviate this condition, JLARC encouraged the Department of Military Affairs to facilitate greater public use of its property, including a 1,200-foot beach. The Legislature appropriated $100,000 to fund a parking lot near the beach.

Use of the Camp Pendleton beach has increased substantially. In 1978, the beach was open for use 35 days and total attendance was 4,726. By 1980, the beach was open for use 98 days and attendance had increased to 28,692.

Strengthened Licensure Procedures

The State Department of Welfare has statutory responsibility for licensing residential homes for adults and day care facilities for children. In separate studies of adult and child care facilities, JLARC conducted on-site assessments of compliance with minimum licensure standards and reviewed the Department of Welfare’s licensing and enforcement activities. Although most facilities were in compliance, some were found to operate with significant violations of health and safety standards.

The Commission recommended several corrective actions, including increased training for operators and licensure staff, use of unannounced visits for licensure decisions, expanded authority for the State Fire Marshal in inspecting adult homes, and improvement in the use of a provisional license as a sanctioning device in all types of facilities.

The General Assembly has enacted legislation to provide the fire marshal with expanded authority and to limit the use of provisional licenses to a six-month, non-renewable period. The department has provided additional training opportunities to operators. Steps have been taken to strengthen the inspection process by limiting advance notice of compliance inspections and including results of unannounced supervisory visits in licensure decisions.
Cost Savings, Economies, and Transfers

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 of this property was valued at $10.3 million. If some of the unneeded surplus land were sold, the report concluded, revenue could be generated for State needs.

In 1979, the Governor began to implement the report recommendations. Ten properties have been sold, producing $678,663 in revenue. Seven properties valued at $15,042,000 have been transferred between agencies to meet State needs without additional real estate purchases. Increased timber harvesting on State-owned land has produced $55,927 in revenues.

Land sales .................................................. $678,663
Property transfers .................................. $15,042,000
Timber revenue ........................................ $55,927

Investment of State Funds

Additional State revenues are expected from improved agency management of federal cash flow. JLARC identified $286,000 in annual investment revenues that the State should be able to realize by improved use of federal letters of credit.

Potential annual investment revenue ........................................ $286,000

Working Capital Fund Transfers

Section 2.1-196.1 of the Code of Virginia gives JLARC responsibility to establish or discontinue working capital funds, which are used to finance and account for central support services provided by one State agency to another. JLARC can also authorize the transfer of excessive retained earnings from such funds to the State general fund. The Commission closed 13 inappropriate funds in 1977. The Commission has directed the State Comptroller to transfer $1.2 million in excess retained earnings to the general fund.

Transfer to general fund .......................... $1,332,000
New Debt Collection Procedures

During the JLARC review of social service programs, the Commission proposed and the 1981 General Assembly enacted the Setoff Debt Collection Act. The act requires State agencies to identify delinquent bills owed to the State so the Department of Taxation can withhold any tax refund owed the debtor. The legislation should help recover $500,000 in its first year of operation and as much as $2 million each year thereafter.

Annual debt setoff revenue .......... $500,000 to $2,000,000

Collection of Revenues to Support VPI&SU Continuing Education Center

The Continuing Education Center of VPI&SU provides general extension education through conferences and meetings. Significant costs for center operations were borne by the Commonwealth contrary to a generally held State policy not to support non-credit activities from the general fund. JLARC recommended that these costs, which totaled $233,000 in FY 1978, be charged to facility users. As of July 1, 1980, the center had become completely self-supporting.

Annual savings from charging all costs to facility users .......... $233,000

Use of Excess Cash

A 1979 review of outpatient health care found that the cash balance held in a Department of Health revenue account was at times unnecessarily high. The high balance resulted from two factors: underestimation of revenues, and the practice of collecting and retaining revenues for an entire fiscal year before using them in a succeeding year. JLARC recommended that excess cash held in the account be used as an offset to the general fund appropriation for local health services. The resulting appropriations offset represented an immediate, one-time savings to the Commonwealth of $4.1 million.

Use of excess cash in health revenue account ................. $4,100,000

A BALANCE SHEET ON LEGISLATIVE OVERSIGHT

JLARC's expenditures since its inception have totaled $3.6 million. During this time, the Commission has recommended ways to save in excess of $43.2 million, a potential return of $12 in savings for every $1 spent.

One-Time Savings and Revenue

- Surplus property transfers $15,042,000
- Use of surplus health revenue $4,100,000
- Improved use of State cars 850,842
- Surplus motor pool fund use $1,788,057
- Improved motor pool billings 149,090
- Deferral of equipment purchases 8,000,000

$29,829,989

Ongoing Savings and Revenue

- Purchase of compact cars $390,000
- Improved Medicaid cost controls 2,900,000
- Commuting revenue (annual) 95,220
- Timber revenue 55,927
- Working capital fund transfers to the general fund 1,332,000
- Revenue from charging CEC users (annual) 233,000
- Land sales 678,663
- Reduction in low enrollment classes 500,000

$6,184,810

Opportunities for Recurring Savings

- Reduction in general relief case errors (annual) $1,300,000
- Improved outpatient billings 2,000,000
- Improved inpatient billings 3,000,000
- Debt setoff collections (annual) 500,000
- Investment revenue (annual) 286,000

$7,086,000

Total $43,200,799

In addition to savings, transfers, and new revenue, oversight has improved legislative control over federal funds ($29 million in amendments during 1980 session) and community college enrollment forecasts ($9.1 million forecast revision). Scrutiny of VIMS financial management has resulted in progress toward eliminating an operating deficit totaling $6.9 million and growing at a rate of $1.5 million each year.
Improved Management and Use of State-Owned Vehicles

A 1979 review of vehicle management found that the Commonwealth could save millions of dollars by improving the use of its general purpose passenger vehicles. Many State cars were underutilized, and the minimum annual mileage criterion for permanent assignment of a vehicle was unrealistically high and therefore not enforced. State employees were not being charged for commuting, and financial management of the central garage motor pool needed to be strengthened. In addition, the State was moving away from the practice of purchasing fuel efficient cars.

Since the study, the State has saved approximately $3.3 million by improving vehicle use, charging employees for commuting, and financial management of the central garage motor pool needed to be strengthened. In addition, the State was moving away from the practice of purchasing fuel efficient cars.

Improved utilization ...................... $850,842
Annual commuting charges .............. $95,220
Use of surplus funds ..................... $1,788,057
Reduction in overdue accounts ......... $149,090
Savings from compact cars ............. $390,000

Medicaid Nursing Home Reimbursement

A 1978 JLARC review of long-term care found that the Department of Health employed a variety of cost controls to ensure that Medicaid expenditures for nursing home care were reasonable and necessary. Not all of these controls, however, were adequately developed or enforced, and the Commission recommended strengthening them. The department reports that actions have been taken to strengthen cost controls. Analysis of transactions between related parties has been improved, and the Medicaid program audit staff have disallowed $2.1 million in builders’ profits that were inappropriately claimed. Audit staff have also improved their analysis of interest expense. In excess of $800,000 was disallowed as unrelated to patient care or unreasonable during FY 1979 and FY 1980.

Improved cost controls .................... $2,900,000

Improved Billing and Collection Procedures

Two 1979 health care studies found that 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 that had not been billed to patients. Similarly, a review of State teaching hospital programs found about $3 million in patient fees that had been written off as bad debts against State tax funds, even though the hospitals did not have adequate collection procedures. Billing and collection systems have both been strengthened.

Potential billing procedures revenue $ 2,000,000
Potential collection procedures revenue $ 3,000,000
Transportation Series

Senate Joint Resolution 50, enacted by the 1980 Session of the General Assembly, mandated that JLARC review the programs and activities of the Department of Highways and Transportation. The resolution called for JLARC to focus on transportation needs, functions, expenditures, revenues, and methods of cost allocation. Review efforts are being coordinated with the Senate Committees on Finance and Transportation and the House Committees on Finance and Roads and Internal Navigation.

Two interim reports were released in January 1981. The first presented findings on the organization and administration of the Department of Highways and Transportation. The second described a cost responsibility methodology developed to analyze the balance between user revenues and user costs of the Commonwealth’s highway system.

Four final reports are under way. The organization and administration interim report divided into two areas for further study: construction needs, and organization and management. Studies on transportation financing and findings of the cost responsibility study are also in progress. These studies are described in the section on ongoing studies and activities.

DHT Organization and Administration

The Department of Highways and Transportation is one of the largest State agencies. It has approximately 12,000 authorized staff positions and was appropriated about $1.9 billion for the 1980-82 biennium. The department is responsible for construction and maintenance of approximately 111,000 lane miles, the third-largest state-maintained highway system in the United States. During FY 1980, approximately 500 construction projects valued over $650 million were under way. The department also spends almost $200 million annually to maintain the existing highway system.

This interim report focused on departmental activities in construction planning and fund allocation procedures, equipment management, contract administration, organization, and staffing.

Every year the department uses an allocation process to budget highway construction funds. Policy direction from the Legislature and input from local officials and the general public serve as the basis for allocation decisions. Allocations are viewed by legislators and the general public as a commitment to construct specific projects.

JLARC found that actual expenditure patterns often varied from allocations. Over the past 15 years, $248 million allocated to urban, primary, and secondary road systems was spent elsewhere. In contrast, expenditures for the interstate system exceeded allocations by $72 million over this period. Such variations may not be consistent with legislative intent, tend to mislead public officials, and do not provide an adequate basis for State budgetary decision-making. Other important findings included the following:

• There is a need to provide the public and the General Assembly with up-to-date, accurate information on the status and priorities of the construction program. The present system of multiple plans, allocation lists, programs, and construction schedules provides only a limited amount of information to interested observers outside of the department.

• Weaknesses in the management of fleet equipment contributed to the purchase and retention of potentially unneeded equipment and corresponding underutilization. JLARC analysis showed that as much as $9.4 million could be saved in FY 1981 by transferring available underutilized equipment instead of purchasing items.
Cost Responsibility Methodology

Rising construction and maintenance costs have placed an increasing strain on Virginia's ability to meet its highway needs. As part of its response to this problem, the General Assembly passed Senate Joint Resolution 50, which directed JLARC to study the "fair apportionment and allocation of the cost of building and maintaining the roads and bridges of the Commonwealth between motor vehicles of various sizes and weights."

JLARC began this study by developing a cost responsibility methodology to analyze the relationship between highway revenues contributed by various vehicle types and the costs of providing roads and bridges suitable for their use. The methodology was proposed by a planning team headed by JLARC staff and assisted by personnel from the Department of Highways and Transportation and the Virginia Highway and Transportation Research Council. The methodology will be implemented by JLARC staff.

Three principles guided development of the cost responsibility methodology:
- Highway users should pay the cost of constructing and maintaining the State's highways.
- Increasing vehicle size and weight increases construction and maintenance costs in measurable increments.
- The proportion of revenues contributed by each vehicle class should be equal to the proportion of construction and maintenance costs which can be assigned to that class.

The design of the cost responsibility study was based on Virginia's actual highway expenditures, revenue sources, and construction and maintenance standards. Much of the methodology was keyed to empirical analysis of 170 sample construction projects completed in FY1980. Grounding the methodology in this way yields the most accurate data, and increases the General Assembly's ability to use the results.

The findings of the cost responsibility study will be contained in a broader report on Virginia's highway and transit financing structure to be presented to the 1982 General Assembly.

Methodology for a Vehicle Cost Responsibility Study, January 12, 1981 (70 pp.)

Organization and Administration of the Department of Highways and Transportation, January 12, 1981 (85 pp.)

Procedures used by the department in preparing and awarding contracts required strengthening. The prequalification process did not ensure complete and accurate disclosure of corporate affiliations. The pre-bid estimate, intended to serve as a check on the reasonableness of bids, may have actually added to the costs of a few projects because of the way it was used by the department. In addition, management tools used to enforce time limits on contracts did not appear to be fully effective.

The department is facing an era of declining revenues. As a result, some previously appropriate policies regarding organization and staffing need to be reconsidered. For example, a reorganization of the maintenance program, focusing on two factors, could result in a 13 percent increase in staff productivity. These factors are a reduction in field offices, which would free administrative staff for other purposes, and an increased use of part-time employees to meet peak-period workloads.

Clarification of legislative intent regarding the relationship of allocations to expenditures, the preparation of a complete status report on all active projects, and the preparation and annual updating of a multi-year construction program were recommended by the Commission to strengthen construction planning and allocation.

To improve utilization of fleet equipment, JLARC recommended systematic assessment of use. In addition, the department was urged to defer fleet equipment purchases until an improved needs assessment process has been implemented.

The Commission also recommended evaluation of alternatives for organizing and staffing highway maintenance operations and measures to strengthen contract administration. Measures included revision of the application form to require that all officers and owners of prequalified firms disclose interests in other prequalified firms, regular verification of a sample of applications, fuller use of performance reports, and revision of the bid proposal to require contractors to state the source of personnel and equipment to be used on a project.
Social Services Series

Senate Joint Resolution 133, enacted during the 1979 Session, directed JLARC to evaluate programs and agencies in the individual and family services area. Review efforts were coordinated with the House Committee on Health, Welfare and Institutions and the Senate Committee on Social Services and Rehabilitation.

Social services were selected for in-depth study because of the dramatic growth of welfare programs during the 1960s, as well as the administrative complexity of the system. Nearly 50 types of financial assistance programs and social services were provided in FY 1980 to 473,000 people at a cost of $359.7 million. The State Department of Welfare develops program policy, procedures, and administrative support systems but most client contact is carried out by caseworkers at 124 local welfare agencies.

Studies completed were on homes for adults, the general relief program, Title XX, and the organization and administration of the Department of Welfare.

SDW Organization and Administration

The fourth and final report in the social service series focused on the administrative efficiency and organizational effectiveness of the State Department of Welfare. Virginia has a State-supervised, locally-administered system. That is, the State develops program policy, procedures, and administrative support systems, but client contact is carried out by staff in the 124 local welfare agencies. The Department of Welfare also has responsibility for licensing adult and child care facilities, and for collecting child support payments from parents who abandon their children.

The report found that the Department of Welfare had developed useful procedures for system management. The department needed to build on this foundation to enhance the system's responsiveness to changing conditions and to meet increasing needs for programmatic and administrative accountability. Key findings in the report include:

- The effectiveness of several departmental organizational units required improvement. The responsiveness of regional staff to local needs was hampered by unclear roles and conflicting directions from central office staff. In addition, the department had not fully developed or used internal auditors and research staff.
- SDW's support and oversight of local program delivery did not adequately ensure clear and timely policy direction, appropriate staffing levels, or consistent fraud detection.
- The majority of licensed day care facilities for children offered good care. Some facilities, however, operated with numerous violations of health and safety standards.
- There was substantial potential to recover monies owed to the State for child support of Aid to Dependent Children families. Progress had been made in overcoming administrative problems that had impeded collections in the past, but staffing inequities and accounting difficulties still existed.

The Commission made several recommendations to improve the department's ability to ensure consistent administration of programs across the State and to assess agency performance. Principal recommendations included strengthening regional operations by creating a central office position with sufficient authority to resolve organizational problems; comprehensive reporting of internal audit findings directly to the State Board of Welfare; and enforcing staffing standards in local agencies. Overstaffing as of June 1980 totaled 482 positions that cost from $4.7 to $7.3 million. Proper adjustment of understaffed positions would offset some of this cost.

The Commission also addressed means of reducing fraud and recouping funds through increased support of local fraud detection efforts and improvements in collection of child support payments.

1981 Update. Recovery of delinquent support enforcement collections will be easier as a result of legislation proposed by JLARC and
enacted by the 1981 General Assembly. The Setoff Debt Collection Act requires all State agencies to identify delinquent bills owed to the State so the Department of Taxation can withhold any tax refund owed the debtor. The legislation should help recover $500,000 in its first year of operation and as much as $1-2 million each year thereafter.

Consistent with recommendations regarding the licensure of homes for adults, JLARC called for unannounced compliance inspections of children's day care facilities and a strengthened enforcement process. In response, the Department of Welfare proposed and the 1981 General Assembly approved legislation providing that a provisional license may only be used for a six-month, non-renewable period. A conditional license may be granted for new facilities not previously licensed.

Several other actions have been reported by the department. First, an additional fraud training position has been created to provide more support to local fraud workers. Second, the department has developed measures to increase the effective utilization of support enforcement staff. Third, the department is establishing a central monitoring and evaluation unit. Fourth, steps are being taken to update, validate, and fully implement caseload standards, the mechanism used to control local staffing levels. Both under- and overstaffing will be corrected to bring agencies into compliance with standards.

Organization and Administration of Social Services in Virginia, April 13, 1981 (136 pp.)

Title XX

Title XX of the Social Security Act of 1974 is the principal funding source for social services in Virginia. In FY 1980, State expenditures under Title XX totaled more than $94.4 million. JLARC's study of Title XX focused on the State Department of Welfare's use and administration of these funds, and included a special analysis of the characteristics of clients served and services received.

In keeping with legislative intent, the Department of Welfare successfully expanded service programs and increased the number of recipients in order to use all available federal funds. In a typical month, 172,000 people were included on service rolls.

JLARC found, however, that the State overexpended its allotment of federal Title XX funds for two of three federal fiscal years covering 1978-1980. Conditions which led to this continued overexpenditure and a growing Title XX program deficit included overallocation of available funds, late billing by some agencies, inadequate monitoring of fund balances, and unanticipated federal actions.

Key findings of the report included the following:

- The formula used by the State Department of Welfare to allocate funds to local agencies did not fully measure local need. A major component of the formula—caseload figures reported by local agencies—was found to be inflated by 20 percent, further distorting the calculation of local needs.
- The federal cap on Title XX funds had limited the growth of social services in Virginia. Attention needed to be focused on increased efficiency in service delivery and setting priorities among services.
- The process for establishing rates for purchased services was, in most cases, based on undocumented costs without systematic guidance or oversight from the department's central office. As a result, rates may not have reflected the actual cost of providing services.

JLARC's special analysis found that many social service clients are either children or elderly and unable to care for themselves. About 40 percent of the cases included someone who was handicapped or ill. Most adult clients had little schooling.

JLARC recommended that the Department of Welfare develop a plan for amortizing the overexpenditure of federal Title XX funds and concentrate its efforts on monitoring and controlling expenditures in a period of tightened resources. The Commission also recommended discontinuing the allocation of more Title XX funds than are projected to be available, developing an allocation formula which better reflects local effort and service needs, refining the caseload reporting system, and systematizing rate-setting activities to ensure consistent procedures and accurate rates.

1981 Update. The Department of Welfare has taken significant steps to amortize the Title
XX overexpenditure and projects that federal funds will be in balance by September 30, 1981 (the end of the federal fiscal year). The department is enforcing a 90-day limit on payment of invoices, and has restricted the reallocation of Title XX funds among localities and State contracting agencies. The department has also discontinued the practice of overallocating projected federal funds during FY 1981-82.

The department has reported that it is in the process of revising the Title XX allocation formula. Alternative formulas are being explored and updated census data will be incorporated for 1981-82 allocations. In addition, a negotiator's manual is being developed for purchase of service staff to provide guidance and enhance consistency in rate-setting and vendor monitoring.

Title XX in Virginia, January 12, 1981 (104 pp.)

General Relief

The general relief program provides cash payments and emergency assistance to needy people who are not eligible for federal income maintenance programs. Each locality determines the scope of local assistance in conformance with standards developed by the State Department of Welfare. The program is entirely funded by the Commonwealth and its localities. Approximately $10.2 million was spent during FY 1979 to aid about 6,500 clients each month.

The evaluation focused on the administration of general relief at the State and local levels. A major finding was that local eligibility workers made judgmental or procedural errors in many general relief cases. In approximately 24 percent of general relief cases, JLARC found that local workers made errors which resulted in incorrect payments or payments to ineligible persons. The cost of these errors was estimated to be at least $1.3 million and possibly as high as $2.2 million during FY 1980. State and local scrutiny of the program has been minimal. Other findings included:

- The types of assistance offered varied substantially among localities. Local option allowed localities to use general relief in accordance with their own needs, funding capabilities, and attitudes.
- Administrative weaknesses in the program were indicated by inaccurate methods of estimating expenditures, the absence of useful management information, and inappropriately reimbursed expenditures.
- Needs of clients and the adequacy of general relief assistance were difficult to assess due to inadequate planning data, fragmented record-keeping, and inconsistent referral patterns.

The Commission made 12 recommendations to strengthen the administration of the general relief program. One recommendation was that the Department of Welfare develop casework monitoring mechanisms to assess worker compliance with program requirements. In addition, the department was urged to improve the general relief policy manual, develop guidelines for local workers on verifying client eligibility, and develop appropriate training programs for general relief workers.

Further recommendations were that the Department of Welfare devote greater attention to budgeting and allotment procedures, increase scrutiny of local reimbursement requests, and provide greater control and consistency over disability determinations for general relief.

1981 Update. The Department of Welfare is developing a statewide financial services monitoring system that will include the general relief program. The department reports that the monitoring system will "identify problem areas, and corrective action initiated by state and local staff should reduce errors in the General Relief program." The system will also evaluate whether local agencies are in compliance with their approved general relief plans.

The department is planning to include guidelines for verifying eligibility in the general relief manual. Until this is accomplished, local workers have been advised to apply verification procedures used for other financial services programs.

In the area of disability determination, the department is in the process of revising the medical evaluation form.

The General Relief Program in Virginia, September 8, 1980 (72 pp.)
Homes for Adults

Homes for adults provide domiciliary care (room, board, and discernible supervision) to the aged, infirm, and disabled. As of July 1979, approximately 8,800 people lived in 314 licensed homes for adults throughout the Commonwealth. The State Department of Welfare is responsible for protecting the health, safety, and welfare of persons residing in these homes.

The primary focus of the JLARC evaluation was on the department's administration of the adult home licensing function and of the auxiliary grant program. At the time of the study, auxiliary grants were paying for the care received by approximately 2,500 residents of licensed homes for adults.

Demand for domiciliary care in adult homes has grown substantially in recent years. Much of this growth can be attributed to the search for lower cost alternatives to nursing homes and the increasing need for community residences for deinstitutionalized people.

At the time of the study, most adult homes in the Commonwealth appeared to provide a basic level of care. Many homes housing auxiliary grant and deinstitutionalized residents, however, were found to be out of compliance with minimum licensing standards. Unsatisfactory conditions observed in some homes resulted from failure of operators to comply with health, safety, and nutrition standards and from weaknesses in the department's licensure and enforcement processes. In addition, rates paid for the care of auxiliary grant recipients in adult homes were not based on reliable or audited cost data. Key recommendations of the Commission included:

- Improve the inspection process and the quality of nutrition and sanitation in adult homes. Ways recommended to accomplish this were (1) conducting compliance inspections without prior notice to operators, (2) strengthening the sanctioning effect of the provisional license, and (3) offering training in nutrition and sanitation to licensing specialists and licensees.
- Strengthen the auxiliary grant program by requiring audited cost data for each separately licensed home. Redesigning the cost reporting form to facilitate accurate reporting, and basing rates on actual cost data. In addition, the department was urged to monitor auxiliary grant payments to detect fraud and abuse.
- Develop requirements and simple forms to avoid possible misuse or abuse of medications in adult homes.
- Provide the State fire marshal with authority to inspect all State-licensed homes for adults.

1981 Update. In response to the JLARC findings, the department conducted unannounced inspections of 144 licensed homes, and took corrective action against 14 homes with serious deficiencies. Overall, the department reports that "positive results are already in evidence" because of increased attention to adult homes.

Revised licensing standards were implemented in 1980, and nutrition training has been offered to licensing staff as well as operators of adult homes. Operators have also been offered training in sanitation and drug management.

Legislation proposed by the department and enacted during the 1980 General Assembly gave the State fire marshal authority to inspect all licensed homes for adults.

To strengthen the licensure process, legislation was passed in 1981 limiting provisional licenses to one six-month, non-renewable period. A conditional license may now be granted for new adult homes not previously licensed. In addition, although the department has not yet adopted unannounced compliance visits, the notification period has been reduced to 48 hours and results of unannounced supervisory visits are considered in licensure decisions.

In response to JLARC recommendations, the House Appropriations subcommittee on human relations asked the Department of Welfare to generate cost data on which to base auxiliary grant payments. JLARC staff assisted the department in developing an appropriate methodology. The methodology implemented by the department involved an unbiased sample of homes for which fiscal audits were conducted by department staff. Significant expenses for all homes were then projected from the sample.

Based on the department's findings, the 1981 General Assembly increased the maximum rate for auxiliary grants from $409 to $450. This was the first time the subcommittee had actual cost data on which to base the maximum rate for auxiliary grants.

Homes for Adults in Virginia, December 10, 1979 (80 pp.)
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. Study activities were coordinated with the Health Pilot Subcommittee.

JLARC focused on three types of health care and issued separate reports on each: (1) outpatient care—medical treatment given principally by local health departments to people who do not require hospitalization; (2) inpatient care—medical treatment given to people required to stay overnight in a hospital; and (3) long-term 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.

Because there were federal requirements for a certificate-of-need law, and in view of the functioning of the health care market, the Commission recommended that 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.

1981 Update. At the 1981 Session of the General Assembly, a provision was added to the Appropriations Act directing the commissioner of health to impose a one-year moratorium on the issuance of certificates for nursing home beds. This requirement was one of several issued to help contain the long-term growth of medical assistance costs.

The Department of Health has made several administrative changes in response to JLARC findings and recommendations. Steps have been taken to improve health planning by revising the Medical Facilities Plan format to more closely coincide with the format of the State Health Plan. The department reports it has improved monitoring of health care construction projects by revising regulations and coordinating licensure responsibilities with the Department of Mental Health and Mental Retardation. In addition, the commissioner is now documenting certificate-of-need decisions when they are contrary to recommendations of other review agencies.

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

In Outpatient Care in Virginia, JLARC reviewed the extent to which local health departments provided medical care to indigents, the effectiveness of State oversight of local health department management, and the potential for duplication in public outpatient services. Principal findings included:

- Better cooperation between local health departments and teaching hospitals was needed to ensure that continued expansion of outpatient care did not lead to duplication of services in areas served by both types of facilities.
- Local health departments varied considerably in the outpatient care which they offered to poor people. Some urban health departments offered an extensive range of services while others offered only limited medical care. Local health department expenditures for each indigent person ranged from $11 to over $171.
- The formula which determined State and local funding shares was outdated. The formula did not take into account revenue such as sales or utility taxes, and did not include measures of local need or ability to fund programs.
- 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 suggested that between $2 and $7.5 million in fees was not collected.
- The balance in the local health department revenue account was unnecessarily high. This resulted from underestimation of revenues by the Department of Health and the practice of collecting and retaining revenue for an entire fiscal year before using it.

JLARC recommended that excess cash held in the health revenue account be put to more timely use. In response, the Department of Health used the excess cash balance to offset part of its appropriation for the 1978-80 biennium. This resulted in an immediate, one-time savings to the general fund of $4.1 million.

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

1981 Update. Several follow-up actions have been reported by the Department of Health. First, a committee was appointed to study the options for changing the formula for determining State and local shares of costs of local health departments. A new formula is targeted for implementation in the 1984-86 biennium. Second, a uniform system of records management and a standard listing of patient fees have been established. Third, a new definition of indigency and a uniform method for determining eligibility to receive outpatient services were implemented on January 1, 1981.

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

Inpatient Care

Inpatient Care in Virginia was primarily concerned with the programs and services available to the poor in Virginia hospitals. The study focused on the availability and accountability of public funds spent in this health care area. Important study findings included:

- The State had spent substantial sums for indigent hospital care, but had little control over hospital rates or health care costs. In FY 1976, federal and State payments for indigent hospital care (excluding teaching hospitals) totaled $64.9 million. This amounted to about eight percent of total hospital revenues of $783.4 million.
- Responsibility for delivery of indigent hospital care was fragmented among at least nine programs, the State teaching hospitals, and private hospitals.
- 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 was limited, and each hospital employed different and uneven procedures for processing patient accounts.
- Access to the State-Local Hospitalization program was not provided evenly throughout the State. Eligibility standards varied and an increasing number of localities had opted out of the program.
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 the 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 reducing the number of beds licensed, decertifying existing beds and services, and converting beds to other uses. It was recommended that Medicaid reimbursement be determined prospectively and be based on an acceptable occupancy rate of 80 to 85 percent when actual occupancy was below that level.

Other administrative problems were also discussed. 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 made to improve hospital care reporting for Medicaid purposes and to better define the purpose of the State-Local Hospitalization program.

1981 Update. As a result of the JLARC study and continued concern over spiraling Medicaid costs for acute and long-term care, language was added to the 1981 Appropriations Act directing the commissioner of the Department of Health to develop a plan for reducing excess hospital beds in the Commonwealth. In response, the department plans to identify beds inappropriately classified for licensure purposes or bed space permanently converted to other hospital uses. Data reported by individual hospitals over the last five years, as well as on-site evaluations, will provide the commissioner with sufficient documentation for making decisions on reclassification or reduction. The plan will be submitted to the 1982 General Assembly.

The Appropriations Act also directs the commissioner to calculate nursing home rates at a minimum occupancy level of 95 percent, except for homes with a licensed capacity of 30 or fewer beds which may be reimbursed at a minimum occupancy level of 85 percent.

The department and the Statewide Health Coordinating Council are continuing to pursue the concept of regionalization of services through planning efforts. Regionalization would discourage the proliferation of small hospitals offering limited services and encourage the regional use of large multi-service hospitals, resulting in better utilization of all facilities.

In addition, a plan was developed in 1978 to monitor Professional Standard Review Organizations which make reviews to ensure that Medicaid payments are issued only for medically-necessary services. Initial implementation of the monitoring plan is under way.

The University of Virginia Hospital has reported that steps have been taken to identify the costs of free care and patient eligibility. A manual billing system for all outpatient client services is in place and an automated system is being developed. A standard charge structure for the outpatient clinic has been established to aid in Medicaid reimbursement. 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 adopted criteria and guidelines for the determination of indigency, and has implemented an improved Hospital Information System which identifies charges for indigent care. The hospital reports that improved accounting and collection procedures have resulted in improved collection of accounts receivable.

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

Health Care Overview

Medical Assistance Programs in Virginia: An Overview was a unique JLARC report in that it was almost totally descriptive. It was designed to serve as a legislative reference tool and to provide a base of information on which other health care reports could build. It included an inventory of 19 public programs providing health care to the poor at a cost of more than $700 million during the 1976-78 biennium. Individual summaries highlighted program expenditures, source of funds, services provided, and eligibility requirements. The legislative basis for each program was also described.

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

The study on long-term 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. Important study findings included:

- The licensing standards and inspection process used in nursing homes were generally adequate. However, enforcement of compliance with standards was hampered by a lack of effective sanctions. Some standards needed to be strengthened.
- Many Medicaid cost controls were not enforced. Property-related expenses were areas of potential abuse.
- The payment system used for Medicaid encouraged private investment but did little to control cost increases or promote efficiency. The House Appropriations Committee had determined that a prospective system, where rates are determined in advance, would provide incentives for efficiency and help control costs on a long-term basis.
- Nursing aides, who provided approximately 75 percent of the care in nursing homes, were not adequately trained.
- Complaints of nursing home patients were not being channeled to the appropriate authorities.

JLARC made a number of recommendations relating to report findings. 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 that time, action has been taken on many of the recommendations.

1981 Update. During the 1981 General Assembly, language was added to the Appropriations Act directing the Commissioner of Health to (1) adopt financing and construction cost limits for nursing homes, and (2) develop plans addressing needs projection, nursing home reimbursement procedures, and reduction of surplus hospital beds. These actions are expected to help control costs in the nursing home industry, which is still the fastest growing component of the Medicaid budget. Other significant actions include the following:

- Financial penalties are now levied by the Department of Health when cost reports are submitted late. Analysis of transactions between related parties has been improved, and the Medicaid program audit staff have disallowed $2.1 million in builders' profits that were inappropriately claimed. The audit staff have also improved their analysis of interest expense. The department reports that in excess of $800,000 was disallowed over FY 1979 and FY 1980 as being unrelated to patient care or unreasonable.
- The "Nursing Home Payment System," adopted in 1978 and revised in 1979, links efficiency incentive payments and return on equity capital to nonwaivable quality of care standards. The Department of Health has indicated that the new prospective payment system has helped control nursing home costs.
- Legislation has been passed giving the Department of Health lead responsibility for resolving complaints and a telephone hotline has been established in the Office on Aging to receive complaints.
- Legislation has been passed giving the Department of Health intermediate sanctions to enforce licensure standards. The Commissioner of Health now has authority to restrict or prohibit new admissions to nursing homes which violate licensure regulations. This authority has been exercised six times, and in each instance the homes were brought into compliance. This provision enables the department to enforce quality control standards with realistic sanctions short of closure—a step never before taken by the department because of the potential displacement of patients.
- Orientation and ongoing in-service training are now required for all nursing home employees, including aides and orderlies. Regulations require that after July 1, 1982, nursing homes may employ only aides and orderlies who have completed State-approved training. In addition, a special task force has recommended a curriculum for geriatric aide training, and an implementation plan is scheduled for completion by the fall of 1981.

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

Federal funds make up approximately 25 percent of all State revenues. During FY 1979, over 300 federal programs provided $1.7 billion to the State and its localities—a 300 percent jump over the past ten years. Concern over growing federal influence on State programs prompted the General Assembly to pass House Joint Resolution 237 in 1979. The resolution directed JLARC to study the impact and influence of federal funds on State agencies and local governments.

An interim report was issued in December 1979 and published as House Document 16. The report detailed the extent to which the Commonwealth depended on federal funds and focused attention on weaknesses in legislative and executive oversight measures. A second report, released in October 1980, suggested further measures for strengthening the State's control over federal funds. Key findings, conclusions, and recommendations from both reports, and the status of implementation measures, were presented in a summary report published in January 1981. Principal findings included the following:

- One hundred and twenty-five State agencies spent $1.2 billion in federal funds in FY 1979. Of the 125 State agencies that reported spending federal funds, 101 were required to provide matching funds. At least $352.4 million, or seven percent of the State’s FY 1979 expenditures, was spent to match federal funds.
- Substantial federal influence was exercised through the use of 59 cross-cutting requirements. These federal requirements are powerful levers of influence intended to promote social, economic, and administrative goals which are broader than those of individual programs or grants.
- State agencies consistently underestimated anticipated federal fund revenues. Consequently, major portions of State expenditures were not appropriated by the Legislature. In FY 1979, $247 million in federal funds was authorized for expenditure without going through the legislative appropriation process. During the 1978-80 biennium, one-half billion dollars in federal funds was authorized for expenditure without legislative participation.
- Some agencies used inefficient procedures for receiving and spending federal funds. JLARC identified $286,000 in potential investment gains that could be achieved annually by improving agency cash flow management.

To promote better management and control of federal funds in Virginia, the Commission made six interim and 24 final recommendations. The recommendations focused on improving agency budgetary estimates, better management of receipt mechanisms, and strengthened information on the impact and influence of federal funds.

1981 Update. Substantial implementation of these recommendations has taken place. Several corrective measures in budgeting federal funds were adopted in 1980. Significantly, the Legislature reemphasized its long-standing policy that agencies include in their budgets all reasonable estimates of nongeneral revenues. Legislative intent was also clarified amending the Appropriations Act to require the executive to furnish a written reconciliation between agency estimates and actual receipts of nongeneral fund revenue.

In response to legislative interest in accurate federal fund estimates, $29 million was added to the 1980 budget bill as a result of last-minute, agency-initiated amendments. These appropriations clearly reflected legislative insistence on fuller identification of anticipated federal funding.

Administration and Finance Directive 1-80, which took effect on July 1, 1980, contained comprehensive new procedures for controlling the budgeting and management of federal funds. Under the new procedures, revenues in excess of 110 percent of the agency’s appropriation must be approved by the Governor. This limitation was intended to give agencies an incentive to accurately estimate anticipated federal revenues during the appropriation process. The 1981 Appropriations Act was revised to include...
language giving statutory authority to the 110 percent limit.

Improved cash flow procedures were also mandated by A&F Directive 1-80. Provisions require agencies to use letters of credit and cash advances wherever feasible. Full implementation of this policy will free substantial funds, thereby increasing the cash on hand in the State Treasury and generating additional revenue through the State's investment program. In addition, the directive addressed staffing limits, assumption of cost, and reporting requirements.

To anticipate federal impacts better, the Department of Planning and Budget set up an interagency federal budget impact team. Reports are periodically prepared on the effect that federal actions may have on funds earmarked for Virginia. The most recent report concerned the Reagan administration's FY 1981 budget proposals.

Numerous State agencies, including JLARC, have assisted the U.S. Office of Management and Budget in developing the Federal Awards Assistance Data System, a new system geared to improving State information on federal assistance flowing to the State. In addition, JLARC received a $5,000 grant from the National Conference of State Legislatures to develop one series of reports on federal fund expenditures within State agencies. These reports, along with other information, should give the State better information on and control over the substantial federal funding it receives.

Special Study: Federal Funds, December 10, 1979 (96 pp.)
Federal Funds in Virginia, October 13, 1980 (136 pp.)
Federal Funds: A Summary, January 1981 (20 pp.)

Use of Consultants

In FY 1979, State agencies used consultants for 1,338 projects. These consultant projects were valued at $47.5 million, and included a wide range of services.

JLARC found that agencies employed consultants for justifiable purposes in most cases. However, there were weaknesses in procedures used for selecting and managing consultants, and in agency and central information systems regarding consultant services. These weaknesses limited agency accountability and raised questions about the adequacy of controls.

Specifically, it was found that three-quarters of the 1,338 consultant projects examined had not been competitively bid, including 51 percent of the projects involving commercial firms. Agencies lacked documentation as to why a consultant was needed in 101 of the 160 largest projects. Documentation is especially needed on large projects to ensure full consideration was given to the decision to use a consultant. There was almost no documentation for smaller projects. In addition, one-quarter of the 1,338 projects conducted during FY 1979 did not have a written contract.

Agency monitoring of projects conducted by consultants was found to be an area of concern. Agency monitoring procedures, necessary to ensure satisfactory projects, varied widely. One-half of the large projects with a value over $5,000 did not have a single progress report on file.

To address these problems, JLARC recommended that the State improve its management processes by:

- More thoroughly assessing the need for consultants.
- Mandating a preference for competitive bidding.
- Requiring written contracts.
- Specifying contract form and content.
- Monitoring projects more systematically.
- Improving central accounting records.
- Improving documentation of project files.

1981 Update. These recommendations have been implemented through Administration and Finance Directives 2-80 and 4-80. Promulgated in May 1980, A&F Directive 2-80 provides definitions of consulting services and establishes policies on how to obtain such services. It encourages State agencies to make the maximum use of State service agencies such as the Department of Management Analysis and Systems Development, the Department of Personnel and Training, and the Department of Accounts.

Detailed guidelines for implementing A&F Directive 2-80 were contained in MASD's June 1980 publication "Guidelines for the Use of Consulting, Professional, and Individual Services." The guidelines provide information on determining the need for services, selecting a consultant, preparing a contract, and measuring project
results. The guidelines are detailed and comprehensive.

A&F Directive 4-80 was promulgated in July 1980. This directive requires that written contracts be executed on all consultant projects. It further requires that each agency maintain a central file of all consultant contacts.

Management and Use of Consultants by State Agencies, May 12, 1980 (80 pp.)

Deinstitutionalization

JLARC's review of the Commonwealth's deinstitutionalization policy was made in conjunction with the Legislative Commission on Mental Health and Mental Retardation. The report focused on the process for transfer of mentally ill and mentally retarded clients from State institutions to community settings, and linking them with continued treatment and support services.

The Department of Mental Health and Mental Retardation adopted the policy of deinstitutionalization in 1972. Since then, populations of mental health hospitals and mental retardation training centers have been reduced by approximately 44 and 28 percent, respectively.

Policies and procedures to meet the needs of discharged clients, however, had not been adequately developed to ensure that community services were available or delivered on a statewide basis. Most problems were in the linkages between the institutional and community networks and in availability of services. Important findings included the following:

- The transfer of discharged clients to appropriate community services was inhibited by inadequate and inconsistently administered discharge procedures at State institutions. Prompt notification of local service agencies about released clients was often hampered by the failure of institutions to obtain timely approval for the release of confidential case information. Hospitals had no formal discharge plans for clients, and notes relevant to post-discharge needs were scattered throughout client records.
- The needs of discharged clients were not being adequately met due to gaps in community services and to the limited capacity of existing services. For example, for over 50 percent of all aftercare patients, the only community service provided was medication monitoring. A basic core of community services for deinstitutionalized clients had not been established statewide.
- A coordinated system of care for the mentally ill and mentally retarded had not been developed in the Commonwealth. Responsibility for service delivery was fragmented among numerous State and local agencies, without central direction.

To ensure continuity of care, JLARC recommended that the department establish procedures to obtain early consent from clients so that case information could be released to community service agencies on a timely basis. State institutions were urged to use a single, standardized format for preparing client discharge plans, and to involve community agencies in discharge planning.

The Commission recommended that the department and the General Assembly consider mandating a basic core of services for discharged clients. JLARC also recommended clarification of the department's leadership role, greater monitoring of community service boards, development of a statewide information system, and enhanced interagency coordination for deinstitutionalization.

1981 Update. Legislation was enacted during the 1980 Session which directed the Department of Mental Health and Mental Retardation to establish core services to be provided by community service boards by July 1, 1982. Comprehensive discharge plans were also mandated, and the department is developing a standardized plan format and discharge planning guidelines. The guidelines will include community agencies in discharge planning.

An administrative policy and standards statement for community service boards has been drafted and presented to the State Board of Mental Health and Mental Retardation in July 1981. The department has also drafted case management guidelines to be used by community service boards, and is in the process of approving case management pilot projects in community agencies.

A statewide information system is being developed by the department. Computer hardware has been installed at several sites around the State and staff are receiving training on operation of the system.

Deinstitutionalization and Community Services, September 1979 (88 p.)
VPI&SU Extension Division

The Extension Division of Virginia Polytechnic Institute and State University represents the Commonwealth's largest investment in continuing education. In FY 1979, the division was appropriated $25.3 million. JLARC's program review of the division focused on the role and mission of the cooperative extension program. Principal findings of the study included the following:

- Although the scope of cooperative extension was within its broad legislative mandate, program priorities were not clearly defined. Lack of a specific and generally accepted mission statement hindered budget review and led to disagreement within the division about the proper role of the extension program. The statement had not been reviewed by the General Assembly since 1966.

- Extension programs were found to overlap many programs of community colleges and local government agencies. Although extension programs were not duplicating programs of State agencies, program growth had placed extension on a potential collision course with the mandates and programs of at least 23 other State agencies.

- The Extension Division was generally well-managed. JLARC found, however, that the responsibilities of two levels of the organizational structure required clarification and strengthening. There appeared to be an excessive number of supervisory personnel in a third level, and up to 23 of these positions could be reallocated or abolished.

- Several administrative areas required greater attention, including controls on staff travel, monitoring conflict of interest, and management and funding of the Continuing Education Center.

The Commission made 27 recommendations, including:

- Review the statutory mission of the cooperative extension program.

- Increase cooperation and eliminate potential duplication by joining existing local coordinating committees, developing interagency coordinating committees, and developing memorandums of understanding with appropriate State agencies.

- Strengthen two supervisory levels, and reduce staffing for a third level.

- Institute better administrative policies on travel billing, use of the Continuing Education Center, conflict of interest, and field office supervision.

1981 Update. The Extension Division has taken action on each of JLARC’s recommendations. Substantial effort was given to developing a revised mission statement and associated program documents. The statement, approved by the 1981 General Assembly, will enhance budgeting and programming functions.

To avoid duplication, the division has developed memorandums of understanding with 30 State agencies defining scope of activities to be carried out by each agency. The division has strengthened relationships with local coordinating groups, taken the lead in establishing coordinating groups where they appear to be necessary, and developed a statement of policy regarding avoidance of duplicated effort.

The Extension Division's new organization and staffing plan has realigned staff responsibilities consistent with JLARC recommendations. After one year of operation under the new plan, the division reported: "The [evaluation] results indicated more clearly defined supervisory relationships and greater delegation of authority to the appropriate level. It appears that the new organization and staffing plan has increased both the efficiency and effectiveness of the Division through improved communication and increased accountability."

Since July 1, 1980, the Continuing Education Center has been operating on a self-supporting basis. As recommended by JLARC, the cost of administrative overhead is being charged to each revenue-generating activity. This represents a dollar savings of at least $233,000 to the general fund each fiscal year.

Virginia Polytechnic Institute and State University Extension Division, September 10, 1979 (118 pp.)
State-Owned Motor Vehicles

During FY 1978, State employees used passenger cars to travel almost 96 million miles—greater than the distance from the earth to the sun—at a cost of $13.4 million. Half of this travel occurred in employee-owned vehicles and was reimbursed by the State. The remaining mileage was accumulated by 2,600 general purpose passenger cars owned by the State.

The JLARC review of State-owned cars examined the economy and effectiveness of vehicle management. Principal findings included the following:

- Many State cars were underutilized. As many as 327 cars assigned to agencies and individuals were found to be uneconomical and not justified on the basis of operator duties.
- The minimum annual mileage criterion for permanent assignment of a central garage vehicle was 18,000 miles. This criterion was unrealistically high based on economic use and was not enforced.
- Greater control of employee commuting in State-owned cars was needed. Approximately 660 employees regularly used assigned cars to commute between home and office, accounting for approximately 2.5 million miles of travel in FY 1978. Although all agencies were authorized to charge employees for commuting, only two employees were actually being charged.
- Financial management of the central garage motor pool needed to be strengthened. The motor pool had not used all available sources of revenues to finance pool operations, and had accumulated a cash balance in excess of $1.5 million in a special revenue account. In addition, the central garage did not have adequate procedures to ensure that accounts were paid in a timely manner. There was $151,090 in overdue accounts receivable as of February 1979.
- Responsibility for central garage operations was fragmented, limiting effective management and accountability.
- In a time of escalating fuel costs, the State was moving away from the practice of purchasing fuel efficient cars.

The Commission recommended developing more clearly defined policies governing assignment and use of pool cars; charging employees for commuting use where appropriate; improving financial management; expanding and defining the fleet manager’s role; and purchasing compact, fuel efficient cars.

1981 Update. Significant actions have been taken in response to the Commission’s recommendations. For example, the responsibility for central garage operations has been centralized and the fleet manager’s authority has been expanded and better defined.

Vehicle assignment and use have been improved. In accordance with a JLARC recommendation, the minimum mileage criterion for permanent assignment has been lowered based on economic analysis. The fleet manager has been monitoring mileage and working with agency transportation officers to turn in vehicles not meeting the criterion. Since January 1980, 193 cars have been turned in and reassigned to fill pending requests. This reassignment represents one-time capital avoidance savings of approximately $850,000.

Appropriations Act and central garage policies have been clarified to require commuting charges and to define when they are applicable. Currently, 141 employees pay commuting charges which will result in an estimated $95,000 savings to the general fund during FY 1981.

Financial management practices of the central garage motor pool have also been strengthened. An excessive balance in a special revenue account was used to offset an agency rate increase which had been authorized for FY 1980. This transaction resulted in a $1.8 million savings to general fund agencies. In addition, improved procedures to monitor accounts receivable have been implemented. The fleet manager now receives monthly reports and closely monitors overdue accounts. As of April 1981, overdue accounts receivable were only $2,000.

Central garage has also resumed buying compact cars. In addition to being fuel efficient, these smaller cars are less expensive to purchase than standard size cars. Central garage will save approximately $390,000 in 1980 and 1981 by purchasing compact instead of standard size cars.

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

A special study of Camp Pendleton, the State military reservation at Virginia Beach, was requested by House Joint Resolution 14 of the 1978 Session. The study evaluated the use of Camp Pendleton, the needs of the Virginia National Guard for training facilities, and the needs of adjacent communities for public purpose land. Review efforts were coordinated with the Camp Pendleton task force appointed for the study.

The study found that military training at Camp Pendleton was substantial. About 69,000 man days of military training occurred at Camp Pendleton in 1976 and 1977. In addition to military use, almost half of the camp's 874 acres are under long-term lease to the City of Virginia Beach. Much of that property is used for such recreational purposes as golf, tennis, and swimming.

Although Virginia Beach was already using much of Camp Pendleton, the city was seeking further use of the 1,200-foot beachfront at the camp. Virginia Beach has high quality beaches, but only one-fifth of the city's 37 and one-half miles of beachfront are accessible to the public.

There were, however, numerous constraints to the further development of Camp Pendleton as a recreational area, including:
- Estimated replacement cost of necessary military facilities of more than $15 million.
- Potential conflicts with the federal government over use of property adjacent to Camp Pendleton.
- Legal encumbrances involving property, leases, and facilities.

JLARC and the study committee concluded that Camp Pendleton should continue to serve as the State military reservation, but recommended that the Department of Military Affairs facilitate public use of the property under more flexible guidelines. The study committee also proposed the adoption of a joint resolution urging the Governor and Virginia's congressional delegation to try 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 of the General Assembly, the Department of Military Affairs proposed a plan under which the camp's beach parcel could be used for recreational purposes. The proposal was accepted by the City of Virginia Beach and a three-year agreement was signed. An appropriation of $100,000 was made to fund improvements to the beach area. The funds were used to construct a parking lot near the beach, which is used primarily for surfing.

The 1979 Session also adopted SJR 136 urging the return of land at Fort Story to Seashore State Park. Copies of the resolution were forwarded to members of Virginia's congressional delegation.

1981 Update. Guidelines for use of Camp Pendleton property by public groups have been adopted by the Department of Military Affairs. The guidelines provide a relatively simple application and approval process and clearly establish the terms and responsibilities of use.

Military use of Camp Pendleton has increased during recent years. In 1979 and 1980, 93,696 man days of military training occurred at Camp Pendleton, 34 percent more than in 1976 and 1977.

Civilian use of the property has also increased. Attendance at the Camp Pendleton beach increased from 4,726 in 1978 to 28,692 in 1980. Under more flexible rules by the Department of Military Affairs, the beach remained open 98 days in 1980, compared to 35 days in 1978.

No change has occurred in the ownership status of the disputed beachfront at Fort Story.

Special Study: Camp Pendleton, November 2, 1978 (72 pp.)

Capital Outlay

Virginia's capital outlay process provided for building, renovating, and acquiring about $1 billion in construction projects from 1966 to 1976. During this time, the process was not systematically developed and lacked procedural unity. Planning and budgeting relationships between the operating and capital budget processes were ambiguous. Legislative and administrative policies needed to explicitly define the roles of the Department of Planning and Budget and the Department of General Services in capital planning and budgeting.
The lack of systematic attention to project monitoring and control resulted in nearly $1 million worth of unauthorized agency building. Money had been spent to construct or alter buildings without the prior approval of the Governor or the General Assembly. Many projects reviewed needed additional funding and had delays of six months or longer. JLARC recommendations addressing these problem areas were adopted in October 1978.

1981 Update. Procedural unity in the capital outlay process has been largely achieved. The Department of Planning and Budget now directs a single system of budgeting for all State expenses including capital outlays. The statutory involvement of the former Division of Engineering and Buildings in the capital budget process was removed by the General Assembly in 1979 when it repealed Section 2.1-483 of the Code of Virginia. Definitions and instructions relating to capital outlays have been included in the Commonwealth Planning and Budgeting System manual. The instructions require that requests for fixed assets be included in program requests for all agencies. These requests are reviewed in detail by the Department of Planning and Budget.

The capital outlay manual prepared by the Department of General Services has also been improved. The manual contains new procedures regarding design fees and cost estimates. The manual is now loose-leaf to facilitate revision.

Legislation was enacted in the 1980 Session to establish procedures for selecting architects and engineers. These procedures are now specified in the capital outlay manual. A selection process has been established which encourages diversity and competition. Amendments to the Appropriations Act prohibit agencies from having contracts in perpetuity with architectural and engineering firms.

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

VSRS

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 his financial audit. At the request of the Governor, a staff member of the Department of Management Analysis and Systems Development also participated in the review.

The study had three objectives: to review the policies and oversight practices of the VSRS Board of Trustees, to assess VSRS internal management, and to evaluate services provided to VSRS members. Important findings included the following:

• Although VSRS was responsible for assets in excess of $1 billion, financial practices were inadequate. Improved financial leadership and additional staff were required.
• Financial and membership records were not in good condition. Some important membership information was not accurately maintained.
• VSRS did not have an accurate organizational plan which detailed the duties of the functional divisions, internal relationships among departments, and personnel needs of the agency.
• 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.
• Actuarial information was not properly communicated to the VSRS board, the VSRS members, the Governor, and the General Assembly.

JLARC made 13 recommendations, including the following:

• Introduce legislation to require an annual audit.
• Strengthen financial oversight by the Board of Trustees.
• Overhaul the financial reports and control systems by adding additional staff, reclassifying the duties of some existing staff, and improving financial reporting.
• Prepare an annual management plan for board review and approval.
• Revise agency training procedures.
• Purge and correct membership records.

Since completion of the JLARC study, VSRS management practices have received increased scrutiny. Legislation was enacted in 1979 to
require an annual audit of the VSRS by the Auditor of Public Accounts, and a management letter was released by the auditor in June 1979.

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

1981 Update. A follow-up review by the Department of Management Analysis and Systems Development was released in August 1980. That review reported notable improvement in general administration, actuarial and investment oversight, and field services. It reported that VSRS was no longer understaffed, poorly equipped, lacking in professional expertise, or operating under heavy pressure to overcome delays and remain current with normal administrative and member response activities.

Financial leadership of VSRS has been improved principally through the addition of a chief financial officer and an internal auditor. Four new committees have been created within the Board of Trustees: (1) an audit committee, (2) a finance committee, (3) an actuarial committee, and (4) a long-range planning committee. The chief financial officer of VSRS meets with the finance committee of the Board of Trustees on a monthly basis. In addition, an investment advisory committee has been formed to provide the board with advice from the private investment community.

Improvements in member services are also notable. Problems in the distribution of member handbooks were corrected. In July 1980, a comprehensive procedures manual was distributed to agency employee contacts.

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

Sunset, Zero-Base Budgeting, Evaluation

In 1977, the General Assembly requested a comprehensive study of a nationally popular approach to legislative oversight known as sunset legislation. JLARC was assisted in its study by a 12-member sunset task force appointed under the authority of House Joint Resolution 178.

The task force 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, agency administrators, and representatives of various public and private organizations. The proceedings of each study forum were published. The study reports, and conclusions and recommendations of the sunset study committee, provided the basis for development of the Legislative Program Review and Evaluation Act of 1978.

The first report in the legislative oversight series consisted of transcripts of a conference held in May 1977. Conference participants included U.S. Congressman James J. Blanchard (D. Mich.), Dr. Allan Schick (Urban Institute), Dr. Benjamin Shimberg (Educational Testing Service), Linda A. Adams (Director, Connecticut Program Review), and Ray D. Pethel (JLARC director).

The proceedings demonstrated that sunset, zero-based budgeting, and evaluation, when properly used, have the potential to enhance legislative oversight. Successful implementation of these concepts, however, depends on a legislature’s commitment to using the information generated by these processes.

Sunset, Zero-Base Budgeting, Evaluation, May 5-6, 1977 (88 pp.)

Zero-Base Budgeting?

The second report in the series contained transcripts of testimony received at a zero-base budgeting forum held in 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 (Virginia Secretary of Commerce and Resources).

Forum participants generally agreed that Virginia’s new program budget system needed time to be fully implemented and tested before further modification was attempted. Zero-base budgeting as a legislative tool was not endorsed.

Zero-Base Budgeting?, August 23, 1977 (56 pp.)
The Sunset Phenomenon

The Sunset Phenomenon, the report which concluded the oversight series, contained the recommendations which led to adoption of the Legislative Program Review and Evaluation Act.

Sunset was reported as a popular concept of legislative self-discipline which forces evaluation of existing government activities. Sunset shifts attention from promulgation of new programs to review of existing ones. It has an action-forcing mechanism that schedules automatic termination of agencies or programs unless they are periodically reauthorized. However, the effectiveness of sunset laws was called into question because few, if any, agencies or programs of any significance had been terminated.

The study committee urged that the General Assembly not enact sunset legislation. The committee offered an alternative oversight proposal which built on Virginia's existing legislative evaluation activities. The committee proposal was adopted by the 1978 Session of the General Assembly and signed into law by the Governor effective July 1, 1978.

The Sunset Phenomenon, July 25, 1977 (96 pp.)

State-Owned Aircraft

Ownership, use, cost, and management of State-owned aircraft were examined in a special report. Study findings included:

- Of 22 aircraft owned or operated by State agencies, only three were statutorily authorized. There were no State guidelines on aircraft acquisition, use, or record-keeping.
- In FY 1976, the cost of operating 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.
- Seven agencies administered, maintained, and operated aircraft, but only three had written policies governing its use.
- 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.
- Agency aircraft operations were decentralized. It was unclear whether the system of airfleet management was effective or efficient. Increased utilization, improved scheduling, and greater supervision of employee use of aircraft were needed.

JLARC recommended the establishment of general guidelines for agency aircraft use and record-keeping. In addition, it suggested the Governor make a comprehensive assessment of State aircraft needs. 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 Appropriations Act. Section 4-9.07 of the act was amended directing the Governor to (1) prepare general guidelines regarding aircraft acquisition and use, (2) examine the aircraft needs of agencies, and (3) determine the most efficient and effective method of organizing and managing the State's aircraft operations. Agency requests to purchase new aircraft are included in the Appropriations Act as line item requests.

1981 Update. Effective March 1981, the Governor issued a directive on State-owned aircraft. The directive pertains to aircraft in the Richmond area and deals with operational control, priority of use, and charges. In addition to the Governor's directive, the Secretary of Transportation has required the Department of Aviation and the Department of Highways and Transportation to maintain detailed records on the use of their aircraft and related direct and indirect costs.

Detailed, written procedures for agency aircraft use do exist at some agencies and institutions. There are, however, still no State guidelines for agency aircraft use and record-keeping as called for by the Appropriations Act. There is no central inventory of aircraft owned and operated by State agencies.

Use of State-Owned Aircraft, October 24, 1977 (36 pp.)
Marine Resources

Marine resource management involves a wide array of programs ranging from regulation of oyster fisheries to marine science education. The primary purpose of JLARC’s 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:

- The oyster industry has suffered a sharp decline in production and employment since 1900. A more efficient and effective oyster fishery management program was needed.
- The ability of the Marine Resources Commission to respond expeditiously to the changing conditions of the commercial fisheries was greatly constrained by legislation.
- Marine resource agencies had relied on outdated administrative practices in implementing responsibilities.
- 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 the General Assembly review the effectiveness and efficiency of oyster fishery management and administrative practices. The Commission urged the State Council of Higher Education to make a comprehensive study of marine science education. This study was to take a close look at the affiliative relationship between VIMS and the College of William and Mary.

The State Council of Higher Education study, completed in 1978, recommended the merger of the Virginia Institute of Marine Science with the College of William and Mary. The recommendation was enacted into law by the 1979 General Assembly. On July 1, 1979, VIMS became the School of Marine Science of the College of William and Mary.

1981 Update. The fragmentation of marine science graduate education and competition for limited federal Sea Grant funds led JLARC to suggest the creation of a Sea Grant Consortium as one administrative option. The concept was subsequently endorsed by the State Council of Higher Education. In 1979, the General Assembly authorized formation of the consortium. The Virginia Graduate Marine Science Consortium consists of the College of William and Mary (VIMS), Old Dominion University, the University of Virginia, and Virginia Polytechnic Institute and State University. The consortium is located at the University of Virginia and employed its first director on June 1, 1981.

Legislation has also been adopted to improve the State’s oyster management system. The legislative changes focus on encouraging greater fishing activity in leased oyster beds. Changes include shortened lease terms, elimination of lease renewals on an automatic basis, and evidence of production as a condition of lease renewal.

The Marine Resources Commission has also been given greater flexibility in regulating fishing areas. Flexibility involving management of a large area in the Tangier and Pocomoke sounds was given to the commission in 1978. In 1981, the General Assembly expanded the size of the area. Similar flexibility has been given the commission over areas of the Rappahannock and Corrotoman rivers.

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

State-Owned Land

The report on management of State-owned land assessed the extent to which agencies complied with legislative intent in identifying unused and surplus land which could be sold or transferred for use by other State agencies. The study reviewed the land management function of the Division of Engineering and Buildings. Principal findings included:

- Many agencies had not complied with statutory requirements pertaining to identification of surplus land. Sixteen agencies 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 $10.3 million.
- Most agencies had not developed plans for managing timber resources on their property.
The lack of a specific policy for determining the value of surplus land hindered the expeditious sale of unneeded parcels.

Central land records were not accurate or comprehensive. Discrepancies between the records and agency files ranged from just under ten acres for land controlled by the Department of Corrections to 923 acres at the University of Virginia.

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

The General Assembly responded initially to the findings and recommendations by adopting legislation requiring (1) development of criteria to identify and classify surplus properties and (2) development of timber management plans for appropriate tracts of State land. The Department of Conservation and Economic Development subsequently proposed and the General Assembly approved legislation strengthening and unifying under one section of the Code of Virginia all timber management law.

In February 1979, the Governor announced a plan to fully implement recommendations of the JLARC report. The Department of General Services subsequently issued a directive entitled “Management Program for Real Property of the Commonwealth of Virginia.” The directive provided comprehensive instructions on land management, including:

- Procedures on the identification, reporting, and transfer or disposal of surplus property.
- Criteria for declaring property surplus.
- Timber management policy.
- Central real property records policy.

1981 Update. Implementation of the program is well under way and the department reports that many surplus parcels are being disposed of. Sales have been consummated on ten properties, producing $678,663 in revenue. Seven other properties valued at $15,042,000 have been transferred between agencies to meet agency needs without additional real estate purchases.

There has been greater attention to managing forest resources on State-owned lands. Forest management potential of 138 State properties has been reviewed and detailed reports covering 25,000 acres are on file. As of April 1981, there were 25 harvesting or reforestation projects under way throughout the Commonwealth.

Timber harvesting on State-owned land has produced $55,927. Many similar projects are under way or planned. The Division of Forestry reports that the harvesting program has not required additional employees or equipment.

**Vocational Rehabilitation**

JLARC’s evaluation of vocational rehabilitation programs managed by 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.
- Assess the adequacy of service.
- Determine whether clients remained employed and became economically independent once they were rehabilitated.
- Assess organizational management.

The number of handicapped Virginians eligible for rehabilitation exceeded the department’s available resources. This shortfall in service capacity reinforced the need for effective eligibility controls to ensure that the most severely disabled would be served first. To meet productivity goals set by the department, however, counselors had accepted clients who represented the easiest cases. As a result, only 24 percent of the department’s clients in FY 1975 were in severely disabled categories.

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 Commission recommended that the department take the following steps:

- Develop priority systems to shift emphasis from serving large numbers of minimally disabled clients to serving the most severely handicapped.
- Develop a weighted closure system to ensure counselor compliance with priorities.
Include welfare recipients as a priority category for rehabilitation.

Exercise greater control over counselor expenditures.

Place greater emphasis on alternative funding programs and job placement.

1981 Update. Increased emphasis has been placed on serving the most severely handicapped clients. A "Statement of Service Priorities" has been developed and implemented by the department to assist caseworkers in selecting clients for rehabilitation. Severely disabled clients comprised 50 percent of the department's total caseload during FY 1980, a significant increase since the JLARC study. Disabled welfare recipients have also been given high priority in selection.

The department has developed and will implement by September 1982 a weighted closure system. Weighted closure should discourage counselors from selecting only easy-to-rehabilitate clients, and will assist supervisors in evaluating productivity.

Counselor expenditures are being more closely controlled. Each level of management receives a monthly "status of funds against budget" statement. The department is also in the process of reviewing its resource allocation procedures to ensure that funds are spent in accordance with departmental goals and priorities.

The department has strengthened its job placement services. Twenty counselors have been released from other duties and assigned solely as placement specialists. All staff have received basic training in job placement, and specialists and supervisors have received advanced training. Increased counselor involvement in job placement has been targeted as an agency objective, and the department reports that counselors have successfully met the objective.

In response to a JLARC recommendation to identify alternative funding, the department has (1) developed a "Similar Benefits Directory" to fulfill its mandate of using other available resources before using vocational rehabilitation funds, (2) established optimum use of similar benefits as an agency goal, (3) strengthened the policy and procedure manual regarding similar benefits, and (4) developed similar benefits training.

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

Water Resources

The report on water resource management assessed the effectiveness of the Commonwealth's laws and programs for managing water resources. The evaluation revealed a lack of water resource planning in the State and inadequate enforcement of wastewater discharge conditions.

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 potentially severe water shortages. Industrial and municipal wastewater treatment plants appeared to regularly violate conditions under which they were permitted to discharge into the State's waters. Little effort was made to enforce these conditions.

JLARC recommended that the State Water Control Board place greater emphasis on comprehensive water resource planning. To devote even greater attention to this subject, the 1977 General Assembly created the State Water Study Commission to look at local water supply and allocation problems. The commission has been active since that time and was continued again in 1981. To date, the State Water Study Commission has focused its attention on water problems in Northern and Southeastern Virginia. Water shortages in both areas have been severe as a result of droughts in recent years.

1981 Update. The need for effective water resource planning was brought into sharp focus as State drought conditions worsened considerably in 1980, before abating somewhat in 1981. Although drought conditions focused greater public attention on water supply problems in recent years, State Water Control Board officials conceded that "we are no closer to solving the water supply problems of Northern and Southeastern Virginia than we were five years ago."

As a result of recommendations by the Water Study Commission, legislation was adopted in 1981 which directed the State Water Control Board to take specific water resource planning actions and to complete a State water supply plan by 1989. Effective solutions to such water resource problems are still years away.

In other areas which were the subject of
JLARC recommendations, notable progress has been made, including:

- Improved certification and training of technical personnel.
- Improved coordination with the State Department of Health in areas of overlapping responsibility.
- Establishment of a program for dam safety.
- Reduction in the number of State river miles which are not fishable or swimmable.
- More aggressive enforcement procedures against major pollutors.

Progress has been made in the area of enforcement in particular. Since the time of the JLARC study, the board’s enforcement activities have increased substantially and criminal investigations have been initiated against major pollutors.

STATE WATER CONTROL BOARD ENFORCEMENT ACTIVITIES

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<td>Special orders issued to industrial and municipal permittees</td>
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Another measure of enforcement effectiveness can be seen in the collection of civil penalties from pollutors. Prior to the JLARC study, no civil penalties had been obtained. Since the study, 29 penalties have produced $425,950 in revenue and provide a meaningful deterrent to potential pollutors.

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

VIMS

During JLARC’s study of marine resource programs, numerous 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. The report examined the institute’s financial status, temporary loan balances, institutional management, and vessel operations. JLARC found that the institute had a substantial deficit, and temporary loans could not be repaid in a timely fashion.

Subsequent audits revealed that the institute had accumulated a deficit totaling $6.9 million, principally as a result of poor management of grants and contracts. In addition, JLARC’s study of the capital outlay process found that VIMS had built unauthorized facilities at a total cost estimated to be at least $300,000. In July 1979, the institute was formally merged with the College of William and Mary. The college developed new procedures and internal controls intended to restore the institute’s financial integrity.

1981 Update. New planning, management, and accounting processes have been implemented to prevent overspending. A cost control system was established to monitor the progress of individual research projects and to help ensure the completion of projects on time and within budget. An automated billing system has been established and billings, which were as much as two years behind, have been made current. Additional personnel have been hired to support finance office operations.

Vessel operations, a source of serious problems in the past, have been consolidated into a single unit. Vessel personnel have been cut from 48 to ten. Major vessels have been set up as cost centers for accounting purposes, providing management with targeted information on costs and revenues. The Virginian Sea, a major ocean-going vessel which was prohibitively expensive to maintain and operate, has been returned to the U. S. Navy. Together, these new controls over vessel operations will yield estimated annual savings of $200,000.

A new appropriations commitment by the General Assembly will help VIMS operate without deficit spending. The repayment of State loans supporting the $6.9 million deficit has been scheduled to begin on June 30, 1981, with an initial payment of $400,000. Other annual repayments of $400,000 will be made until the debt is cleared.

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

JLARC's evaluation of drug abuse programs took a comprehensive view of all types of control functions including education, law enforcement, adjudication, and treatment. The report highlighted a number of concerns, including:

• 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.

• A comprehensive follow-up of former drug treatment clients found that few remained arrest-free and employed, two indicators of successful rehabilitation.

• Drug education programs had not reduced the level of drug use as originally expected.

The report concluded that an independent drug and alcohol agency was needed to effectively coordinate all the Commonwealth's substance abuse efforts.

1981 Update. Legislation originally enacted in 1976 and subsequently amended placed full responsibility for the administration, planning, and regulation of substance abuse services with the Department of Mental Health and Mental Retardation. The department, which now licenses every drug and alcohol program in the State, reports that overall control and coordination of substance abuse activities have been strengthened.

Letters of agreement have been signed between the Department of Mental Health and Mental Retardation and the Department of Vocational Rehabilitation to jointly provide rehabilitation, counseling, and placement services to clients. In addition, the Department of Mental Health and Mental Retardation has entered into cooperative agreements with the Division of Justice and Crime Prevention, the Department of Welfare, and the Department of Education.

Several planning and management weaknesses have also been addressed by the Department of Mental Health and Mental Retardation. Priority populations have been targeted and the extent and nature of substance abuse are more thoroughly assessed at both the State and regional levels. The department is also developing a comprehensive management information system which will link by computer all 36 community service boards and 16 mental health institutions with Richmond.

Working Capital Funds

The report on working capital funds evaluated the extent to which the use of working capital funds by agencies was consistent with legislative intent and with principles of sound financial management. Major conclusions of the study were:

• Working capital funds can be helpful in accounting for support services provided by one agency to another. However, 13 of Virginia's 17 working capital funds were inappropriate.

• Money had been advanced to working capital funds for start-up costs, a practice which circumvented the legislative process.

• Cumbersome interagency billing processes impaired efficiency.

• The four functions financed by working capital funds—central telephone, central warehouse, computer services, and printing and graphics—had numerous operational and administrative deficiencies.

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

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

1981 Update. In accordance with Section 2.1-196.1 of the Code of Virginia, JLARC reviews working capital funds on an ongoing basis. This activity is described in the section entitled "Purpose and Role."

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

A study of Virginia's 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 of the 1975 study included:

- Two-year colleges with comprehensive programs were accessible throughout the Commonwealth, and there was a high degree of student satisfaction with the schools.
- The Department of Community Colleges needed an operationally useful master plan and a revised management information system.
- Student classifications were not accurate or complete.
- In the system's attempt to meet a diversity of student needs, many programs were offered with insufficient enrollments. The VCCS could have saved $500,000 over the 1973-74 academic year just by limiting the number of classes with low enrollments.
- Limited progress had been made toward establishing transfer agreements with publicly supported senior colleges in Virginia.
- 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 had been returned to the general fund.

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

- Improve enrollment forecasting.
- Reduce program proliferation through application of productivity standards.
- Eliminate the "unclassified student" category to improve system planning and budgeting.
- Formulate articulation agreements for the orderly transfer of community college credits to four-year institutions.

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 have been discontinued. Revised procedures were established for enrollment projections. The Department of Community Colleges developed a definitive student classification system which identifies the educational objectives of almost all students.

A study of articulation problems between two-year and four-year institutions was recommended by JLARC and performed by the State Council on Higher Education.

1981 Update. Subsequent to the JLARC and SCHEV reports on the articulation process, transfer guides and articulation agreements were developed. Although gaps in the articulation process remain, most schools report relatively few difficulties. A new SCHEV subcommittee has been appointed to look into articulation issues.

Changes in the enrollment projection process have partially succeeded in narrowing differences between projections and enrollments. JLARC originally found enrollment forecasts for full-time equivalent students to be an average of eight percent above actual enrollments, ranging from 1.8 percent over in 1971 to 13.3 percent over in 1973. Variance peaked at 17 percent in 1976. Since 1976, variance has averaged less than five percent. The VCCS adjusted its estimates downward at the 1980 Session of the General Assembly, which resulted in a $4.5 million reduction in the VCCS appropriation.

A stronger role by the State Council of Higher Education has no doubt contributed to greater accuracy. In addition, the VCCS Management Information System has also helped improve projections.

The VCCS has focused on improving productivity in two major areas: programs and courses, and faculty teaching load. The VCCS has an annual course and program review. Faculty quantitative productivity is measured by the Productivity Analysis System. Under this system, faculty productivity was measured at a 103 percent efficiency factor for FY 1980.

Overall management of the system is being addressed through development of a ten-year master plan. The plan is scheduled for completion and submission to the VCCS board by the end of 1981. The plan addresses systemwide concerns such as cooperative programs, as well as specific goals for colleges which fill unique needs.

The Virginia Community College System, March 17, 1975 (346 pp.)
## Evaluation Act Series

Two series of reports are currently being conducted under the Legislative Program Review and Evaluation Act. These studies were authorized by Senate Joint Resolution 50, passed by the 1980 Session of the General Assembly, which directed the Commission to review the functional areas of (1) Transportation and (2) Occupational and Professional Regulation.

### Transportation

Two transportation reports have already been issued—a cost responsibility methodology and an interim report on the organization and administration of the Department of Highways and Transportation. Findings and recommendations from these reports are detailed in an earlier section.

Four transportation studies are currently in progress. Two will present the findings of the cost responsibility study and describe the highway and transit financing structure in Virginia. Another will assess the various definitions of construction and maintenance needs in the Commonwealth. The fourth report will focus on the organization and administration of the Department of Highways and Transportation. It will cover such areas as organizational structure, information management, inventory management, and equipment maintenance. The studies are scheduled to be reported prior to the 1982 General Assembly.

### Occupational and Professional Regulation

Two JLARC studies in the functional area of Resources and Economic Development will focus on a review of occupational and professional regulation by the 28 commercial and health regulatory boards organized within the Department of Commerce and the Department of Health Regulatory Boards.

The Department of Commerce and the Department of Health Regulatory Boards have administrative responsibilities which include processing applications, fees, complaints, and investigations. One review will examine selected regulatory processes, such as rule-making and enforcement, which cut across organizational entities. The second review will consist of an overview of regulatory boards.

## Regular Projects

### Publications Review

Senate Joint Resolution 166, passed by the 1981 General Assembly, directed JLARC to review State agency publications and expenditures for public relations. The resolution called for suggested guidelines for publications and specific recommendations about where publications should be eliminated.

JLARC will determine the number of publications issued over a specific period of time and provide cost data on recent publications. JLARC will also look into the purposes for which publications are produced and evaluate the appropriateness of their manner and expense. This will provide the basis for guideline recommendations.

The evaluation is scheduled for completion prior to the 1982 Session of the General Assembly.

### CETA

The Comprehensive Employment Training Administration (CETA) provides federal funds for programs to develop the employment potential of disadvantaged people who are unemployed or underemployed. House Joint Resolution 268, passed by the 1981 General Assembly, directed JLARC to conduct an in-depth review and audit of the effectiveness of CETA programs administered by State agencies. The primary State agencies involved with CETA are the Governor’s Employment and Training Council and the Virginia Employment Commission.

JLARC will assess (1) the impact of CETA programs on participants and the State and (2) how effectively and efficiently agencies administer CETA programs.

The study is scheduled for completion by December 1981.
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