To the Honorable Members of the 
Virginia General Assembly

State Capitol, Richmond, Virginia

Dear Colleagues:

This report will bring you up to date on the important work of the Commission in the last biennium. In this time, JLARC investigated a range of critical issues, from homeland security to drinking-water quality to the problem of the uninsured population in our State.

This year we are celebrating Jamestown’s 400th anniversary and are reminded that our nation’s representative system of government began in Virginia. An integral part of that system today is legislative evaluation and oversight performed by JLARC, a process that helps ensure State government is accountable and serves the interests of its citizens.

By identifying ways that State government can run more efficiently and effectively, JLARC also saves the State money. In 2007, State agencies reported more than $133 million in savings from implementing our recommendations over the past biennium.

Finally, please join me in bidding a fond farewell to retiring Delegate Vincent Callahan, one of JLARC’s founding members, who has served on the Commission for more than three decades.

Thomas K. Norment, Jr.
Chairman

JLARC STUDIES IMPROVE GOVERNMENT OPERATIONS

Created in 1973, JLARC is the oversight agency of the Virginia General Assembly. The Commission’s full-time staff conducts studies which evaluate whether State agencies and programs fulfill legislative intent, operate efficiently and effectively, and make appropriate use of funding.

A JLARC study is done at the request of the General Assembly—through a Joint Resolution or language in the Appropriation Act—or at the Commission’s request.

Studies most often focus on typical State government activities—from environmental regulation to funding of State and local services to homeland security. JLARC has also frequently evaluated State programs that serve individuals and families. Examples include recent studies of vulnerable populations such as children in residential treatment facilities and residents of assisted living facilities. Occasionally, JLARC investigates the appropriateness of agency actions, such as recent reviews of personnel actions in the retirement system and procurements for SOL testing.

Most JLARC reports contain recommendations. Recommendations may suggest that agencies take action in order to improve their operations or policies, or that the General Assembly consider enacting legislation.

Ongoing Activities of JLARC

- Report on State spending and funding of the educational Standards of Quality
- Oversee the Virginia Retirement System with investment, actuarial, and other reports and produce the legislators’ Guide to the Virginia Retirement System
- Monitor 12 internal service funds that finance services for State and local agencies
- Review fiscal impact statements submitted with bills during each legislative Session
- Evaluate proposed mandated health insurance benefits (new in 2006)

Look inside for

- Highlights of JLARC studies
- Measures of JLARC’s performance
- Comments from legislators
- Members, staff, awards
HIGHLIGHTS OF RECENT STUDIES

- Key Finding
  ✓ Key Recommendation Implemented (through legislation or agency action)
  ✗ Key Recommendation Not Yet Implemented

Studies of the State Workforce and General Government Activities

Certain Personnel Issues at VRS (2005) (award-winning report, see p. 8)

- A severance payment to the former VRS Director was excessive and was executed by the former Board Chairman without the Board’s full knowledge and approval—this is inconsistent with Virginia’s Freedom of Information Act (FOIA) and the Chairman’s statutory authority.

- The hiring process for VRS staff has the potential for conflict of interest. Former Board or Investment Advisory Committee (IAC) members should be prohibited from full-time employment at VRS for one year.

  ✓ VRS Board decided not to authorize the severance payment to the former director; litigation was begun to recover the payment. Former Board and IAC members were made ineligible for VRS employment for five years. Board and IAC underwent training on FOIA and the Conflict of Interests Act.


- Future shortages of caregivers and healthcare workers may affect the availability of State services for older Virginians. Bed shortages are reported in Medicaid-funded nursing homes and for low-income people in assisted living facilities.

- Current policies may financially strain the State—Medicaid spending will increase along with losses from tax exemptions and deductions.

- The number of State employees eligible to retire will increase sharply in the next 10 years. Most agencies report they are prepared for these retirements, but the potential for retirements in particular positions might impact agencies. Concerns include healthcare costs for retirees and Virginia Retirement System funding.

  ✓ HB 110 (2006) required that each State agency include in its strategic plan a strategy for responding to the increasing numbers of older Virginians. HB 854 (2006) required each agency to designate an employee to review the impact of its policies and programs on older Virginians and adults with disabilities.

Homeland Security Funding and Preparedness (2005)

- Homeland security funds have been managed effectively in Virginia, but allocations to localities should incorporate risk factors into the allocation formula.

- Security efforts are often not well coordinated across regions.

- The Office of Commonwealth Preparedness (OCP) does not have permanent status and thus is at risk of being abolished by future administrations.

  ✓ SB 363/HB 1004 (2006) made OCP a permanent part of State government with permanent funding. Directed that regional working groups be established.

  ✓ OCP created seven Regional Preparedness Advisory Committees that meet quarterly and focus on regional initiatives in training, equipment, communication, and strategy. The Virginia Department of Emergency Management supports and participates.

Studies Affecting Public Health


- VDH’s oversight of biosolids applications is inadequate. In 2004, more than 1,100 applications were made, but VDH made only 19 routine inspections.

- Local monitors need more training and support from VDH.

- Biosolids application sites need more signage and more stringent access restrictions.

Biosolids are applied to a field in Spotsylvania County.
VDH increased routine inspections, with a goal of 50-75% of applications inspected each day and sampling and analysis of materials from certain sites.

HB 2802 (2007) transferred the permitting program to DEQ (effective 2008). Allowed DEQ to charge for biosolids applications and use those funds to defray permitting costs. Required DEQ to conduct unannounced site inspections during applications.

A proposed amendment to Biosolids Use Regulations (approved by the Board of Health) contains more restrictive access controls.

Makeup of Biosolids Use Regulation Advisory Committee should be changed to allow more input from local governments and citizens in areas where biosolids are applied.

Studies of Programs Serving Individuals and Families

Operation and Performance of Virginia’s Social Services System (2005)

- Problems noted in a 1981 JLARC review are still present, including weak oversight of local departments by State DSS, poor research and evaluation capabilities, and data being collected but not used.
- Locally administered social services system allows for tailored, flexible services and close ties with local organizations. However, supervision and support of local departments by State DSS are poor.
- More oversight is needed of a proposed, multimillion-dollar systems development initiative.

DSS created a Strategic Management and Research Division, updated its strategic plan, and hired a lead strategic planner and new director of human resources. Local recruitment, retention, and retirement transitions are being emphasized. A new regional structure to support local departments is being implemented.

DSS scaled down its systems development initiative.

A subcommittee or task force should develop a comprehensive improvement plan for Virginia’s social services system. (HJR 167 (2006) would have addressed this recommendation but was not adopted.)

Use and Financing of Trauma Centers (2004)

- Trauma programs in Virginia are losing money (total losses in 2003 were $44 million).
- Many critically injured patients are not treated in designated trauma centers while the more moderately injured sometimes receive the highest level of trauma care. The effectiveness of triage protocols is not monitored.
- Inadequate physician coverage is the most critical issue threatening access to trauma care.

HB 2664 (2005) imposed fees on reinstatements of revoked driver’s licenses and registrations. Monies are deposited into a Trauma Center Fund.

OEMS and the Trauma Triage Committee have updated the State Trauma Plan and developed a template for regional EMS councils to use to develop their trauma plans. Trauma performance improvement is included in each regional contract (although OEMS reports that many regions resist this requirement).

The State could offer assistance to trauma physicians who provide uncompensated care. For example, Medicaid rates could be increased to offset costs of this care (50% federal matching funds are available).

Self-Sufficiency Among Social Services Clients (2005) (award-winning report, see p. 8)

- Most clients of social services rely less on government assistance over time but seldom become self-sufficient.
- Not all social services programs foster self-sufficiency. The Virginia Initiative for Employment not Welfare (VIEW) program focuses on immediate job placement but not on helping clients get or keep good lives.


- Recruitment and retention of EMS providers are serious problems at many EMS agencies.
- Many EMS agencies do not bill for their services, foregoing a substantial source of revenue.
- Many local EMS agencies now bill for services. OEMS assists with training and publicity.
- EMS regulations should include requirement that squad captains complete management and leadership training within six months of becoming captain.

List of Agency Abbreviations

- CBBD: Chesapeake Bay Bridge and Tunnel District
- CBLAB: Chesapeake Bay Local Assistance Board
- CPS: Child Protective Services
- DCG: Department of Charitable Gaming
- DCR: Department of Conservation & Recreation
- DEQ: Department of Environmental Quality
- DGS: Department of General Services
- DMAS: Department of Medical Assistance Services
- DOE: Department of Education
- DSS: Department of Social Services
- OAG: Office of the Attorney General
- OEMS: Office of Emergency Medical Services
- TAX: Department of Taxation
- VDH: Department of Health
- VEC: Virginia Employment Commission
- VRS: Virginia Retirement System
- VITA: Virginia Information Technologies Agency

See http://jlarc.state.va.us for the complete text of agency reports on their implementation of JLARC recommendations.
Many mothers receiving Temporary Assistance for Needy Families (TANF) funds do not participate in VIEW. The Food Stamp Employment and Training program serves very few people and includes no job skills training.

- Many DSS clients do not claim tax credits for which they are eligible, and clients need help filing these claims.

- DSS is working with VEC and the Governor’s Office of Workforce Development to facilitate workforce services for TANF recipients. Will develop automated job registration at VEC for VIEW participants and train VIEW workers on increasing participants’ awareness of workforce center services.

- SB 1133 (2007) reduced time that TANF recipients who care for a child are exempt from participation in VIEW, adding 1,500 VIEW participants each month.

- SB 42/HB 407 (2006) required the Tax Commissioner to determine if taxpayers claim the Earned Income Tax Credit and allowed TAX to share that information with DSS.

- A pilot project should be developed to increase services of the Food Stamp Employment and Training program to the level of the VIEW program and allow all Food Stamp recipients to participate. Unlimited federal matching funds are available for this effort.

### Impact of Assisted Living Facility Regulations

- The number of Virginians in assisted living facilities (ALFs) has increased significantly. New regulations, still being phased in, should help address problems with medication administration and staffing observed in a minority of ALFs. (A final JLARC report on the impact of these regulations was released in July 2007.)

- For low-income patients, access to mental health services is not expected to improve. Beds for these patients are not available in some parts of the State.

- Increases in the auxiliary grant rate (which pays for low-income residents’ care) do not account for increased operating costs resulting from new regulations.

- 2005 legislation implemented most previous recommendations (no recommendations in 2006 report).

- To improve mental health services for low-income patients in ALFs, community services boards with a threshold number of clients in ALFs should be funded for more staff to focus on services for these clients (also a 1998 recommendation).


- CPS generally protects children from abuse or neglect and responds quickly to the most serious cases. However, response times to less serious reports of abuse or neglect are slow in some localities. Also, there are not enough staff to provide services in some localities.

- Virginia law does not protect the rights of alleged child abusers under age 14 as it does the rights of other juveniles charged with crimes.

- DSS has contracted with outside entities to evaluate CPS response times and workload measures.

- General Assembly may wish to consider amending the Code of Virginia to protect the rights of children under age 14 alleged to have committed abuse or neglect.

### Studies of Economic Development

### Impact of Regulations on Virginia’s Manufacturing Sector (2006)

- State regulations are not a major cause of manufacturing job losses; federal regulations are the primary cause of regulatory costs.

- Workforce issues, not State regulatory costs, have the biggest impact on Virginia manufacturers’ decisions about where to locate. The most frequently cited area of regulatory concern was the machinery and tools (M&T) tax.

- SB 1151/HB 2181 (2007) standardized M&T tax treatment of idle machinery. Tax for some manufacturers will be reduced.

- HB 2039 (2007) created a “technical diploma” career path for high school students.
FIVE MEASURES HELP MONITOR JLARC’S PERFORMANCE

1) **Products**, such as reports, Commission briefings, presentations (FY 2007)  
   **89 products**

2) **On-time products** (FY 2007). Target is 100% on time  
   **100% on time**

3) **Recommendations implemented** that were made 4 years ago (2002). Target is 75%  
   See breakdown by 2002 report below  
   **62%**

4) **Savings** from recommendations implemented in past 4 years  
   **$177,963,000**

5) **Cumulative savings** or new revenue from recommendations implemented (1975-2007)  
   Tax compliance increased through hiring more tax auditors (2 years)  
   **$50,000,000**
   Preferred Drug List used within Medicaid program (2 years)  
   **48,000,000**
   School division health services reimbursed by Medicaid (2 years)  
   **22,050,000**
   State employee drug costs reduced through 3-tiered co-pay structure  
   **10,500,000**
   Chesapeake Bay Bridge-Tunnel toll discounts postponed ($ accrue to CBBT)  
   **1,600,000**
   Chesapeake Bay Bridge-Tunnel operating expenses reduced ($ accrue to CBBT)  
   **1,163,000**
   **Subtotal of newly reported savings**  
   **$133,313,000**
   **Cumulative savings reported previously (1975-2006)**  
   **$505,304,000**
   **$638,617,000**

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<thead>
<tr>
<th>2002 Report: Recent Actions on Recommendations</th>
<th>% Implemented</th>
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<tr>
<td><strong>Review of Charitable Gaming Commission</strong></td>
<td></td>
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<tr>
<td>✓ HB 535 (2006) clarified who is prohibited from charitable gaming due to criminal</td>
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<td>convictions.</td>
<td>15% 85%</td>
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<td>✓ DCG conducts criminal background checks on bingo manager and caller applicants.</td>
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<td><strong>Review of Workforce Training in Virginia</strong></td>
<td></td>
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<tr>
<td>✓ SB 494/HB 1307 (2006) created Chief Workforce Development Officer position.</td>
<td>33 67</td>
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<tr>
<td>Shifted responsibility for implementing the Workforce Investment Act from VEC to</td>
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<td>the Governor.</td>
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<td><strong>Special Report: Higher Education</strong></td>
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<tr>
<td>✓ General Assembly (2006) made significant direct investments in academic research</td>
<td></td>
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<td>via the Commonwealth Research Initiative.</td>
<td>33 67</td>
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<tr>
<td><strong>Future of the Chesapeake Bay Bridge-Tunnel</strong></td>
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<tr>
<td>✓ CBBT began annual long-range capital planning. Obtained independent analysis</td>
<td></td>
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<td>justifying construction of parallel tunnels and other capital improvements.</td>
<td>18 64</td>
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<tr>
<td>✓ Facility security and safety enhanced with new equipment.</td>
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<td>✓ CBBT abolished Public Relations Division, reduced number of full-time employees.</td>
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<tr>
<td>✓ Toll discounts postponed. Toll rates revised. Electronic toll collection begins</td>
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<td>Nov. 2007.</td>
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<td><strong>Special Report: Tax Compliance</strong></td>
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<tr>
<td>✓ General Assembly (2007) funded more new positions at TAX.</td>
<td>17 50</td>
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<tr>
<td><strong>Implementation of Chesapeake Bay Preservation Act</strong></td>
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<tr>
<td>✓ DCR is preparing Policies &amp; Procedures to clarify CBLAB’s role in enforcing the</td>
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<tr>
<td>Bay Act and is working with OAG staff to provide training for the Board in Sept.</td>
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<td>2007.</td>
<td>27 27</td>
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<tr>
<td>✓ DCR &amp; CBLAB conducted 10 workshops for Tidewater localities on Bay Act regulations.</td>
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<td><strong>State Business Incentive Grant Programs</strong></td>
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<tr>
<td><strong>Review of Information Technology Systems Development</strong></td>
<td>12 88</td>
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<tr>
<td><strong>Special Report: Medical Supplies &amp; Pharmaceuticals</strong></td>
<td>0 71</td>
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<tr>
<td><strong>Review of Birth-Related Neurological Injury Compensation Program</strong></td>
<td>17 49</td>
</tr>
<tr>
<td><strong>Cumulative % 2002 recommendations implemented</strong></td>
<td>18% 62%</td>
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in their own words: Comments on recent JLARC studies


JLARC staff found that most localities use federal homeland security grants to enhance “first responder” capabilities. The photo below shows personal protective equipment for bomb squad members and a “bombbot” for handling bombs.

“The report...measurably contributed to both ongoing program enhancements as well as transition planning for the incoming administration....The report has assisted me in my current federal position....I suggested many look to the JLARC report for an understanding of the issues and a suggested strategy for assessment.”

George W. Foresman


The study found that most Virginians who get drinking water from small systems are satisfied with its quality and cost. However, some small systems repeatedly violate water quality or monitoring standards. Encouraging these underperforming systems to consolidate with successful water systems may improve compliance.

The long-term viability of small systems is also threatened by the State’s limited efforts to protect water supplies. Better coordination among State regulatory agencies and local governments could lead to improvements.

“The report was beneficial in helping to address my constituents’ concerns regarding small drinking water systems...and was the foundation for legislation which was successful during the 2007 General Assembly Session.”

Senator R. Edward Houck

Virginia Compared to the Other States (2007)

How Virginia compares to other states in terms of per capita personal income (Virginia was number 7 in FY 2005) is one of many benchmarks included in this brochure.

“I often distribute the publication to my audience or visitors at the Capitol. In one handy reference, you present scores of measures and rankings to compare Virginia to all other states.”

Senator Walter A. Stosch

Per Capita Personal Income Above 50-State Average
Per Capita Personal Income Below 50-State Average
**Impact of Regulations on Virginia’s Manufacturing Sector (2006)**

Virginia manufacturers were surveyed by JLARC staff. Respondents rated workforce factors, not regulations, as their primary consideration in deciding whether to stay in Virginia or whether to open or close a facility.

“**This report will be an invaluable resource for the Manufacturing Development Commission as it works to increase opportunities for manufacturers in the Commonwealth....The Virginia Manufacturing Association and National Association of Manufacturers believe that the JLARC study is a national model study....**”

Senator Frank W. Wagner

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According to the study, a lack of coordination between electric utilities and localities can lead to a new transmission line (such as the one in Fairfax County shown below) being put underground at higher cost because rapid development has eliminated a viable overhead route.

“The JLARC study was very well done and thorough and provided information about an issue that had not been investigated for about 70 years....The report’s findings have been referenced at public hearings and have acted as a catalyst for subsequent activities.”

Delegate Joe T. May

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**Options to Extend Health Insurance to Virginia’s Uninsured Population (2006)**

The study found that the tab for uncompensated health care in Virginia was about $1.45 billion in 2005 and was picked up by providers who donate their care along with public and private sources.

The study also noted that most uninsured Virginians are low-income and live in a household where at least one person is employed. The most cost-effective options for addressing this problem are

- expanding Medicaid to cover parents with income up to the federal poverty level,
- providing incentives for employers to offer health insurance,
- subsidizing the cost of health insurance for small employers, or
- offering a reinsurance program whereby the State assumes the risk for high-cost claims.

“The study has been integral to the Governor’s Task Force on Health Care Reform” and “extremely helpful to the health care committees in the General Assembly.”

Delegate John M. O’Bannon, III

“This report on the uninsured is the single most useful and succinct report I have seen....should be required reading for anyone interested in this problem.”

Arthur Garson, Jr., MD, MPH
Dean, School of Medicine
Vice President
University of Virginia
Governor’s Health Reform Commission
THE COMMISSION

Nine Delegates are appointed by the Speaker, five of whom serve on the House Appropriations Committee. Five Senators are appointed by the Rules Committee, two of whom serve on the Senate Finance Committee. Auditor of Public Accounts serves ex officio.

Chair, Senator Thomas K. Norment, Jr.
Vice-Chair, Delegate Leo C. Wardrup, Jr.
Delegate Vincent F. Callahan, Jr.
Senator John H. Chichester
Senator Charles J. Colgan
Delegate M. Kirkland Cox
Delegate H. Morgan Griffith
Delegate Johnny S. Joannou
Delegate Dwight C. Jones
Delegate Robert D. Orrock, Sr.
Delegate Lacey E. Putney
Senator Walter A. Stosch
Senator Martin E. Williams
Walter J. Kucharski, ex officio

IN MEMORIAM
Delegate Harry J. Parrish
JLARC Member (1996-2006)

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JLARC staff share the goals of accuracy, independence, and objectivity.

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*indicates primary assignment to this publication

RECENT AWARDS

Three JLARC reports have recently received awards from the National Conference of State Legislatures’ (NCSL) Legislative Program Evaluation Society, whose members are JLARC’s peers nationwide.

Self-Sufficiency Among Social Services Clients in Virginia (2005)
This report received the NCSL Excellence in Research Methods Award. JLARC staff developed a comprehensive profile of the financial situation of nearly 15,000 social services clients over a more than two-year period. They also designed a metric for measuring changes over time in self-sufficiency, allowing them to quantify the extent to which self-sufficiency is improved by social services.

Certain Personnel Issues at the Virginia Retirement System (2005)
An NCSL Impact Award went to this report for its demonstrated impact on the State. All report recommendations were implemented. In 2006, the General Assembly passed legislation that substantially impacted how severance benefits are provided to most government employees.

An NCSL Impact Award also went to this report. After it was published, a task force was convened. The task force proposed that regulations pertaining to children’s residential facilities be revised; those revisions address most of the concerns outlined in the report related to children’s health and safety.

RECENT INTERNATIONAL VISITORS

Director Philip Leone briefed Sri Lankan officials on the General Assembly’s approach to program evaluation and performance auditing.

Methodologist Dr. Greg Rest spoke to Nigerian legislators about government oversight.

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• Schedule of Commission meetings
• Complete reports, briefings, and annotated bibliography
• Special products such as fiscal impact statement reviews, VRS investment reports, proposed mandated health insurance benefit evaluations