

# Director's Report Legislative Action

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## 2018



**JLARC**  
JOINT LEGISLATIVE AUDIT  
AND REVIEW COMMISSION



**Director's Report**  
**Legislative Action**  
2018

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Joint Legislative Audit and  
Review Commission





## Impact: Virginia's community colleges

*Study mandate: HJR 157 (2016) – Jones, Byron*

In 2017 JLARC reported on the operations and performance of the Virginia Community College System (VCCS).

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### Dual enrollment: Course quality and consistency

Dual enrollment courses allow high school students to simultaneously complete high school diploma requirements and earn college credit. The state's dual enrollment program is administered by VCCS. In Virginia, the vast majority of dual enrollment courses are offered by the state's community colleges but taught by high school teachers.

JLARC found that community colleges do not consistently ensure the quality of dual enrollment courses. There are several recommended quality assurance practices that community colleges could use, but none are used consistently. Community colleges often do not adequately oversee the development and teaching of dual enrollment courses.

In theory, dual enrollment programs should reduce the amount of time it takes to attain a degree; in reality, though, many dual enrollment course credits cannot be used toward a degree. Baccalaureate institutions are sometimes reluctant to accept dual enrollment credits because of a perception that the courses do not meet a college-level quality standard.

JLARC recommended a number of strategies and actions to improve and ensure the quality, consistency, and transferability of dual enrollment courses across the state.

► **Action by 2018 General Assembly**

**HB 919 Jones and SB 631 Dunnivant**

**HB 3 Landes**

The General Assembly enacted legislation requiring the State Board for Community Colleges to develop a plan to achieve and maintain the same standards regarding quality, consistency, and level of evaluation and review for dual enrollment courses offered by local school divisions as are required for all courses in VCCS. The legislation also requires the board to develop and implement accountability measures to ensure that the quality standards are being met.

Among other changes, the new legislation establishes, for courses that meet or exceed the new standards, a process for the transfer of dual enrollment credits to public institutions of higher education. The new legislation requires that course credits be applied consistently across dual enrollment courses and across public institutions of higher education.

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**Dual enrollment: Transparency**

JLARC found that the transferability of dual enrollment courses is often unclear. High school students and their parents may not be aware of substantial limits on the use of dual enrollment credits. Students may take dual enrollment courses under the assumption that their credits will apply toward a college degree, but the credits may not be accepted, even at the community college that sponsors the course.

JLARC recommended that VCCS, school divisions, and public baccalaureate institutions provide clear and specific information for high school students and parents about the transferability of dual enrollment courses.

► **Action by 2018 General Assembly**

**HB 919 Jones and SB 631 Dunnivant**

The General Assembly enacted legislation that requires all school divisions and community colleges that offer dual enrollment courses to provide clear and specific information about the courses, in course literature and on websites, so that students and parents have ready access to information about whether and how the credits from each course can be applied to a post-high school degree. The legislation requires the State Council for Higher Education in Virginia to identify whether each dual enrollment course will transfer for course credit at a public institution of higher education and, if so, whether it will transfer as a general elective or other type of credit.

Under the new legislation, VCCS is required to maintain, in its state-wide online repository of transfer-related resources, a description of each dual enrollment course and the specific institutions and programs that accept the course for credit.

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**Transfer agreements: Standardizing and clarifying**

JLARC found that many transfer agreements had been established in Virginia, but they were virtually inaccessible, out of date, and difficult to use. As a result, transfer agreements were in many cases not serving their intended purpose, to save students time and money in earning a bachelor's degree. Instead, students who transferred from community colleges were earning bachelor's degrees at lower rates and accumulating more credits in completing the requirements for graduation.

JLARC recommended that the public baccalaureate institutions work together with the Virginia Community College System to improve the usability of the transfer agreements by defining clear transfer pathways.

► **Action by 2018 General Assembly**

**HB 919 Jones and SB 631 Dunnivant**

The General Assembly enacted legislation requiring each baccalaureate public institution of higher education to develop transfer

“pathway maps” that will clearly describe the courses that community college students should complete prior to transferring to the baccalaureate institution. The legislation also requires public baccalaureate institutions to update their transfer agreements immediately after program modifications.

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### **Transfer agreements: Statewide repository of transfer-related information**

JLARC found that transfer agreements have proliferated and that the agreements and other information about the transfer process can be difficult for students and their advisers to find because they are not maintained in a single, accessible location. The inaccessibility of transfer resources diminishes their potential advantages for students.

JLARC recommended that VCCS develop and maintain a single online repository for all agreements, course equivalency tools, and other transfer-related information and that SCHEV and all the public higher education institutions be required to keep transfer agreements updated.

#### **► Action by 2018 General Assembly**

##### **HB 919 Jones and SB 631 Dunnavant**

The General Assembly enacted legislation to require VCCS to maintain an online portal with public access to all transfer agreements and other transfer-related resources.

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### **Transfer agreements: Measuring success**

JLARC identified an obstacle to improvement to the transfer programs in Virginia: a lack of comprehensive data on transfer student outcomes and the effectiveness of transfer programs. JLARC recommended that SCHEV be required to collect information on the success—or lack thereof—of all transfer pathways, so that they can be improved.



► **Action by 2018 General Assembly**  
**HB 919 Jones and SB 631 Dunnivant**

The General Assembly enacted legislation to require SCHEV to include, in its annual report on student transfers, an evaluation of the effectiveness of transferring from community colleges to baccalaureate institutions. The report, which will be made public, will include analysis of completion rates, average time to degree, credit accumulation, and post-transfer student academic performance.

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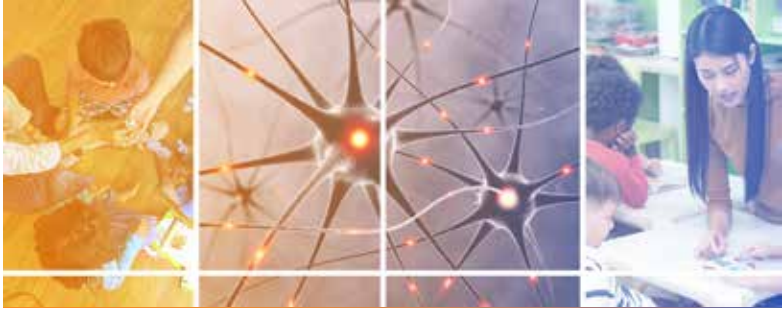
**Student success: Enhanced academic support**

JLARC found that Virginia's community college students attain credentials and degrees at relatively low rates and that enhancing the colleges' capacity to provide more effective academic advising could improve students' success. JLARC found that community colleges do not have sufficient numbers of advising staff to have meaningful, individualized interactions with students and, therefore, students are less likely to be directed to needed support services. JLARC also found that colleges could improve students' participation in new-student orientation programs.

JLARC recommended that VCCS develop a policy to ensure that students who could benefit receive proactive, individualized academic advising at the appropriate times and a proposal for improving colleges' capacity to provide more intensive advising. JLARC also recommended that VCCS develop a policy requiring mandatory and earlier attendance of new-student orientation programs.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly directed VCCS to evaluate and report on how its 23 community colleges can increase their capacity to provide effective academic advising services and mandatory new-student orientation programs.



## **Impact: Early childhood development programs**

*Study mandate: SJR 88 (2016) – Norment*

In 2017 JLARC evaluated Virginia's early childhood programs to identify cost-effective ways to improve outcomes for children. Virginia has 13 "core" early childhood development programs, which include seven voluntary home visiting programs, the Virginia Preschool Initiative (VPI), the Child Care Subsidy Program, and two Individuals with Disabilities Education Act programs.

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### **Kindergarten readiness: Testing all Virginia students and using test data to improve preschool programs**

JLARC found that (based on a sample of children) about one-third of children in Virginia entered school without the full range of skills necessary to be ready for kindergarten.

The report included recommendations and options for testing the full range of skills (social, self-regulation, literacy, and math) of all children in public kindergartens in Virginia. This information would primarily be used to improve the instruction provided by VPI teachers so that more children arrive to kindergarten fully ready. It can also be used to evaluate how effectively VPI prepares children for kindergarten.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly used budget language to require all school divisions to test kindergarten students during the school year using a multi-dimensional kindergarten readiness assessment to test children for the full range of skills necessary.

The General Assembly also appropriated funding for teacher-focused professional development and training on how to effectively use these test results to improve instructional practices and student learning.

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**Virginia Preschool Initiative: More meaningful state oversight**

JLARC found that, although VPI is the state's largest early childhood development program, the state has few meaningful assurances of program quality.

JLARC presented several recommendations for providing more meaningful assurances of VPI quality, including ensuring that VPI teachers have high-quality interactions with children and that they use curricula that research has shown is effective.

► **Action by 2018 General Assembly**  
**Appropriation Act**

Through budget language, the General Assembly directed the Virginia Department of Education to develop a plan to (1) monitor and assess the quality of teacher-child interactions in all VPI classrooms at least once every two years; (2) ensure the implementation of evidence-based curricula in every VPI classroom; and (3) ensure that VPI teachers obtain individualized professional development to ensure that they have the necessary teaching skills to provide high-quality preschool classroom experiences.

In addition, the General Assembly directed the Virginia Department of Education to assess and report on how VPI funding, from all sources, supports quality preschool experiences for children enrolled in the local public school divisions in Virginia.

## **Virginia Preschool Initiative: High-quality teacher-child interactions**

JLARC found that the state had little information about the effectiveness of interactions between VPI teachers and children—an essential aspect of high-quality preschool. Although it is likely that many VPI providers do seek to ensure high-quality teacher-child interactions, the state has no set expectations for such interactions.

JLARC recommended that VPI classrooms be observed and assessed, using a rigorous and research-based classroom observational instrument, to ensure the quality of teacher-child interactions. Further, JLARC recommended that the Department of Education establish a statewide standard for the quality of interactions between VPI teachers and children.

### **► Action by 2018 General Assembly Appropriation Act**

The General Assembly appropriated funding to ensure that all VPI classroom programs have the quality of their teacher-child interactions assessed at least once every two years using the CLASS observational instrument.

Through budget language, the General Assembly directed the University of Virginia (with input from the Department of Education) to establish a statewide minimum acceptable threshold for the quality of teacher-child interactions. Classrooms that are assessed below the threshold will receive technical assistance from UVA.

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## **Virginia Preschool Initiative: Individualized professional development for teachers**

JLARC found that there were no state requirements that VPI teachers receive the professional development they need to be effective pre-K teachers. Professional development should especially facilitate learning how to have high-quality interactions with children and how to effectively use curricula.

JLARC recommended that the state require all VPI teachers to annually receive individualized professional development from specialists

with expertise in teacher-child interactions and effective curriculum implementation.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly appropriated funding for specialists to provide individualized professional development to VPI teachers. The funding is to ensure that VPI teachers receive appropriate training on teacher-child interactions and curricula.

**Child care subsidy: Curriculum and professional development resources for child care providers**

JLARC found that Virginia's Child Care Subsidy Program had no requirement that child care providers use a curriculum. Historically, the program requirements have focused on access to child care and basic health and safety, rather than on the quality of child care. JLARC also found that the program's professional development requirements were rudimentary and unstructured.

JLARC recommended that curriculum and training resources be developed for child care professionals who participate in the Child Care Subsidy Program, to help them provide developmentally appropriate and effective learning experiences for the children in their care.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly enacted legislation to require the Department of Social Services, in cooperation with UVA, to develop resources for child care professionals who participate in the child care subsidy program. Resources include lists of research-based, age-appropriate curricula, and professional development courses and providers. Use of these resources is optional, not required.

## **Home visiting programs: Stronger administrative support**

JLARC found that voluntary home visiting programs are one of the most effective types of early childhood development programs. Although Early Impact Virginia had appropriately earned a reputation for effectiveness, the program lacked funding and the authority to conduct oversight, data collection, and coordination across Virginia's state-supported voluntary home visiting programs.

JLARC recommended that Early Impact Virginia be designated as the lead entity to collect information, conduct systematic needs assessments, and coordinate quality improvement and training across state-supported voluntary home visiting programs. Providing such authority and stable funding would likely improve the effectiveness of Virginia's total investment in home visiting programs.

### **► Action by 2018 General Assembly Appropriation Act**

Through budget language, the General Assembly authorized Early Impact Virginia to conduct a variety of key activities in support of home visiting programs. These activities include systematically tracking key outcomes, conducting statewide needs assessments, and supporting continuous improvement through better training and coordination. The General Assembly appropriated funds, some of which are from the TANF block grant, to hire staff to conduct these activities.



## Impact: Virginia529

*Study mandate: Motion of the Commission, September 2016*

In 2017 JLARC reported on the investment management structure of the Prepaid529 program as part of JLARC's ongoing oversight of Virginia529. Prepaid529 is a defined benefit program that offers prepaid college tuition contracts to Virginia residents. The Prepaid529 fund held \$2.7 billion in assets as of March 31, 2018.

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### **Strengthening the investment management structure of Prepaid529**

JLARC found that, under the management structure at the time, Virginia529 had no full-time executive-level position dedicated to fund management and performance. Responsibility for Prepaid529's investment performance was shared among Virginia529's staff, Investment Advisory Committee, and investment consultant. Because the fund is large and complex, the appointment of an investment director was warranted to promote accountability for future investment performance.

The JLARC report included a recommendation, which was implemented by the Virginia529 board, for the creation of an investment director position with investment management responsibility at Virginia529, including the Prepaid529 fund. Although the report did not recommend a specific reporting line for the position, one option presented was a structure similar to the Virginia Retirement System, in which the investment director reports directly to the board.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly required that the newly created investment director position report directly to the Virginia529 board in order to ensure appropriate independence, transparency, and accountability in the management of Virginia529 investments.

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**Ensuring transparency and accountability**

The JLARC review revealed concerns about whether Prepaid529's investment benchmarks were the most appropriate indicators against which to measure fund performance. The Prepaid529 fund's investment returns had consistently trailed their benchmarks for the past five years. One explanation for the underperformance is that investment decisions—such as investment manager selection—are responsible. However, another explanation is that the fund's benchmarks are not the best indicators against which to measure performance given the investment strategy used for the fund. Either explanation supports the need for an objective review of the fund's investment benchmarks.

JLARC recommended that the Virginia529 board contract with a third party to conduct an independent review of Prepaid529 benchmarks to assess their appropriateness. Virginia529's staff and investment consultant conducted an internal review, and made some changes to the fund benchmarks, but the fund has not had the benefit, in terms of accountability and transparency, of a third-party benchmark review.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly directed JLARC to contract with a third-party consultant to conduct an independent review of the investment performance benchmarks for the Prepaid529 fund. The consultant is to report its findings to JLARC by December 15, 2018.





## Impact: Compensation of state employees

*Study mandate: Commission resolution (2017)*

In 2017 JLARC reported on the total compensation for state employees, including cash compensation and benefits.

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### State funding: More strategic management of state employee salaries

JLARC found that, overall, state employee salaries are competitive with what other employers pay. However, salaries for some jobs are not competitive, and state agency leaders attribute recruitment and retention difficulties to low salaries.

JLARC reported that more strategic use of funding for salaries—small salary increases at regular intervals—would help reduce turnover and prevent new workforce challenges, and that such a strategy would help the General Assembly avoid costly sporadic increases. A strategic approach would also include prioritizing salary increases in the state budget development process and prioritizing salary increases for employees in jobs with significant recruitment or retention challenges.

#### ► Action by 2018 General Assembly Appropriation Act

The General Assembly appropriated funding for a two percent salary increase for all state employees, an additional two percent merit-based increase, and additional increases for positions experiencing high

turnover. This combination of an across-the-board salary increase with merit pay and targeted increases is consistent with JLARC's determination that state funding could be used more strategically for state employee salaries. In addition, in committee and subcommittee budget reports, members of both the House and the Senate signaled their intentions to develop a long-term strategy for prioritizing state employee salaries in the state budget process. Such a strategy would be consistent with JLARC's findings and recommendations.



## Impact: Biosolids and industrial residuals

*Study mandate: HJR 120 (2016) – Landes*

In 2017 JLARC reported on a study of land application of biosolids and industrial residuals.

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### Further assessing risk of biosolids on human health

JLARC found that, although the scientific community has not reached consensus on the risk to human health of land application of biosolids and industrial residuals, evidence suggests that the risk is low when state regulations are followed.

Some researchers interviewed for this review said the risks to the public are negligible, while others raised some safety concerns. The degree of health risk appears to depend on type and level of exposure, and concentration of pathogens in the biosolids materials. There is a lack of authoritative epidemiological research to definitively conclude whether human illness is linked to land application. Additional research would reduce some of the uncertainty.

JLARC made several recommendations for research and testing to create a broader base of information about the effects on human health of land application of biosolids.

► **Action by 2018 General Assembly**  
**Appropriation Act**

The General Assembly appropriated funding for a pilot epidemiological study by the Virginia Department of Health (VDH), with the help of public research institutions, of the human health effects of land application of biosolids.

The General Assembly also appropriated funding for VDH to test samples of Class B biosolids to determine their pathogen content.



## Impact: Veterans services

*Study mandate: HJR 557 (2015) – O'Bannon*

In 2015 JLARC reported on a study of the Virginia Department of Veterans Services. The department administers several programs, one of which, the Virginia Values Veterans program, was created to incentivize employers to hire veterans.

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### Improving the Virginia Values Veterans program

In interviews, participating employers reported that the information they received through the Virginia Values Veterans training and certification process was useful. However, few employers indicated that their participation in the program had prompted them to hire more veterans than they would otherwise have hired. JLARC found that the Virginia Values Veterans training and certification process is complicated and time-consuming; as a result, some employers may be discouraged from participating.

JLARC recommended that the Department of Veterans Services evaluate the Virginia Values Veterans program and determine whether the program should be improved and continued, or ended and program resources reallocated. If program improvements are warranted, JLARC recommended making the Virginia Values Veterans program more scalable and reducing the time required for training and certification of employers.

► **Action by 2018 General Assembly**

**Appropriation Act**

The General Assembly directed the Department of Veterans Services to evaluate the Virginia Values Veterans program and assess the program's effectiveness in informing and incentivizing civilian employers to hire veterans.

The General Assembly directed the Department of Veterans Services to develop a plan that assesses whether program improvements should be made, or whether program resources should be reallocated to other programs.



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