

JLARC Workplan

2024



Joint Legislative Audit and Review Commission

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1 JLARC Workplan

The Joint Legislative Audit and Review Commission (JLARC) is the oversight agency of the Virginia General Assembly. The legislature established JLARC in 1973 to review and evaluate the operations and performance of state agencies and programs. Since its establishment, JLARC’s responsibilities have been expanded to include oversight and fiscal analysis in several areas of Virginia government.

JLARC uses a structured but flexible process for planning agency work. This workplan, which is prepared annually and submitted to the Commission for review and approval, represents a staff proposal for a feasible work schedule. The workplan may be revised to reflect changes in organizational priorities and needs. The sections that follow cover JLARC’s major work functions: Studies, Ongoing Evaluation and Oversight, Fiscal Analysis, and Support.

Proposed Commission meeting schedule 2024

May 21	JLARC Workplan
June 5	VCU Health System Custom grant incentives Tolling, traffic, and P3s APA Workplan
July 1	VRS Virginia529 APA report on FY23 work
August	<i>No meeting</i>
September	Higher education institutional outlook George Mason University management agreement VITA
October	Higher education spending, staffing, and student costs State spending Unimplemented JLARC recommendations
November	Virginia Department of Health Economic development incentives
December	Data centers Broadband Secretariat for DJJ VRS State Spending: K–12 Standards of Quality

2 Studies

Major research studies are the agency's primary work. JLARC's topic selection subcommittee recommends research topics, which are then approved by the full Commission. JLARC also receives studies through joint resolutions passed by the General Assembly.

Studies follow project-specific workplans, which are developed by study teams and reviewed by JLARC's project review team—director, associate directors, methodologist, and publications staff—to ensure that high-quality work can be completed in the time allotted. The project review team examines each project at every major stage of the research process. JLARC staff are assigned to study teams on a full-time basis for the duration of the project.

Studies to be completed in 2024 are summarized below. Study resolutions are included in the appendix.

VCU Health System

Mandate: Commission resolution

Scheduled briefing: June 2024

VCU Health System is responsible for serving as a teaching hospital for VCU students and faculty, supporting VCU's health sciences schools, providing space for VCU faculty and staff to conduct medical research, and providing patient health care. VCU Health System operates two hospitals in Richmond and two hospitals in other parts of the state, as well as outpatient medical facilities across the state. As a state authority, VCU Health System is a separate legal entity from VCU and is governed by its own board of directors, which includes several members of the VCU Board of Visitors. Senior leaders at VCU Health System also fill senior leadership roles for VCU.

The study team will examine three topics: (i) the membership, duties, and authorities of the VCU Health System Board of Directors; (ii) VCU Health System's governance structure, specifically the advantages and disadvantages of the integration between the boards and staff of the health system and university; and (iii) VCU Health System's capital project procurement process, including the planning, construction, and oversight of capital projects. The team will compare VCU Health System's governance structure to those of other academic health systems. The team will also evaluate changes VCU Health System has made in response to a recent high-profile capital project failure, which prompted legislators' desire for the study.

Northern Virginia Tolling & Congestion, P3 Lessons Learned, and I-81 Congestion & Funding

Mandate: Commission resolution

Scheduled briefing: June 2024

The state has a number of major congestion relief projects planned, underway, or recently completed throughout the state. Many of these projects include initiatives on Interstates 95 and 81 and, in Northern Virginia, involve tolling. The state has increasingly used public-private partnerships (P3s) to afford new or improved roadways, many of which use tolled roads to repay the upfront funding provided by the private sector partner. There are 10 P3s underway in the state, the majority of which are in Northern Virginia.

The study team will examine four specific transportation topics. The team will evaluate how understandable the signage, rules, and rates are to drivers who use tolled roads in Northern Virginia. The team will also determine whether penalties (compensation events) in the state's contracts with private partners are hindering its ability to further address traffic congestion on certain segments of I-95 in Northern Virginia. The team will also explore the current improvement plans and revenue available to address traffic congestion on I-81. Finally, the team will compile lessons learned from prior P3s to inform consideration of future transportation P3s in Virginia.

Higher education institutional outlook and academic program alignment

Mandate: Commission resolution

Scheduled publication: September 2024

Workforce changes, the recent pandemic, and demographic trends have been contributing to enrollment declines at several of Virginia's higher education institutions. These declines can have multiple negative effects, including reduced revenue. Revenue declines can be especially problematic for institutions with unusually high fixed costs or debt loads and raise questions about these institutions' long-term viability.

The study team will assess the outlook of Virginia's 15 four-year public higher education institutions by using several enrollment, financial, and mission-related metrics. The team will use these metrics to identify institutions that may benefit from organizational or mission shifts, formal or informal partnerships with other institutions, or additional state funding. The team will also assess the alignment of academic offerings at these institutions with the occupations and skills needed in today's economy. The team will use several employment data sets and compare them to each institution's academic offerings to ensure institutions are offering programs to help ensure graduates can become gainfully employed.

Higher education spending, staffing, and student costs

Mandate: Commission resolution

Scheduled publication: October 2024

Though the General Assembly has provided additional funds for higher education over the last decade, many students and parents continue to face challenges paying for higher education. Cost increases at Virginia's 15 public higher education institutions have varied over the last decade, but on average tuition & fees rose 40 percent compared with 15 percent nationally. Higher education costs can be controlled through lower institutional spending, operational efficiencies, or additional state funding to offset the need to increase tuition and fees.

The study team will analyze spending and staffing and the total cost of attendance at each public higher education institution. The team will analyze institutional spending and staffing by major category, over time, and in comparison to similar institutions (in Virginia and nationally). The team will also analyze the advertised and net total costs to students at each institution, comparing these costs to benchmarks and affordability measures. The team will focus on institutions where spending or staffing appears to be rising quickly or faster than similar institutions. Finally, the team will determine whether institutions are using best practice efficiency measures and consider whether any efficiency measures or state initiatives to moderate student costs should be put in place.

Virginia Department of Health

Mandate: Commission resolution

Scheduled publication: November 2024

The Virginia Department of Health's mission is to "protect the health and promote the well-being of all people in Virginia." With a budget of approximately \$1 billion and approximately 3,800 staff positions, it is among the largest agencies in the health and human resources secretariat. VDH has been the lead executive branch agency for state government's response to the COVID-19 pandemic and experienced a tremendous influx of federal funding during the pandemic as well as enormous pressures on its staff and resources, which are dispersed statewide. Federal funding is receding as the COVID-19 risks have subsided, but VDH will continue to play an essential role in the public's awareness of communicable diseases and will continue to operate important programs aimed at supporting maternal and child health, ensuring restaurant and food safety, ensuring drinking water quality, coordinating the delivery of emergency medical services, and investigating deaths through the state medical examiner's office.

The study team will evaluate how effectively the agency organizes and manages its programs; evaluate the adequacy of the agency's staffing; assess the adequacy of its

financial management practices, including its management of the many federal grants it relies on; and evaluate the adequacy of the agency's information technology systems.

The study team will also examine certain issues in which legislators have expressed interest. The team will evaluate the management of the Office of Emergency Medical Services, which is the subject of state and federal investigations following the identification of serious financial management failures. The team will also assess VDH's programs for improving the pipeline of health-care staff, in which the General Assembly has invested increasing amounts of general funds. Finally, the study team will examine the extent to which VDH has invested COVID-19 related federal funding in agency operational improvements that will better position it to respond to future public health emergencies.

Data Centers

Mandate: Commission resolution

Scheduled publication: December 2024

Northern Virginia boasts the highest concentration of data centers in the world. Data centers house the computer equipment needed to process, store, and share data. Internet traffic, media streaming, electronic transactions, and many other business and recreational activities rely on data centers.

Virginia has incentivized data centers to locate in the state through a large sales tax exemption because of their high levels of capital investment and the local tax revenue they generate. However, in recent years there have been growing concerns about the impacts of the industry. Data centers use immense and growing amounts of energy, which potentially affects energy costs and puts the state at risk of not meeting renewable energy goals. Environmental and cultural concerns have also been raised about the industry, and residential communities have expressed concerns over issues such as noise and visibility.

The study team will review how the data center industry is evolving and expected to grow, especially in Virginia. The team will evaluate how industry growth is expected to affect energy infrastructure needs and costs, and whether ratepayers outside the industry are subsidizing industry costs. The team will assess the local impacts of data centers and the industry's impacts on natural, agricultural, and historic resources, and how any negative impacts can be minimized. Finally, the team will estimate the economic and revenue benefits of data centers compared to their costs, as well as evaluate Virginia's competitiveness in attracting data centers, particularly in areas outside of Northern Virginia.

Broadband

Mandate: Commission resolution

Scheduled publication: December 2024

While Virginia has made substantial progress toward its goal of universal broadband connectivity, over 160,000 locations lack access to broadband. High-speed broadband has become essential for local businesses' and households' connectivity to customers, government services, virtual learning, and telehealth.

The government can incentivize the creation of new broadband infrastructure in areas where it is not economically advantageous for internet service providers to do so, which tends to be Virginia's rural, less populated areas. Virginia has multiple state and federal programs that support broadband connectivity, affordability, and use statewide. These include the Virginia Telecommunication Initiative (VATI) and the federal Broadband Equity, Access, and Development (BEAD) program, among others. VATI and BEAD are the largest programs and, together, account for over \$2 billion in state and federal funds for extending broadband service to unserved and underserved parts of the state. The amount of federal funding and the fast pace at which Virginia must spend it have created challenges. The federal government prescribes certain parameters for how these funds can be spent, including deadlines for committing funding to broadband expansion projects. States, including Virginia, risk noncompliance with these deadlines and the potential for lost federal funds because of workforce shortages; disputes between internet service providers and utility companies; and geological and property owner challenges.

The study team will evaluate whether broadband funds have been deployed effectively to date, evaluate whether the state has sufficient staff and procedures to distribute the upcoming disbursements of federal BEAD funding, and assess whether the state is on track to achieve its universal broadband connectivity goals.

Secretariat for Department of Juvenile Justice

Mandate: Commission resolution

Scheduled publication: December 2024

The Department of Juvenile Justice, an agency within Virginia's public safety secretariat, has a mission to "protect the public by preparing court-involved and committed youth to be successful citizens." DJJ operates 30 court service units and one juvenile correctional center. About 3,000 youth are involved in the juvenile justice system. Over the past decade, DJJ has transformed its programming with the goal of achieving the proper balance between punishment and rehabilitation. Court-involved youth and their families frequently receive services from agencies in the health and human resources secretariat, which in some cases have similar objectives and delivery models as DJJ's rehabilitative programming.

The study team will examine the advantages and disadvantages of transferring DJJ from the public safety secretariat to the health and human resources secretariat. The team will consider potential benefits to youth and their families, advantages and disadvantages to public safety, and potential logistical challenges and costs that policymakers should consider.

3 Ongoing Evaluation & Oversight

JLARC provides ongoing evaluation and oversight for the General Assembly. The General Assembly has directed JLARC to evaluate and oversee the following topics. Two JLARC staff members are permanently assigned to evaluation and oversight. Other staff members are assigned as needed.

Economic development incentives

The Appropriation Act directs JLARC to review and evaluate economic development initiatives and policies on an ongoing basis. The Commission approves the incentives to evaluate each year. JLARC contracts with the University of Virginia's Weldon Cooper Center for Public Service to perform evaluations. Evaluations analyze

- economic development incentives, such as grants and tax preferences;
- success by businesses in meeting goals in return for incentives;
- the economic benefits of incentives; and
- effectiveness of incentives in influencing business activity.

JLARC staff will present two reports in 2024:

Evaluation of custom grants
Scheduled briefing: June 2024

Annual economic development incentives report
Scheduled briefing: November 2024

Virginia Retirement System

The Virginia Retirement System Oversight Act (Chapter 10 of Title 30 of the Code of Virginia) authorizes oversight of the Virginia Retirement System (VRS). Under this authority, JLARC evaluates

- the structure and governance of the retirement system;
- the structure of the investment portfolio;
- investment practices, policies, and performance;
- the actuarial policy and the actuarial soundness of the trust funds; and
- the administration and management of the retirement system.

JLARC staff conduct independent research and attend meetings of the VRS Board of Trustees and committees to observe agency and board operations. JLARC staff will present the following briefings and reports in 2024. Staff will also prepare an update to the biennial legislator's guide for 2025.

VRS Oversight Update
Scheduled briefing: July 2024

Review of VRS investment benchmarks
Scheduled briefing: July 2024

VRS Oversight Report
Scheduled publication: December 2024

Legislator's Guide to VRS
Scheduled publication: February 2025

Virginia529

The Virginia College Savings Plan Oversight Act (Chapter 51 of Title 30 of the Code of Virginia) authorizes oversight of the Virginia College Savings Plan (Virginia529). (Starting in July 2024, the agency will be renamed the Commonwealth Savers Plan.) Under this authority, JLARC evaluates

- the structure and governance of Virginia529;
- the structure of investment portfolios;
- investment practices, policies, and performance;
- the actuarial policy and the actuarial soundness of the prepaid tuition program; and
- the administration and management of the plan.

JLARC staff conduct independent research and attend meetings of the Virginia529 Board of Directors and committees to observe agency and board operations. JLARC staff will present the following reports in 2024 and will prepare an update to the biennial legislator's guide for 2025.

Review of Virginia529 investment benchmarks
Scheduled briefing: July 2024

Biennial Virginia529 oversight report
Scheduled publication: July 2024

Review of Virginia529's risk-based capital model
Scheduled publication: July 2024

Legislator's Guide to Virginia529
Scheduled publication: February 2025

Virginia Information Technologies Agency

The Appropriation Act directs JLARC to review and evaluate the Virginia Information Technologies Agency (VITA) on an ongoing basis. Under this authority, JLARC evaluates

- the state's IT infrastructure outsourcing contracts;
- VITA's planning and oversight responsibilities; and
- VITA's procurement services and oversight of state agency procurement activities.

JLARC staff conduct independent analysis and attend IT advisory and agency relational meetings to observe VITA's operations. JLARC staff will present the following briefing in 2024:

Update on VITA
Scheduled briefing: September 2024

Other evaluation support provided for the General Assembly

JLARC provides additional evaluation and support services for the General Assembly as directed by the Code of Virginia or the Appropriation Act. JLARC staff

- provide reviews of proposed criminal justice legislation to determine the potential disproportionate racial and ethnic impacts in the Commonwealth;
- review the compliance of higher education institutions' with their management agreements;
- conduct assessments of bills that would mandate insurance coverage of specific health-care benefits; and
- provide other evaluation support to the General Assembly as requested.

Several JLARC staff members work part time on other evaluation and support. Activities and reports for this year include:

Racial and ethnic impact statements for proposed criminal justice legislation
Upon request of the House or Senate Courts of Justice chairs

Review of George Mason University's compliance with its management agreement
Scheduled briefing: September 2024

Reviews of proposed mandated health insurance benefits
Upon request of the Health Insurance Reform Commission

4 Fiscal Analysis

JLARC provides fiscal analysis services to the General Assembly. Under this function, JLARC staff

- provide an independent assessment of the fiscal impact of proposed legislation and executive orders;
- report on state spending and how Virginia compares nationwide;
- monitor and provide technical support for major forecasts related to the state budget; and
- provide other fiscal analysis support to the General Assembly as requested.

Several JLARC staff members work part time on fiscal analysis. Activities and reports for this year include:

Second opinion fiscal impact reviews of proposed legislation
Upon request of a committee chair

Fiscal impact reviews of executive orders issued by the governor
Upon request of a committee chair

Annual state spending report
Scheduled briefing: October 2024

Annual state spending on the K–12 Standards of Quality
Scheduled briefing: December 2024

Annual Virginia compared with the other states publication
Scheduled publication: January 2025

Monitoring of major expenditure forecasts
Ongoing and periodic

Review of internal service funds
Upon request of JLARC, House Appropriations Committee or Senate Finance & Appropriations Committee chairs

Debt Capacity Advisory Committee
Participation by JLARC director

5 Support Functions

Several functions support the research and oversight work of JLARC staff: research methods, publications, business and administrative support, and staff training and development.

Research methods

JLARC's chief methodologist supports teams in developing and evaluating state programs and agencies. The chief methodologist

- supports the conceptualization, design, and implementation of research methods and techniques to improve the accuracy and validity of findings;
- advises study teams on data collection, approaches to analysis, and statistical methods;
- leads complex or critical analyses for teams;
- reviews work products for methodological soundness and accuracy of interpretation;
- develops and implements training to enhance staff capabilities;
- provides technical assistance for the fiscal analysis function; and
- serves as a member of the project review team.

Publications

JLARC's two-person publications team supports the study teams and advances communication of JLARC's work to the legislature and to the public. The publications team

- participates in project review during the development of reports and briefing materials;
- edits reports and other documents for clarity, logic, usage, and style;
- contributes to the design of graphics;
- handles design and layout of JLARC documents and publications;
- maintains staff resources for writing and graphics; and
- oversees output and distribution of JLARC publications online and in print.

The JLARC publications team maintains the JLARC website, making sure that public information is current and accurate.

Business operations and administrative support

JLARC's business operations are carried out by a two-person team. The business manager oversees daily operations of the function, which include

- executing the agency's annual budget and ensuring effective internal financial controls;
- providing human resources, payroll, and benefits services to agency staff;
- managing the agency's fixed assets inventory;
- managing agency records and archives;
- arranging travel for site visits;
- conducting administrative preparation and follow-up for Commission meetings;
- coordinating staff recruitment efforts;
- and providing administrative support to study teams as needed.

Staff training and development

Staff training activities ensure that staff have the skills and knowledge necessary to perform their work, improve their individual performance, and contribute to the organization's overall performance. JLARC offers several opportunities to help staff meet their training needs and to address organization-wide training needs.

In 2024, training may include:

- in-house training for staff on selected topics, to be led by external experts and trainers or experienced and skilled JLARC staff members;
- professional development opportunities offered by the National Legislative Program Evaluation Society at its annual conference; and
- webinars relevant to the work of the agency, available through the National Conference of State Legislatures and other professional organizations.

Appendix: Study resolutions

Study Resolution

Virginia Commonwealth University Health System governance

Authorized by the Commission on November 13, 2023

WHEREAS, the Virginia Commonwealth University Health System Authority was established as a political subdivision to “provide for the health, welfare, convenience, knowledge, benefit, and prosperity of the residents of the Commonwealth;” and

WHEREAS, the VCU Health System is the medical and health care affiliate of Virginia Commonwealth University (VCU) and is required by law to “facilitate and support the health education, research, and public services activities of the Health Sciences Schools of the University” and serve as the university’s principal teaching and training hospital;” and

WHEREAS, the VCU Health System is required by law to engage in “specialized management and operational practices to remain economically viable, earning revenues necessary for operations, and participating in arrangements with public and private entities;” and

WHEREAS, VCU and the VCU Health System have integrated governance and leadership structures such that, for example, the selection and removal of the health system’s CEO is the joint responsibility of the university’s Board of Visitors and the authority’s board of directors, and the university’s president also serves as the chair of the Health System’s board of directors; and

WHEREAS, the VCU Health System’s decision to cancel a significant construction project obligated it to pay at least \$73 million in penalties to the developer; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the Virginia Commonwealth University Health System Authority. In conducting its study staff shall (i) evaluate the membership, duties, and authorities of the VCU Health System board of directors, (ii) evaluate the advantages and disadvantages of the integrated relationship between the Health System’s board and executive staff and the university’s board and executive staff; (iii) compare the relationship between the Health System and the university to other Virginia teaching hospitals and their university affiliates; (iv) evaluate the Health System’s procurement function, in particular capital planning and construction; and (v) evaluate the Health System’s oversight of capital projects.

JLARC may make recommendations as necessary and may review other issues as warranted.

All agencies of the Commonwealth, including the VCU Health System Authority Board of Directors, VCU Health System, VCU Board of Visitors, Virginia Commonwealth University, and the Department of General Services shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Study Resolution

Tolling & Traffic Congestion Reduction

Authorized by the Commission on November 13, 2023

WHEREAS, the Commonwealth Transportation Board has set objectives to reduce (i) how much travel occurs in severe congestion, and (ii) peak-period travel times and daily trip lengths in metropolitan areas; and

WHEREAS, the Commonwealth has major congestion relief projects completed, underway, and planned in Northern Virginia and on the I-95 and I-81 corridors; and

WHEREAS, the state executes congestion relief projects using a mix of state-owned and operated toll roads and those operated and owned through a public-private partnership (P3), including in Northern Virginia which has 7 major toll roads; and

WHEREAS, P3 contracts are very long-term, complex arrangements that include “compensation events” for which the state has agreed to compensate concessionaires for damages for: state-caused delays; changes to state law or policy, including those that affect (i) the construction of the project or (ii) tolling (when the project is supported by toll revenue); and injunctions stemming from National Environmental Policy Act violations; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the state’s efforts to reduce traffic congestion (i) in Northern Virginia and on Interstate 95 through the use of tolling and public-private partnerships (P3’s), and (ii) on Interstate 81. In conducting its study staff shall (i) evaluate the transparency and understandability of toll obligations when driving through the various tolled roads in Northern Virginia; (ii) determine to what extent existing P3’s affect the state’s ability to address congestion in Northern Virginia; (iii) identify lessons from prior public-private partnerships across the state that may help ensure future P3’s are sufficiently cost-effective and advantageous to the Commonwealth over the long-term; (iv) evaluate the availability and sustainability of funding for planned congestion-related improvements on the I-81 corridor; and (v) identify what, if any, opportunities exist for the state to raise additional revenue for planned congestion-related improvements on the I-81 corridor. JLARC may make recommendations as necessary and may review other issues as warranted.

All agencies of the Commonwealth, including the Department of Transportation, Office of the Secretary of Transportation, Commonwealth Transportation Board, Department of Motor Vehicles, Department of Planning and Budget, and Metropolitan Planning Organizations shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Study Resolution

Higher education cost efficiency

Authorized by the Commission on December 11, 2023

WHEREAS, the Virginia Higher Education Opportunity Act of 2011 set a goal to confer 100,000 more undergraduate degrees by 2025; and

WHEREAS, the State Council of Higher Education for Virginia reported that Virginia public four-year institutions charge more than the national average as a percentage of per-capita disposable income; and

WHEREAS, JLARC's 2022 *Higher Education and Financial Aid Grant Programs and Awards* found that a majority of in-state students had an average debt of nearly \$30,000; and

WHEREAS, the increasing cost of attendance and growing student debt burden may limit access to educational opportunities, and hinder growth in other sectors of the economy; and

WHEREAS, as evidenced by the latest six-year planning process, Virginia's higher education institutions have widely varying recent and projected student enrollment trends which may affect institutional revenue and cost structures; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to study the cost efficiency of public higher education institutions. In conducting its study, the Joint Legislative Audit and Review Commission shall (i) identify recent trends in student application, admittance, acceptance, enrollment, retention, and graduation rates; (ii) assess the alignment of degree offerings and attainment with current and projected skills needed to obtain employment and fulfill workforce needs in the Commonwealth's critical industry sectors; (iii) identify factors contributing to changes in institutional revenue levels and composition; (iv) identify factors contributing to changes in academic, research, academic support, administrative, facility, and auxiliary costs; (v) estimate institutional costs to educate an undergraduate student; (vi) identify current and projected institutional debt and debt service; (vii) identify major factors contributing to changes in institutional costs and students' cost of attendance; (viii) assess financial sustainability based on recent and projected enrollment, revenue, and cost trends; and (ix) identify opportunities to reduce the cost of public higher education.

JLARC shall make recommendations as necessary and review other issues as warranted.

All agencies of the Commonwealth, including the State Council for Higher Education in Virginia and all public higher education institutions, shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Study Resolution

Virginia Department of Health

Authorized by the Commission on November 13, 2023

WHEREAS, the Virginia Department of Health is an executive branch agency in Virginia's secretariat of health and human resources with a budget of approximately \$1 billion for FY2024 and approximately 3,800 staff positions, making it the third largest agency in the HHR secretariat in terms of funding and the second largest in terms of staff; and

WHEREAS, VDH's mission is "To protect the health and promote the well-being of all people in Virginia" in order to achieve its vision of Virginia becoming the healthiest state in the nation; and

WHEREAS, the COVID-19 pandemic highlighted the importance of effective, transparent, and accessible public health services to all of Virginia's citizens; and

WHEREAS, the agency experienced a tremendous influx of federal funding for responding to the pandemic, which is receding as the risks posed by COVID-19 have subsided; and

WHEREAS, VDH has and will continue to play an essential role in the public's awareness of communicable diseases but has many other responsibilities, such as programs to support maternal and child health, dental programs, restaurant and food safety inspections, water quality, permitting, planning and coordinating delivery of emergency medical services; and

WHEREAS, problems with financial management, for example within the Office of Emergency Medical Services (OEMS), have been identified in recent audits of the agency; and

WHEREAS a comprehensive study of VDH has not been performed for the legislature since JLARC's last review of VDH in 2000; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the operations and management of the Virginia Department of Health. In conducting its study staff shall (i) evaluate the adequacy and efficiency of the agency's staffing structure, how its various programs are organized and managed across the agency, and agency expenditures on administrative activities, such as procurement and information technology; (ii) assess the agency's financial management; (iii) evaluate the effectiveness of the management and operations of OEMS; (iv) evaluate the adequacy of the agency's information technology systems and staffing; (v) determine the extent to which VDH has invested COVID-19 related federal funding in improvements to agency operations that will better position it to respond to future public health emergencies; and (vi) assess the agency's programs for improving the pipeline of healthcare staff, especially nurses. JLARC may make recommendations as necessary and may review other issues as warranted.

All agencies of the Commonwealth, including the Virginia Department of Health, shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Study Resolution

Data Centers

Authorized by the Commission on December 11, 2023

WHEREAS, there has been substantial growth in the data center industry in Virginia, particularly Northern Virginia which has the largest concentration of data centers in the world, Southern Virginia, the Greater Fredericksburg region, and the Greater Richmond region; and

WHEREAS, growth in the data center industry is expected to continue with increasing demand from deployment of advanced and innovative technologies used by individuals, business of all sizes across all industries, government agencies, and other organizations that require the digital infrastructure that data centers provide; and

WHEREAS, data centers can bring economic benefits to localities because they can create significant economic activity during construction, they can increase property tax revenue for local governments without placing high demands on government services like schools, and the clustering of data centers can make a region more attractive to other high tech businesses and help support ecosystems of vendors, service providers, and suppliers; and

WHEREAS, concerns exist over data centers because they require large amounts of energy, which can affect the broader energy market; they may have impacts on natural, historical, and cultural resources; and some citizens have expressed opposition to having data centers located near residential areas due to concerns over issues such as noise and the adverse visual impact; and

WHEREAS, the data center sales tax exemption is Virginia's largest economic development incentive, and JLARC conducted an in-depth review of the exemption in 2019; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the overall impacts of the data center industry in Virginia and state and local policies regarding the industry. In conducting its study staff shall (i) research recent and expected trends in factors impacting data center industry growth and forecast future growth of Virginia's data center industry, taking into account how various factors may affect these projections; (ii) assess impacts of the data center industry on Virginia's natural resources, as well as historic and cultural resources, and identify potential technologies that could reduce their impacts on these resources; (iii) assess the impacts of the data center industry on current and forecasted energy demand and supply in Virginia, including how data centers will likely affect future energy infrastructure needs, energy rates paid by customer classes and whether cost allocation methods ensure no single customer class is unreasonably subsidized by other customer classes, and the state's ability to transition from fossil fuels to renewable energy sources; (iv) estimate the impact of the data center industry on local revenue and assess how local tax policies may affect data centers; (v) identify how data centers may impact local residents, including concerns such as noise pollution, decreasing property values, and the adverse visual impact; (vi) identify considerations around the construction and siting of data centers, and review how zoning and regulatory restrictions and requirements can affect data center deployment; (vii) identify guidance and assistance state agencies could provide to local governments for use in making decisions about the location and expansion of data centers; (viii) assess whether more geographically diverse data center industry growth would provide greater economic benefits to the

Commonwealth, and if so, identify obstacles to attracting data centers to other areas, particularly economically distressed or rural regions of the state, and policy changes that could increase geographic diversity, such as changes in electricity policy, tax policy, and broadband infrastructure policy; (ix) compare Virginia's competitiveness in attracting data centers with other states; and (x) determine if Virginia's data center tax exemption could be improved, including whether the exemption could be better targeted, the level of benefit is appropriate given the cost, or other changes should be considered.

JLARC may make recommendations as necessary and may review other issues as warranted.

All agencies of the Commonwealth, including the Virginia Department of Energy, the Virginia Department of Environmental Quality, the State Corporation Commission, the Virginia Economic Development Partnership Authority, the Virginia Department of Taxation, and Virginia local governments shall provide assistance, information, and data to JLARC for this study, upon request. JLARC may use consultants as necessary to complete the study. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Study Resolution

Access to Broadband across the Commonwealth

Authorized by the Commission on November 13, 2023

WHEREAS, broadband is not universally available in the Commonwealth; and

WHEREAS, Virginia has so far received approximately \$700 million in federal funds and has appropriated approximately \$200 million in state general funds for expanding broadband access; and

WHEREAS, Virginia is expected to receive another \$1.48 billion in federal Broadband Equity, Access, and Deployment (BEAD) funds, as long the state meets specified federal milestones, which will be deployed for broadband efforts over the next few years; and

WHEREAS, the state's broadband efforts are led by the Department of Housing and Community Development and involve coordination of numerous state-level entities, localities, utilities, and broadband providers; and

WHEREAS, the Commonwealth has established a goal of extending affordable and reliable broadband to parts of the Commonwealth that do not have it by 2028 now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the state's efforts to expand access to affordable and reliable broadband throughout the Commonwealth. In conducting its study staff shall (i) evaluate whether broadband funds have been deployed effectively through state programs such as the Virginia Telecommunication Initiative Program and Line Extension Customer Assistance Program; (ii) identify federal broadband programs available to Virginia and determine whether Virginia has taken full advantage of them; (iii) evaluate whether the state has sufficient staff and effective procedures in place to distribute forthcoming federal funds; (iv) evaluate whether the state has sufficient authority and expertise to monitor broadband deployment projects, facilitate collaboration among key broadband stakeholders, and assist stakeholders with overcoming obstacles to projects' success; (v) assess whether the state is on track to achieve its universal connectivity goals, identify obstacles that may impede the achievement of these goals, and propose state government actions to overcome these obstacles; and (vi) evaluate the state's role in helping ensure access to and the affordability of broadband in the future. JLARC may make recommendations as necessary and may review other issues as warranted.

All agencies of the Commonwealth, including the Office of the Secretary of Commerce and Trade, Department of Housing and Community Development, and the Broadband Advisory Committee shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Study Resolution

Transfer of the Department of Juvenile Justice to the Health and Human Resources Secretariat

Authorized by the Commission on November 13, 2023

WHEREAS, the Department of Juvenile Justice provides accountability and interventions that improve the lives of court-involved youths, and prepare them for success as productive citizens; and

WHEREAS, in contrast with adult criminal law which is punitive, juvenile law is intended to be remedial and affords juvenile and domestic relations judges more discretion in handling delinquent behavior than in adult criminal law; and

WHEREAS, many youths admitted into a Department of Juvenile Justice direct care program may have a mental health disorder, attention-deficit/hyperactivity disorder, conduct disorder, oppositional defiant disorder, or a substance use disorder and have been prescribed psychotropic medication at some point during their lives; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to study the feasibility, costs, and benefits of transferring responsibility for the Department of Juvenile Justice from the Secretary of Public Safety and Homeland Security to the Secretary of Health and Human Resources.

JLARC shall make recommendations as necessary and may review other issues as warranted.

All agencies of the Commonwealth, including the Department of Juvenile Justice, and Offices of the Secretary of Public Safety and Homeland Security, and Secretary of Health and Human Resources shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.



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