



Workplan 2021

Justin Brown

Senior Associate Director

- **2021 studies**
 - Transportation infrastructure and funding
 - Juvenile justice system
 - Tax progressivity
(status update in 2021; to be completed in 2022)



Briefing: Nov 2021

Transportation Infrastructure & Funding

Staff: Mark Gribbin, Dan Hiller, Kate Hopkins

Study resolution

- Review Virginia's transportation system infrastructure and funding, including
 - condition of highways and transportation infrastructure
 - funding sources used by transportation entities
 - trends in vehicle miles traveled and changes in commuting patterns
 - impact of the increasing use of fuel-efficient and alternative fuel vehicles on funding and needs
 - preparedness to adapt to changes

Study mandate: Commission resolution, November 16, 2020

Background

- Virginia has widely distributed, multi-modal transportation infrastructure
 - 130,000 miles of state-maintained roads
 - 26,000 miles of urban streets
 - 19,000 bridges and culverts
 - 41 public transit systems
- State, local & regional, federal, and other transportation revenues will total \approx \$7.8 billion in FY21

Background

- 2020 General Assembly made substantial changes to transportation revenue, which is expected to increase available revenue over time
 - increased gas tax and indexed to inflation
 - added regional gas tax
 - added new fee on fuel-efficient and electric vehicles
- COVID-19 pandemic temporarily reduced transportation revenue, but revenue still exceeds amount available prior to 2020 changes

Study issues

- What is the condition and performance level of the state's major transportation infrastructure?
- What trends could affect Virginia's transportation system and how prepared is the state to adapt to changes?
- How effectively does Virginia plan for identifying and addressing transportation needs?
- Are transportation revenues sufficient to address needs, and what options could be considered to ensure revenue sustainability over the long term?

Research activities

- Interviewing state, regional, and local officials; industry associations; and transportation experts
- Reviewing state, regional, and local planning, infrastructure condition and performance documentation
- Comparing Virginia's condition and performance, planning, and revenue to other states
- Analyzing historical revenue data and projecting near- and long-term revenue



Briefing: Dec 2021

Review of Virginia's Juvenile Justice System

Staff: Drew Dickinson, Tess Hinteregger, Kapria Lee,
Brittany Utz

Study resolution

- Review Virginia's juvenile justice system, including
 - intake, petition, detention, and adjudication & disposition
 - racial or regional disparities in the treatment of youth in the juvenile justice system
 - youth with cognitive or behavioral health disabilities
 - status of DJJ's recent reforms
 - future facility needs, including placement of youth relative to their primary residence
 - educational and training services

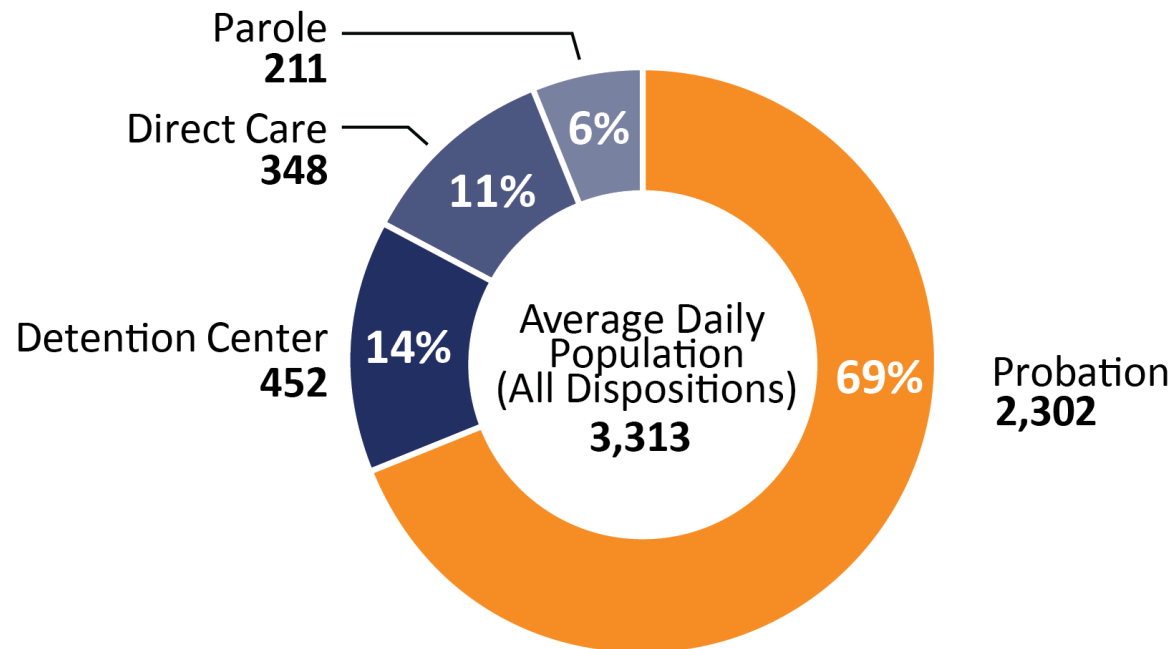
Study mandate: Commission resolution, November 16, 2020

Background

- Virginia's juvenile justice system must balance public safety and accountability with child and family welfare
 - divert to the extent possible, consistent with public safety, youth who can be cared for or treated through alternative programs (§16.1-227)
- Nationally and in Virginia there has been a steady, long-term decline in juvenile arrests and incarceration
- \$232 million in state and federal funds appropriated for juvenile justice services (FY21)

Background

- More than 40K complaints against youth in Virginia (FY20)
- Many complaints either dismissed or youth diverted
- Majority of remaining youth granted probation



Study issues

- How have trends and juvenile outcomes changed over time (including before and after the transformation)?
- Does Virginia appropriately, consistently, and fairly hold youth accountable for wrongdoing?
- Does Virginia ensure conditions of confinement are appropriate and promote rehabilitation and reentry?
 - education
 - facility proximity to youth's family
- How appropriately and effectively does Virginia use probation and diversion?*

*Will incorporate intent of HB 1777 (2021) on serious / habitual juvenile offender participation in the **Serious or Habitual Offender Comprehensive Action Program**.

Research activities

- Comparison of processes and conditions to juvenile justice best practices
- Data analysis on
 - juvenile dispositions and outcomes by risk level, race, gender, and region
 - educational requirements and costs
 - facility requirements, costs, & location
- Surveys of key state and local staff, juveniles & families



Briefings: Sept 2021, 2022

Individual Income Tax Progressivity

Staff: Justin Brown, Erik Beecroft, Ellen Miller, Kimberly Sarte

Background

- Study increasing the tax progressivity of Virginia's individual income tax system (HJ 567, Watts 2021)
- Individual income tax $\approx 70\%$ of general fund revenue
- Multiple factors determine progressivity of taxation, including income brackets and available deductions
 - Less than \$25,000 in income $\approx 5\%$ of revenue
 - \$100,000+ in income $\approx 60+\%$ of revenue
- Study team will review tax policy literature, interview stakeholders, analyze current tax structure and revenue, review other states, and work with TAX to model impact of potential changes

Tracey Smith

Associate Director

- **2021 studies**
 - Guardianship and conservatorship
 - Virginia Employment Commission
 - Affordable housing



Briefing: Oct 2021

Virginia's Guardian and Conservator System

Staff: Joe McMahon, Kate Agnelli, Kimberly Potter, Christine Wolfe

Study resolution

- Review the adequacy of Virginia's system of court-appointed guardians and conservators, including
 - oversight of the public guardian and conservator system
 - maximum number of clients per guardian
 - appropriate training, qualifications, and oversight requirements for court-appointed guardians
 - type/amount of information guardians should be required to provide when making decisions
 - processes that could be implemented to receive/investigate complaints against guardians
 - opportunities to strengthen laws to protect incapacitated or elderly adults

Background

- Circuit court judges appoint guardians and conservators for incapacitated adults
 - Guardians make decisions about personal affairs
 - Conservators manage financial affairs
- Some or all of the rights of individuals under guardianship or conservatorship are removed
- Petitions for guardianship/conservatorship can be filed by family members, friends, or institutions
- Adult Protective Services is primary system for addressing adult abuse, neglect, exploitation, including of adults under guardianship/conservatorship

Background

■ Public guardian system

- Overseen by Dept. for Aging and Rehab Services (DARS)
- \$4.5M in state funding, 1,049 “slots” available
- Maximum client:guardian ratio (20:1)
- “Professional” guardians work for non-profit organizations that are under contract with DARS
- Clients must be indigent

■ Private guardianship system

- Minimal centralized oversight
- Paid for by the client
- No maximum client:guardian ratio
- Variety of individuals can serve as guardians (e.g. family members, friends, attorneys, non-profits)

Study issues

- What are the characteristics and living arrangements of Virginians under guardianship and conservatorship, and who are their guardians?
- Do Virginia's circuit courts and their processes for conducting guardianship hearings prioritize the best interests of incapacitated adults?
- Is oversight of and funding for guardianship and conservatorship adequate?
- Does Virginia's APS system adequately prevent and address adult abuse, neglect, and exploitation, especially for individuals under guardianship or conservatorship?

Research activities

- Analyze DARS and civil/criminal court data pertaining to number and circumstances of guardianship clients
- Review guardianship court case files and annual reports filed with local departments of social services
- Interview public guardian organizations, COAs, APS staff, attorneys, judges, GALs, family members
- Survey local APS programs, public guardianship provider organizations, COAs
- Review other states' guardianship and conservatorship policies and practices

COA = Commissioner of Accounts, APS = Adult Protective Services, GAL = Guardian ad Litem



Briefing: Nov 2021

Review of the Virginia Employment Commission

Staff: Lauren Axselle, Sarah Berday-Sacks, Nick Galvin,
Landon Webber, Dillon Wild

Study resolution

- Review the operations of the Virginia Employment Commission, including
 - COVID-19's impact on VEC and the effectiveness of VEC's response
 - VEC's administration of Unemployment Insurance, including overpayments, appeals, and customer responsiveness
 - VEC's IT systems
 - VEC's ability to connect Virginians with meaningful employment opportunities
 - sufficiency of VEC's funding

Background

- VEC's primary responsibility is to administer Virginia's Unemployment Insurance ("UI") program
- Claimants can receive a maximum of \$378 per week for up to 26 weeks
- Benefits are paid out of the UI trust fund, which is funded through UI taxes paid by employers
- Federal government's COVID-19 response significantly expanded eligibility for UI benefits
 - added new job categories, such as "gig" workers
 - increased amount and duration of benefits

COVID-19 impact on VEC

- 1.4M UI claims in 2020, compared with 136K in 2019
 - UI trust fund depleted
- UI IT system modernization project put on hold
 - prevented claimants from tracking claim status & submitting documentation electronically
 - significantly complicated implementation of new federal programs
- Implemented federal relief programs that expanded eligibility for UI and extending duration of payments
- Closed most field offices

VEC's claims volume has decreased, but performance has lagged

- Initial UI claims decreased 57% since March 2020
- Key performance metrics have not improved
 - As of March 31, VEC processed only 2.4% of claims that require further review within 21 days, ranking last in the country
 - Average age of claims currently under appeal* is 247 days
- UI claims backlogs (as of March 31, 2021)
 - ~612,500 claims awaiting information on employee separations
 - ~137,000 claims awaiting adjudication
 - ~45,800 appeals awaiting hearing or decision

*Under first-level appeal

VEC has taken several actions to improve performance

- Launched automated phone system* (March 2021)
- Resumed IT modernization project (April 2021)
- More than doubled pre-pandemic UI staffing, including by repurposing existing staff

*For weekly Pandemic Unemployment Assistance claims only

Study issues

- Does VEC administer UI claims and appeals in a timely, fair, and responsive manner?
- Do VEC's IT and phone systems enable the agency to efficiently and effectively administer its programs?
 - update on IT modernization project
- Does VEC appropriately manage UI trust fund and monitor UI fraud?
- Is VEC appropriately structured, staffed, managed, and funded to fulfill the agency's mission?
- Do VEC's workforce services effectively meet job seekers' and employers' needs?

Research activities

- Analysis of VEC UI claims data to measure timeliness and identify process inefficiencies
- Analysis of UI modernization contract management documentation to evaluate project performance
- Reviews of other states' UI systems and responses to surges in unemployment claims
- Survey of and interviews with VEC staff and contractors
- Interviews with employer and customer groups (e.g. chambers of commerce, legal aid justice center), employers, claimants, national UI experts
- Analysis of VEC staffing and administrative spending data



Briefing: Dec 2021, June 2022

Review of the Commonwealth's Housing Needs

Staff: Stefanie Papps, Rhonda Newsome, Ellie Riggsby

Study resolution

- Review the Commonwealth's housing needs and state and local agencies' role in addressing them:
 - analyze “housing cost burden” and compare demand for affordable housing to supply across the state
 - evaluate impacts on Virginians of a lack of affordable housing and high housing cost burdens
 - identify factors that limit supply of affordable housing, including zoning requirements
 - evaluate effectiveness of state and local affordable housing programs, and coordination among them
- Evaluate importance of housing availability to state/local revenues and economy

Background

- Housing costs exceed 30 percent of income for 1/3 of Virginians, making them “housing cost burdened”
- Unmet demand for government assistance to lower the cost of housing
 - Housing Choice Voucher program has significant waiting lists
- Rising costs of labor, land, building materials hinder development of new affordable housing
- Virginia Housing (formerly VHDA) and DHCD are state’s primary agencies to address affordable housing needs

VHDA = Virginia Housing Development Authority, DHCD = Department of Housing and Community Development

Study issues (December report)

- How many Virginia households are “housing cost burdened,” and how does this vary by region and demographic characteristics?
- What are the social, financial, and economic impacts of a lack of affordable housing?
- What state and local programs and initiatives are used to increase the supply of affordable housing and provide financial assistance to homeowners and renters and how effective have they been?
- What are the barriers to expanding the supply of affordable housing, such as local zoning ordinances?

Study issues (June 2022 report)

- To what extent does Virginia Housing operate according to its mission to “help Virginians obtain quality affordable housing”?
- Has Virginia Housing strategically and effectively used its discretionary funds to address the state’s housing needs?

Research activities

- Analysis of housing cost burden experienced by VA households and availability of affordable housing stock (by region and locality)
- Interviews and surveys of local government planners, housing developers, voucher administrators, mortgage brokers, landlords, renters
- Interviews with Virginia Housing and DHCD staff
- Analysis of affordability of housing units produced using multi-family rental development financing programs
- Analysis of benefits provided through single-family home purchase assistance programs
- Analysis of Virginia Housing's financial position and the effectiveness of its "REACH" program*

*REACH = Resources Enabling Affordable Community Housing
JLARC staff will procure a consultant for this analysis

Kimberly Sarte

Associate Director

- Ongoing evaluation and oversight
 - Evaluation of economic development incentives
 - Oversight of VRS, Virginia529, VITA, and Cardinal
 - Other support - racial and ethnic impact statements, review of state employee health plan, health insurance mandates
- Fiscal analysis
 - Annual reports
 - Fiscal impact reviews



Briefings: June and December 2021

Ongoing Evaluation of Economic Development Incentives

Staff: Ellen Miller

Effectiveness of trade and transportation incentives (June 2021)

- Common carrier sales tax exemptions for railroads, airlines, shipping
- Sales tax exemptions for railroad rolling stock and aircraft repair parts
- Tax credits and grant to increase traffic volume through Port of Virginia*
- Incentives to increase international exports (VALET and trade show assistance program)

*Port Volume Increase Tax Credit, International Trade Facility Tax Credit, Barge and Rail Usage Tax Credit, Port of Virginia Economic and Infrastructure Development Grant

Annual economic development incentives report (December 2021)

- Spending for all incentives
- Performance of completed projects receiving grants



Briefings: Ongoing in 2021

Ongoing Oversight: VRS, Virginia529, Cardinal, and VITA

Staff: Kimberly Sarte, Jamie Bitz, Danielle Childress

Virginia Retirement System

- Oversight reports (July and December)
- Update from VRS director and chief investment officer (July)
- VRS Legislator's Guide (February 2022)
- Attend meetings of the board and advisory committees (year-round)

Virginia529

- Independent actuarial audit of the legacy Prepaid529 program (July)
- Update from Virginia529 chief executive officer and investment director (July)
- Virginia529 Legislator's Guide (February 2022)
- Attend meetings of the board and advisory committees (year round)

Cardinal

- Update on status of Human Capital Management Project (November expected)
 - Recent testing problems delayed project 'go-live dates' by six months
 - Project budget currently within allocated contingency funding
- Attend meetings of the steering committee (year-round)



Briefing: September 2021

Virginia Information Technologies Agency

Staff: Jamie Bitz, Danielle Childress

Study mandate

- Review of VITA's
 - organizational structure
 - staffing
 - recruitment and retention

Study mandate: Motion approved by Commission, October 5, 2020

Background

- VITA provides IT infrastructure services to over 60 executive branch agencies
 - Transitioned to a new multi-supplier IT infrastructure model in 2018
- VITA has state IT oversight responsibilities
 - Agency IT projects, security and risk management, and IT strategic planning
- Over 260 staff and contractors carry out VITA's infrastructure and oversight responsibilities

Study issues

- Is VITA structured effectively to ensure current and future operational success of the new infrastructure model?
- Is VITA appropriately staffed to carry out its responsibilities, particularly under the new model?
- Is VITA able to effectively recruit and retain qualified staff to carry out its responsibilities?

Research activities

- Interview VITA staff and agencies
- Survey VITA staff
- Analyze staffing data from VITA and the Department of Human Resource Management
- Compare VITA's organizational structure and staffing with industry standards and other states



Other Evaluation Support

Staff: Kimberly Sarte

Racial and ethnic impact statements

- New JLARC responsibility (HB 1990)
- Impact on racial and ethnic disparities of proposed criminal justice legislation
- Conducted at request of House Courts of Justice chair or Senate Judiciary chair
 - Up to 3 requests each per session
- Develop procedures and methodology prior to 2022 session

Other evaluation support

- Reviews of proposed mandated health insurance benefits*
 - Prosthetic devices
 - Donated human breast milk
- Actuarial review of the state employee health insurance plan (September)

*Reviews of proposed mandated health insurance benefits are provided at the request of the Health Insurance Reform Commission.



Fiscal Analysis

Staff: Kimberly Sarte, Justin Brown, Ellen Miller, Nick Galvin

Annual reports

- Review of State Spending (October)
- State Spending on K–12 Standards of Quality (December)
- Virginia Compared with Other States (January 2022)

Fiscal impact reviews

- Second opinions on the fiscal impact of proposed legislation (2022 session)
- Fiscal impact reviews of executive orders issued by governor (as requested)

NOTE: Reviews must be requested by committee chairs.

Proposed meeting schedule for 2021

JUNE 7 Trade and transportation incentives

JULY 6 VRS
Virginia529

AUGUST *No meeting*

SEPTEMBER 20 VITA
State employee health insurance program
Income tax progressivity study update

OCTOBER 18 Guardianship and conservatorship
State spending
Racial and ethnic impact statements

NOVEMBER 15 Virginia Employment Commission
Transportation Infrastructure & Spending
Cardinal

DECEMBER 13 Affordable housing
Juvenile Justice System
VRS
Economic development incentives report
State spending report: SOQ

New directed studies

- Individual income tax progressivity
- Pandemic impact on K–12 education
- Cost of education and Standards of Quality
- Capacity to conduct two additional studies in 2022