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Joint Legislative Audit and Review Commission



**2008 JLARC Workplan**

Commission Briefing  
May 12, 2008



JLARC

# Studies and Oversight Activities Under Deputy Director Glen S. Tittermary

- Review of Selected Issues in VERIS
- Review of Compensation for State Employees
- State Agency Budget Request Pilot Review
- Growth in State Spending (2008 Update)
- Virginia Retirement System Oversight
- Internal Service Fund Oversight

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# Special Report: Review of Selected Issues in the Virginia Election Registration and Information System

Project Leader Ashley Colvin



# Study Mandate

- The Chairman of the House Appropriations Committee requested that JLARC review two issues regarding the Virginia Election Registration and Information System (VERIS) raised by the Voter Registrars Association of Virginia

# Background

- In February 2007, the State Board of Elections implemented a new voter registration system known as VERIS
- Some registrars reported concerns with aspects of VERIS, citing errors in processing of voter information
- Voter Registrars Association of Virginia identified two specific issues involving verification of street addresses & duplication of Social Security numbers
- Registrars also raised concerns about a lack of automatic processing of some transactions

# Research Activities

- Interviews
- Data collection and analysis
- Literature reviews



# Study Schedule

- Research and Analysis Winter
- Final briefing June





# Review of Compensation for State Employees

Project Leader     Justin Brown  
Project Team     Trish Bishop, Christine Wolfe, Tracey Smith,  
                           Janice Baab, Mark Gribbin



# Study Mandate

- On November 13, 2006, the Commission authorized JLARC staff to study compensation for employees of the Commonwealth
  - Determine appropriate mix of salaries and benefits
  - Identify alternative benefits for employees
  - Assess defined benefit, defined contribution, and hybrid retirement plans
  - Assess the provisions and requirements of each retirement system managed by VRS
  - Compare State employee total compensation to other public and private employers

# 2007 and 2008 Referred Legislation

- Bills referred to JLARC study by House Appropriations Committee and Members
  
- Major topics include
  - Increase retirement benefit multiplier
  - Defined contribution plan
  - Return-to-work
  - Enhanced retirement benefits
  - Higher education faculty ORP

# Background

- Primary focus on salaried, classified State employees
- Major elements of total compensation include
  - Salary
  - Health insurance
  - Retirement
  - Leave
- State spent \$5.01 billion on total compensation for salaried, classified employees in FY 2007

# Major Study Research Issues

- Achieving purposes of compensation
- Current / long-term financial concerns or opportunities
- Agency or employee satisfaction
- How Virginia's total compensation compares to others
- Potential options for change

# Research Activities

- Literature review and case studies
- Analysis of various total compensation datasets
- Analysis of employer and employee perspective
  - State interviews and surveys
  - Local interviews (retirement only)
- Mercer and PricewaterhouseCoopers best practices, assessment / comparison, impact analysis

# Study Schedule

- Final data collection and analysis Spring / Summer
- JLARC status briefing July
- Analyze impact of potential change options Summer
- Final report October



# Legislative Budget Review

Project Leader    Walt Smiley  
Project Team     Bradley Marsh

# Study Mandate

- 2007 General Assembly adopted SB 1386, directing JLARC to identify “best practices” from other states for legislative budget oversight and analyze on a pilot basis the budget request of one State agency
  - Pilot agency to be chosen jointly by chairs of money committees and JLARC
  - Report required by January 2009

# Background

- A trend in legislative budget review is to provide more information to legislators
  - In the 1970s, both House and Senate added professional budget staff
  - In the early 1990s, the Governor was required to submit budget by December 20, providing more time for members to review and consider it
  - Strategic planning and performance measures required of agencies in early 2000s
- JLARC role in budget review has been limited

# Study Issues

- Are there some “best practices” in legislative budget review that Virginia should consider?
- What agency should be selected for JLARC’s pilot budget review?
- Is the pilot agency’s budget request appropriate, based on its mission, performance, duties?

# Factors in Choosing Pilot Agency

## Department of Corrections

- Growth: 63% overall growth in appropriations, FY98-FY07
- Size of budget: 7th largest appropriation: \$1.1 billion in FY 2009  
93% General Funds  
Largest employment: Position Level of 13,622.5
- Programs: 33,229 average inmate population  
58,930 active probation & parole caseload  
(March 2008)
- Focus on operating budget

# Research Activities

- Interviews with Virginia and other states' legislative budget staff
- Assess mission, operations, performance of selected pilot agency
- Conduct review of pilot agency's budget request
- Review related documentation and data

# Study Schedule

- Research and Analysis March-October
- Pilot Agency Selected May
- Budget Submission September-October
- Report Drafting November
- Commission Briefing December





# State Spending (2008 Update)

Section Manager    Walt Smiley

# Study Mandate

- *Code of Virginia* §30-58.3 directs JLARC to review State spending annually
  - Largest and fastest growing functions and programs
  - Causes of expenditure growth
  - Programs that could be consolidated or are inefficient
- Prior seven reports focused on spending trends

# Explaining Budget Growth

- Combination of methods best explains long-term growth
- Societal factors: population growth, inflation, personal income growth, federal policies, etc.
- Virginia-specific factors: initiatives, funding decisions, caseloads, etc.
- Budget drivers: agencies that account for bulk of growth
- Individual agency and program budgets

# Research Activities

- Focus: FY 1999 – FY 2008
- Examine major trends, factors, expenditure forecasts
- Review selected topics

# Study Schedule

- Data Analysis Summer-Fall
- Commission Briefing November



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# Virginia Retirement System Oversight

VRS Analyst Trish Bishop

# VRS Oversight Act

- Oversee and evaluate VRS on a continuing basis
- Prepare semi-annual investment reports
- Prepare a biennial status report
- Conduct a quadrennial actuarial analysis
- Publish an informational guide for legislators
- Hire an actuary for use by JLARC, House Appropriations, and Senate Finance

# VRS Oversight Activities and Schedule

- Attend meetings of the Board and IAC
- Update the online Legislator's Guide to VRS
- Semi-annual investment report July
- Status reports by VRS Director and CIO July
- Biennial status report December



# Internal Service Fund Oversight

Staff Glen Tittermary, Bob Rotz, Aris Bearse

# Background

- JLARC statutory responsibility (§2.2-803 of *Code of Virginia*)
  - Creation of new funds as necessary
  - Elimination of funds no longer needed
  - Transfer of excess balances to general fund
- Commission policy
  - Review of quarterly financial statements
  - Approval of changes in billing formulas and rates
  - Approval of changes in scope and nature of services

# Current Funds

- Virginia Information Technologies Agency (VITA)
  - Computer services
  - Systems development
  - Telecommunications
  
- Department of General Services (DGS)
  - Fleet Management (Central Garage)
  - Virginia Distribution Center
  - Federal Surplus Property
  - Graphic Communications
  - Building Operations
  - State Surplus Property
  - Consolidated Laboratory Services
  - Real Estate Services
  - Capital Outlay Management

# Schedule

- Consideration of DGS rates June
- Review of other rate requests As needed
- Review of financial statements Quarterly



# Studies Under Division Chief Robert B. Rotz

- Waste Reduction
- Review of Higher Education Management Agreements
- State Spending on Standards of Quality (SOQ) Costs, 2008 Update



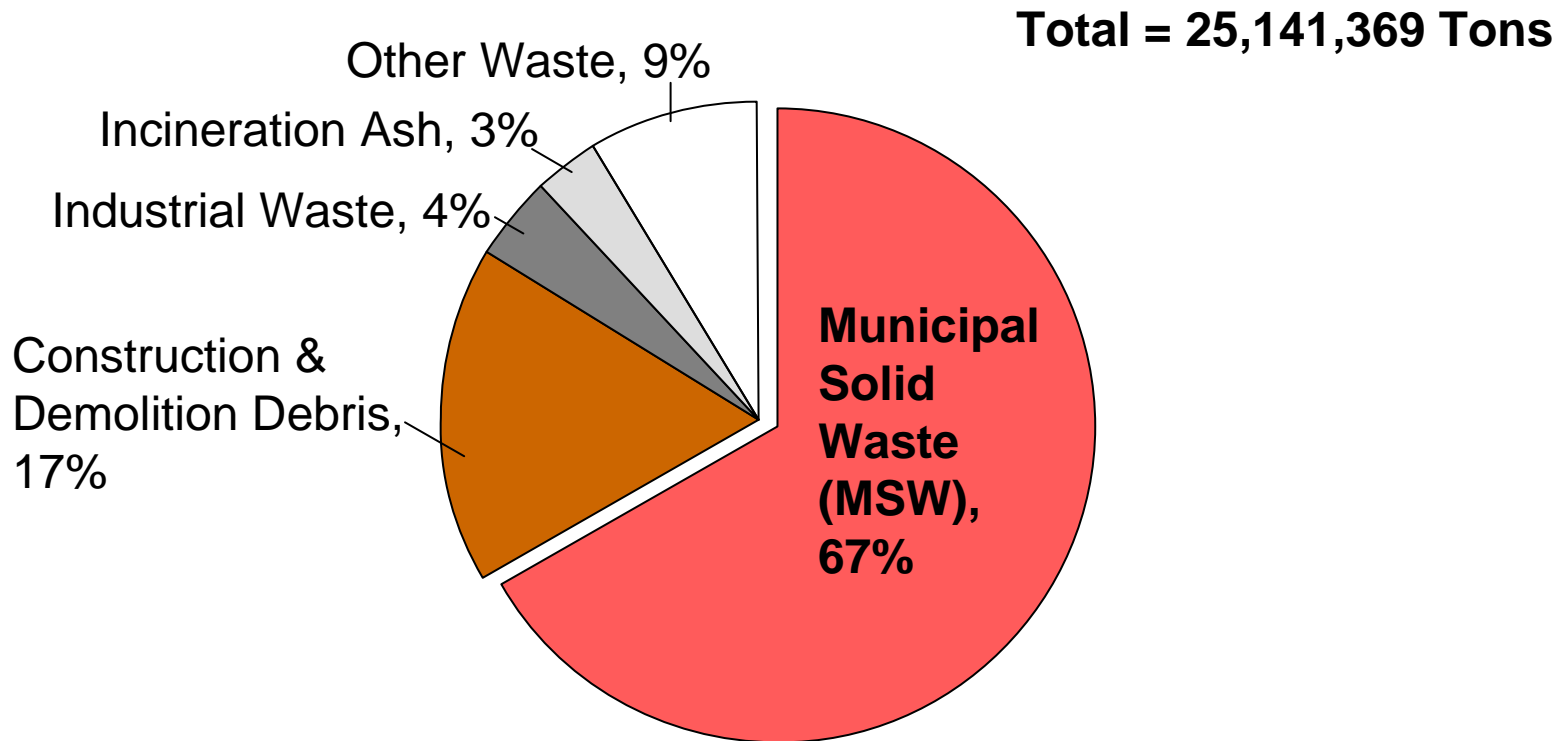
# Review of Virginia's Waste Reduction Efforts

Project Leader    Eric Messick  
Project Team     Jamie Bitz, Stefanie Papps, Martha Erwin (PT)

# Study Mandate

- Senate Joint Resolution 361 (2007 Session) directs JLARC staff to
  - Assess Virginia's waste minimization, reuse, and recycling activities
  - Examine best practices in Virginia and other states
  - Develop recommendations for long-term waste reduction goals
  
- JLARC study will address materials named in bills from 2008 Session
  - Compact fluorescent light bulbs (CFLs)
  - Plastic bags
  - Beverage containers

# Virginia Managed More Than 25 Million Tons of Waste in 2006



Source: DEQ, *Solid Waste Managed in Virginia During Calendar Year 2006*

## DEQ Reports Virginia Recycled 3.7 Million Tons of MSW for Recycling Rate of 38.4% in 2006

- State measures recycling rate as % of MSW generated
  - MSW generated does not include out-of-state waste and may not include waste collected by private haulers
  - 9.7 million tons of MSW generated in 2006
- Solid waste planning units are required to maintain recycling rates of 25% or 15%

# Study Issues

- To what extent are State-funded waste reduction programs meeting their established goals?
- How successful are local waste reduction programs at diverting waste from landfills?
- What best practices regarding waste reduction are used in other states that could be successfully implemented here?
- What are potential long-term waste reduction goals for Virginia?
- What actions are other national, state, and local governments taking regarding CFLs, plastic bags, and beverage containers?

# Research Activities

- Structured interviews and site visits
- Surveys
- Document and file reviews
- Data analysis
- Review of other states' waste reduction programs
- Literature reviews

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# Study Schedule

Research activities

Spring - Summer

Commission briefing

September





# Review of Higher Education Management Agreements

Project Leader    Aris Bearse  
Project Team     Greg Rest

# Study Mandate

- Section 23-38.88 D.3 of the *Code of Virginia* requires JLARC, in cooperation with the APA, to review certain management agreement issues in higher education
  
- The review is to consider
  - the degree of institutional compliance with the terms of the management agreements,
  - the degree to which institutions are successfully managing administrative and financial operations, and
  - the degree to which the institutions are meeting 12 objectives identified in the statute

# Background

- “Restructured Higher Education Financial and Administrative Operations Act”
  - Autonomous administrative and financial operations
    - Procurement
    - Capital outlay
    - Leases of real property
    - Human resources
    - Information technology
    - Financial operations and management
  - Three management agreements executed so far
    - University of Virginia
    - Virginia Tech
    - William and Mary

# Institutions Must Meet Commitments in Exchange for Autonomy

- Restructuring act lists 12 objectives that all institutions must meet to receive financial incentives
  - Academic
  - Financial
  - Administrative
  - Campus safety
  
- In addition, covered institutions must
  - Meet administrative benchmarks contained in application for management agreement
  - Meet additional performance benchmarks contained in the agreement for each institution
  - Conform to administrative and financial procedures specified in the agreements

# Study Issues

- Have the institutions complied with the terms of the restructuring act and the management agreements?
- Are the institutions and central agencies satisfied with the terms of the restructuring act and the management agreements?
- What impacts might the management agreements have on the State's higher education system?
- Is the State structure adequate to monitor compliance with the management agreements?
- What cost savings (if any) have resulted from the management agreements?

# Research Activities

- Structured interviews
  - Universities
  - Central agencies
  - Auditor of Public Accounts
  - Other experts
- Review of performance benchmarks
- Document reviews

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# Study Schedule

Research activities

Spring - Summer

Commission briefing

November





# State Spending on Standards of Quality (SOQ) Costs (2008 Update)

Project Staff    Bob Rotz

# Study Mandate

- Section 22.1-97 of the *Code of Virginia*
- Statutory section provides that
  - The Department of Education must report data on required and actual local expenditures for the SOQ
  - JLARC is required to report on State expenditures for the SOQ

# Background

- Fourth in series of annual special reports by JLARC completed December 2007
- State SOQ spending in FY 2007 was \$5.03 billion
- Report briefed by JLARC staff to the Commission, then furnished to House Appropriations, Senate Finance, and education committees

## Fifth Report in Series Will Address

- Total State SOQ spending statewide in FY 2008
- Factors impacting the amount of State SOQ spending
- State dollars spent in each school division, total and per pupil

# Study Schedule

- Data analysis Oct - Nov
- Report to JLARC December
- Written report to standing and money committees January 2009



# Studies Under Division Chief Hal Greer

- Operations, Services, and Costs of VITA
- Mitigating the Costs of Substance Abuse
- Review of Autism Spectrum Disorder Services
- Review of Mandated Health Insurance Benefits
- Impact of eVA on Small Businesses



# Operations, Services, and Costs of the Virginia Information Technologies Agency

Project Leader    Hal Greer  
Project Team     Glen Tittermary, Ashley Colvin



# Study Mandate

- Senate Joint Resolution 129 (2008) and Item 29 E of the 2008 Appropriation Act direct JLARC to examine the Virginia Information Technologies Agency (VITA)

# Background

- VITA provides information technology (IT) services to State agencies, in part through contract with Northrop Grumman
- VITA's project management division oversees IT systems development projects proposed by State agencies
- Costs of VITA services are recovered through internal service fund fees
- Information Technology Investment Board (ITIB) oversees VITA & approves systems development projects

# Study Issues

- Evaluate quality, cost, & value of services delivered to state agencies and public bodies
- Characterize impact of fee-based services model & new partnership with Northrop Grumman
- Examine the relationship between VITA and the ITIB
- Examine the procurement of IT goods & services by VITA for other State agencies
- Examine the management of IT projects by VITA's Project Management Division
- Examine role of VITA in governance & oversight of IT maintenance and operations now conducted by State agencies

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# Research Activities

- Interviews
- Data collection and analysis
- Literature reviews





# Mitigating the Costs of Substance Abuse in Virginia

Project Leader    Nathalie Molliet-Ribet  
Project Team     Ellen Miller, Elisabeth Thomson, Jenny Breidenbaugh,  
                         Paula Lambert (PT)



# Study Mandate

- House Joint Resolution 683 and Senate Joint Resolution 395 (2007) direct staff to
  - Study impact of substance abuse on State and local budgets
  - Determine savings from enhanced substance abuse services
  - Recommend funding initiatives to provide needed services
- HJR 683 focuses on offender population and SJR 395 considers all Virginians
- Senate Joint Resolution 77 (2008) establishes legislative subcommittee to further examine strategies for reducing costs of substance abuse

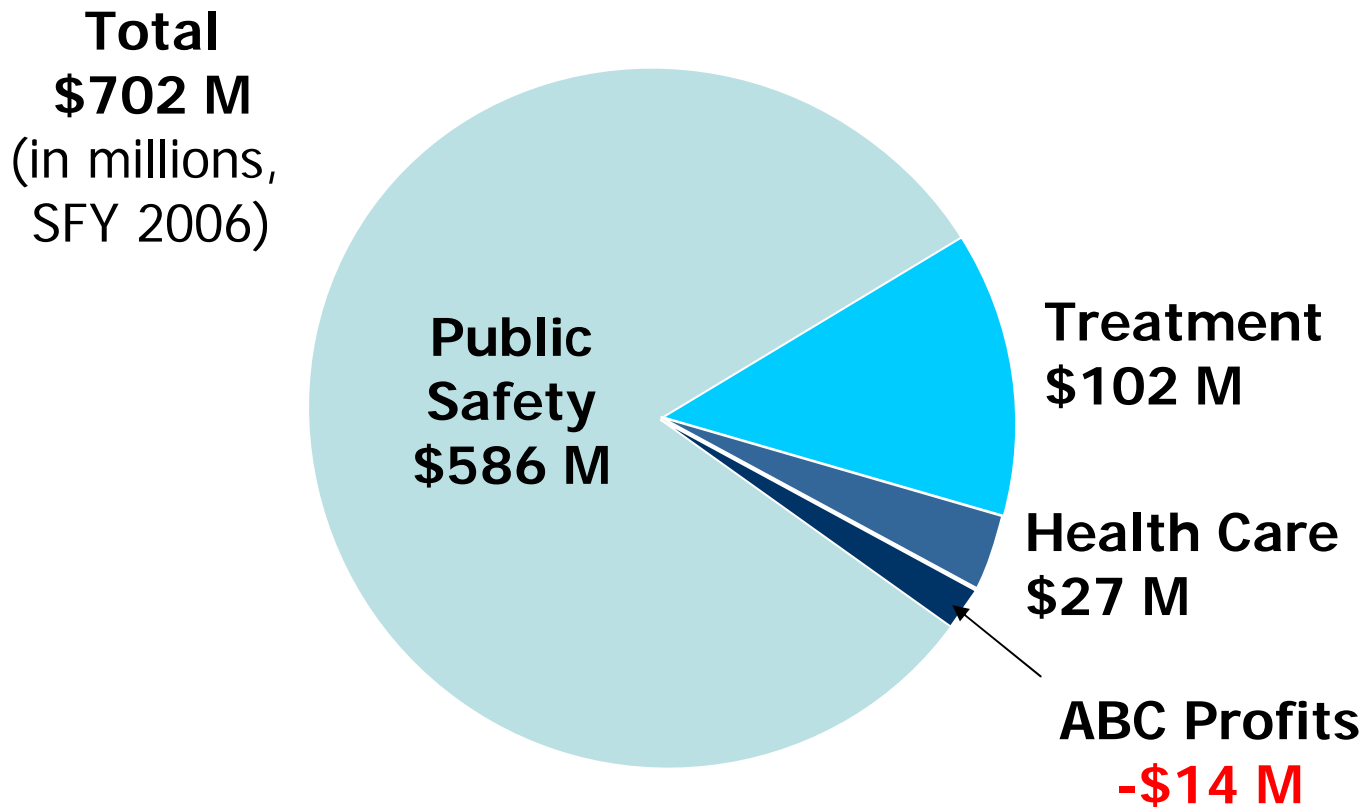
# Substance Abuse Imposes Costs Upon State and Local Governments

- Substance abuse linked to adverse consequences that create costs for State and localities

<b>Societal Problem</b>	→	<b>Cost to State/Localities</b>
- Crime	→	Public safety
- Injuries & illness	→	Medicaid
- Child abuse & domestic violence	→	Social services system
- Lower productivity	→	Foregone taxes

- Publicly-funded treatment provided to mitigate adverse consequences of substance abuse

# Substance Abuse Imposes Costs on Multiple State and Local Government Systems



Source: Analysis of data from criminal justice agencies, DMHMRSAS, DMAS, and other State agencies.

## Substance Abuse Services Could Generate Net Savings to State and Localities

- Scientific advances continually improve effectiveness of substance abuse treatment
- Several states found that investing in treatment resulted in savings due to lower incidence of societal problems linked to substance abuse
  - California, Maine, Oregon, Washington
- Cost-benefit analyses estimate savings to society ranging from \$3 to \$7 for every \$1 spent on treatment

# Study Issues

- What is the fiscal impact of substance abuse on State and local expenditures?
- To what extent do existing services mitigate the fiscal impact of substance abuse on State and local budgets?
- What steps could be taken to maximize the benefits of substance abuse services in Virginia?

# Research Activities

- Data analysis
- Literature review
- Structured interviews with local and State stakeholders
- Visits to treatment and prevention programs
- Surveys
- Examination of other states' service delivery systems

# Study Schedule

- Data collection Spring/Summer 2007
- Analysis of costs and benefits Summer/Fall
- Commission interim briefing December 2007
- Recommendations development and report drafting Winter/Spring 2008
- Final Commission briefing and report June



# Review of Autism Spectrum Disorder Services in Virginia

Project Leader    Nathalie Molliet-Ribet  
Project Team     Ellen Miller, Elisabeth Thomson

# Study Mandate

- House Joint Resolution 105 (2008) directs staff to
  - Compare autism services provided in Virginia to other states
  - Assess availability of autism education for law enforcement and judicial personnel
  - Identify best practices in autism services and education
  - Recommend ways to improve delivery of autism services in Virginia

# Overview of Autism Spectrum Disorders

- Autism spectrum disorders (ASDs) affect individuals differently and to varying degrees
- ASDs are a group of developmental disabilities impairing social interactions and communication
- Usually appear before age 3

# Prevalence of Autism Spectrum Disorders Rising Faster Than Availability of Services

- 1 in every 150 eight-year-old children had a diagnosed ASD in 2007
- ASD rate increased by 173% in last decade
- Effective approaches to diagnosis, treatment, and management of ASDs not consistently available
- Public safety personnel may lack education to recognize and address ASDs

# Study Issues

- Which ASD services exist in Virginia, and how do they compare to those available in other states?
- To what extent do law enforcement and judicial personnel have access to education about ASDs?
- How are autism assessment results shared across relevant agencies?
- What best practices exist for the diagnosis, treatment, and management of ASDs?
- How could the delivery of ASD services be improved in Virginia?

# Research Activities

- Structured interviews with State and local stakeholders
- Site visits
- Surveys
- Examination of other states' service delivery systems
- Literature review

# Study Schedule

- Research and analysis Summer 2008-Winter 2009
- Report drafting Spring 2009
- Final Commission briefing and report June 2009



# Review of Mandated Health Insurance Benefits

Project Leader  
Project Team

Kimberly Sarte  
Jenny Breidenbaugh, Elisabeth Thomson



# Study Mandate

- Sections 2.2-2503 and 30-58.1 of *Code of Virginia* direct JLARC to
  - Assist Special Advisory Commission on Mandated Health Insurance Benefits
  - Evaluate social and economic costs and benefits of proposed mandated health insurance benefits
- Bureau of Insurance also assists Special Advisory Commission



# Background

- Require health insurers to
  - Cover or offer specific benefits
  - Cover specific providers
  - Extend benefits to certain populations
  
- *Argument For*
  - Provide consumers better access to health care services
  
- *Argument Against*
  - Can increase health insurance costs

# Mandated Benefits in Virginia

- Approximately 1/3 of Virginians affected by mandates
  - Individual and employer fully insured plans
- 27 mandated benefits and offers of coverage and 15 mandated providers
  - Virginia among top 3 states in number of health insurance mandates in 2007\*
  - 2008 General Assembly repealed mandated offer for autologous bone marrow transplant or stem cell transplant for breast cancer

*\*Source: Council for Affordable Health Insurance*



# Six Mandates in Five Areas Proposed in 2008 Session

- Diagnosis and treatment for autism for individuals under 21 HB 83
- Hearing aids for minors HB 237
- Amino acid-based elemental formulas HB 615, HB 669
- Alternatives to surgery HB 667
- Treatment of infertility SB 631

# Research Activities

- Review of medical literature
- Interviews with medical experts
  - Virginia Commonwealth University Medical Center
  - University of Virginia Medical Center
- Data analysis
  - BOI survey of insurance companies
  - State employee health plan
  - Medicaid
- Analysis of information provided by opponents and proponents, including insurance industry and advocacy groups

# Project Schedule

- Review proposed mandates      Spring/Summer
- Advisory Commission meetings      Summer/Fall



# Impact of eVA on Small Businesses

Staff

To be assigned



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## Study Mandate

- House Joint Resolution 119 (2008) directs JLARC to study the impact of eVA on small businesses in the Commonwealth

# Background

- State agencies, colleges, universities, and many local governments use eVA to announce bid opportunities, invite bidders, receive quotes, and place orders for goods and services
- eVA is a single collective source of more than 12,000 buyers

# Study Issues

- Total number and dollar amount of contracts awarded to small businesses through eVA annually
- Impact of the fee structure and mandatory use of eVA on procurement opportunities for small businesses

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# Research Activities

- Interviews
- Data collection and analysis

# Study Schedule

- Research and Analysis Fall 2008 / Winter 2009
- Report Drafting Spring 2009
- Commission Briefing July 2009