



2011 Workplan

In This Presentation

- Presentations by project leaders of studies to be completed in 2011
- Additional unassigned studies to be completed in 2012 or 2013
- Questions and comments from Commission

Deputy Director Hal E. Greer

Studies

- Tobacco Indemnification and Community Revitalization Commission
- Civil Commitment and Conditional Release of Sexually Violent Predators
- Retirement Programs for State and Local Employees
- Third Party Payments to Assisted Living Facilities

Deputy Director Hal E. Greer

Ongoing Responsibilities

- Annual Review of State Spending
- Biennial Report to the General Assembly
- Virginia Retirement System Oversight
- Internal Service Fund Oversight
- VITA Oversight

Review of Tobacco Indemnification and Community Revitalization Commission

Briefing: June 2011

Staff: Walt Smiley, Tracey Smith, Drew Dickinson, Jamie Bitz

Study Mandate

JLARC to evaluate and report on performance of Tobacco Indemnification and Community Revitalization Commission (TICR)

- Review effectiveness of economic revitalization grants
- Evaluate TICR economic revitalization strategy
- Make recommendations on TICR's outcome metrics and accountability measures

For full text see 2011 Chapter 890, Item 30

Background

Pursuant to Tobacco Master Settlement Agreement, 1999 General Assembly adopted legislation and directed funds

- 50% to TICR
- 40% to general fund (redirected to Virginia Health Care Fund by 2004 General Assembly)
- 10% to Tobacco Settlement Fund
 - Administered by Virginia Healthy Youth Foundation
 - Must use funds to reduce tobacco use and obesity among children

Background

- TICR began awarding funds in FY 2000
- More than \$750 million awarded to more than 1,300 projects throughout the 41-locality region, including Southside and Southwest Virginia
- Settlement funding securitized in 2005 and 2007, generating net proceeds of \$1 billion

Study Issues

1. What is TICR's strategy for revitalizing Southside and Southwest Virginia?
2. How have grant projects affected the economy of these areas?
3. What outcome metrics and accountability measures are used by TICR? What do they show?

Research Activities

- Interviews
 - Grant applicants
 - Staff of TICR, planning and economic development organizations, localities
- Site visits
- Review grant applications and status reports
- Analyze change in economic indicators for TICR localities
- Identify best practices in economic performance and accountability metrics

Review of the Civil Commitment and Conditional Release of Sexually Violent Predators

Briefing: November 2011

Staff: Justin Brown, Joe McMahon

Study Mandate

JLARC to review civil commitment of violent sexual predators at Virginia Center for Behavioral Rehabilitation (VCBR) and conditional release program administered by Department of Behavioral Health and Developmental Services

For full text see Item 30 of Appropriation Act (2011)

Background

- A sexually violent predator (SVP)
 - has been convicted of a sexually violent offense, or has been charged with a sexually violent offense and is unrestorably incompetent to stand trial; and
 - because of a mental abnormality or personality disorder, finds it difficult to control predatory behavior
- Civil commitment of a SVP means being controlled, cared for, and treated in a secure facility until the mental abnormality or personality disorder has so changed that there will not be undue risk to public safety

Definitions from *Code of Virginia §37.2*

Background

- Changes to SVP statutory framework by 2006 General Assembly
 - Amended crimes that qualify as sexually violent offense
 - Required use of STATIC-99 risk assessment tool
- Number of SVPs under civil commitment at VCBR has been growing
 - Expected to soon exceed 300 patient capacity
 - Governor has made several proposals to expand capacity

Study Issues

1. What are major factors impacting the number of individuals under civil commitment?
2. How effective is treatment provided by VCBR?
3. What is total cost to the State of civil commitment?
4. How do other states' civil commitment programs compare to Virginia's?
5. What alternatives are available to improve program effectiveness and/or control or reduce costs?

Research Activities

- Review legal and psychiatric literature on civil commitment
- Analyze Virginia's civil commitment process, decisions, and costs
- Interviews
 - Civil commitment process stakeholders and participants
 - Other states that have civil commitment programs

Follow-up Review of Retirement Programs for State and Local Employees

Briefing: December 2011

Staff: Tracey Smith, additional team member(s)

Study Mandate

JLARC to conduct follow-up review of Virginia's employee retirement programs, including any related employee sickness and disability coverage

Request of Senate Finance Committee Chair dated Feb 28, 2011

Background

- 2008 JLARC report* contained detailed review of retirement benefits
- Proposals to alter State employees' retirement program have been considered since 2008
- Additional study needed before adopting significant changes because Virginia's economic and budgetary outlook has changed

** Review of State Employee Total Compensation*

Study Issues

1. What should be the goals of Virginia's State and local government retirement plans?
2. Do current defined benefit plans achieve these goals? If not, how should current plans be changed?
3. How should retirement plans be funded?
4. If an alternative retirement plan is desirable, which option would best meet needs of the State, its localities, and school divisions?
5. What is estimated fiscal impact of any recommended changes to the retirement plans?

Research Activities

- Review literature
- Interviews
 - Virginia Retirement System
 - Dept of Human Resource Mgmt, other State agencies
 - Other states' retirement systems
 - Employer groups
- Focus groups with State & local employees
- Consultant analysis: retirement plan design & actuarial impact

Virginia Retirement System Oversight

Briefings: July and December 2011

Staff: Tracey Smith

Background

JLARC is required by statute to

- 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

For full text of statute see VRS Oversight Act

Activities

- Attend meetings of the Board and IAC
- Update online *Guide to VRS*
- Prepare semi-annual investment reports
- Status reports by VRS Director and CIO

Third-Party Payments for Assisted Living Facilities

Briefing: December 2011

Staff: Walt Smiley

Study Mandate

JLARC to study Virginia's third-party payments for assisted living services and review

- Basic contractual services in assisted living facilities
- Payment sources (federal, state, local, and third-party)
- Impact of third-party payments on eligibility for State auxiliary grants

For full text see HJR 580 (2011)

Background

- 560 licensed assisted living facilities with about 34,500 residents
 - Increase from 27,500 residents in 1997
- DSS adopts standards and licenses the facilities
- State auxiliary grant budget FY 2011: \$22.7 million
 - State pays 80%, locality pays 20%
 - \$1,112 + personal care allowance of \$81/ month/ recipient

Background

Auxiliary grant eligibility

- 65, blind, or disabled
- Reside in licensed assisted living facility or adult foster care
- Determined to need assisted living or foster care
- Meet income requirements

Study Issues

1. What third-party payments do assisted living residents typically receive?
2. How do these payments affect eligibility for federal SSI and State auxiliary grant programs?
3. What are other revenue sources for assisted living providers?

Research Activities

- Interviews
 - Dept of Social Services
 - Interest groups and assisted living providers
- Review documentation from federal, State, local agencies
- Review basic contractual services provided by assisted living facilities

Review of State Spending: 2011 Update

Briefing: October 2011

Staff: Walt Smiley, Paula Lambert, Anna Haley

Study Mandate

- 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 reports focused on spending trends

For full text see *Code of Virginia §30-58.3*

Combination of Factors Best Explains Long-term Budget Growth

- Societal factors
 - Population growth, inflation, personal income growth, federal policies
- Virginia-specific factors
 - Initiatives, funding decisions, caseloads
- Budget drivers
 - Agencies that account for bulk of growth
- Individual agency and program budgets

Research Activities

- Focus: FY 2002 – FY 2011
- Examine major trends and factors
- Review selected topics

Internal Service Fund Oversight

Staff: Justin Brown, Ashley Colvin

Background

- JLARC is required by statute to
 - Create new funds as necessary
 - Eliminate funds no longer needed
 - Transfer excess balances to general fund
- Commission policy
 - Review quarterly financial statements
 - Approve changes in billing formulas and rates
 - Approve changes in scope and nature of services

For full text of statute see §2.2-803 of *Code of Virginia*

Current Funds

- Department of General Services (DGS)
 - Fleet Management
 - Virginia Distribution Center
 - Federal Surplus Property
 - Graphic Communications
 - Facilities Management
 - State Surplus Property
 - Consolidated Laboratory Services
 - Real Estate Services
 - Capital Outlay Management

Current Funds

- Virginia Information Technologies Agency (VITA)
 - Computer services
 - Automated services
 - Telecommunications
- Department of Accounts (DOA)
 - Payroll Service Bureau

Division Chief Robert B. Rotz

Studies

- State Contracting and the Federal Immigration Reform and Control Act
- VCU Management Agreement (Memo)
- Coordination Among Virginia's Education Entities
- Third Grade Reading Performance

Ongoing Responsibilities

- Annual Review of State Spending on Standards of Quality (SOQ) Costs

State Contracting and the Federal Immigration Reform and Control Act

Briefing: June 2011

Staff: Justin Brown, Joe McMahon

Study Mandate

JLARC staff to study policies State agencies use to ensure that contractors verify legal resident status of their employees

For full text see JLARC resolution, Oct 2010

Background

- IRCA (1986) requires employers to hire only individuals who may legally work in the U.S.
 - ICE monitors and enforces IRCA
 - To verify employment authorization, employers must complete I-9 form for each employee
- Employers can also use federal E-Verify system
 - General Assembly recently required its use by State agencies (and by certain State contractors by 2013)

IRCA = Immigration Reform & Control Act

ICE = U.S. Immigration & Customs Enforcement

Primary Study Issue and Research Activities

- How, if at all, do State agencies ensure that contractors verify whether their employees are authorized to work in the U.S.?
- Research activities
 - Review statutes, Virginia procurement manuals, contractual terms and conditions
 - Interview State agency procurement officials
 - Survey State agencies

Review of Virginia Commonwealth University's Management Agreement

Briefing: June 2011

Staff: Aris Bearse

Study Mandate

JLARC to review initial management agreement with each public institution of higher education

- VCU management agreement effective July 1, 2008

For full text see Restructured Higher Education Financial and Administrative Operations Act

Provisions of Higher Education Restructuring Act

- Certain institutions can initiate management agreements with the State, allows more autonomy in
 - Financial management and operations
 - Capital projects
 - Leases of real property
 - Information technology
 - Procurement of goods and services, and
 - Human resources management
- Institutions must be certified as having met their institutional performance benchmarks

Study Issues

1. Has VCU met or exceeded its institutional performance benchmarks?
2. What problems or concerns has VCU encountered with its initial management agreement?
3. Have any of the central agencies had concerns regarding VCU's management of its financial and administrative operations?

Options for Improving Coordination Among Virginia's Education Entities

Briefing: July 2011

Staff: Aris Bearse, Christine Wolfe, Anna Haley

Study Mandate

JLARC to study Secretary of Education's role in improving coordination between K-12, community colleges, and 4-year institutions of higher education

- Consider expanding Secretary's statutory authority or duties
- Consider ways to direct students toward education and training that will fulfill Commonwealth's workforce needs

For full text see SJR 32 (2010)

Background

- Three agencies responsible for different levels
 - Dept of Education
 - Virginia Community College System
 - State Council of Higher Education for Virginia
- Secretary of Education has no statutory responsibility for coordination of education

Background

Greater coordination could help improve

- College readiness (less remediation/greater retention)
- Access to college and career training programs
- Transfer and articulation agreements
- Teacher preparation programs
- Alignment of education with workforce needs

Study Issues

1. What is the current role of Secretary of Education?
2. How might lack of coordination affect Virginia's educational system?
3. What is the current level of coordination among the various educational entities?
4. What are options for improving coordination and creating a more seamless educational system?

Research Activities

- Interviews
 - Current and former Secretaries of Education
 - Staff from DOE, VCCS, and SCHEV
 - Selected local school divisions
 - Selected 4-year institutions and community colleges
 - Employer groups
 - Selected other states
- Review literature, *Code of Virginia*

Third Grade Reading Performance

Briefing: September 2011

Staff: Kimberly Sarte, Paula Lambert, Greg Rest

Study Mandate

JLARC to study ways to increase reading proficiency among third graders

- Mandate suggests importance of early reading proficiency for academic success

For full text see SJR 31 (2010)

Background

- Research and school staff indicate
 - Achieving reading proficiency by end of third grade is critical for achievement in later grades
 - Children who fall behind on reading can have difficulty catching up
- 2010 pass rates on third grade reading SOL
 - 83% statewide
 - 95% for highest school division
 - 53% for lowest school division

Study Issues

1. To what extent are Virginia students in early grades successful readers?
2. How do divisions rank in third grade reading and what factors correlate with success?
3. What strategies can be used to increase reading performance by third graders?

Research Activities

- Analyze third grade reading SOL data with local demographic and school data
- Survey all Virginia school divisions
- Observe classrooms at selected school divisions
- Interviews
 - Reading experts at Virginia universities
 - School division reading coordinators, principals, and teachers
- Review literature

State Spending on Standards of Quality (SOQ) Costs: 2011 Update

Briefing: December 2011

Staff: Bob Rotz

Study Mandate

- Dept of Education to report data on required and actual local expenditures for the SOQ
- JLARC to report on State expenditures for the SOQ

For full text see *Code of Virginia* §22.1-97

Background

- State SOQ spending in FY 2010 was \$4.88 billion
- Report briefed by JLARC staff to the Commission, then furnished to House Appropriations, Senate Finance, and Education committees

Eighth Report in Series Will Address

- State SOQ spending in FY 2011
- Factors impacting amount of State SOQ spending
- State dollars spent in each school division, total and per pupil

Division Chief Nathalie Molliet-Ribet

Studies

- Mitigating Risk of Improper Payments in Virginia's Medicaid Program
- Effectiveness of Virginia Tax Preferences

Ongoing Responsibilities

- Evaluations of Proposed Mandated Health Insurance Benefits

Mitigating Risk of Improper Payments in Virginia's Medicaid Program

Briefing: October 2011

Staff: Ashley Colvin, Janice Baab, Brad Marsh, David Reynolds

Study Mandate

JLARC to study nature and extent of fraud, waste, abuse in Medicaid

- Compare nature and scope of these activities in Virginia with other states
- Identify programs in Virginia and other states that have reduced these activities

For full text see HJR 127 (2010)

Background

- DMAS and DSS share responsibility for determining eligibility of recipients
 - Medicaid enrollment increased by 53,120 from FY 2008-09
- DMAS contractor processed more than 28 million Medicaid payment claims in FY 2009
- DMAS contractor enrolls about 15,000 to 20,000 new Medicaid providers annually

DMAS = Department of Medical Assistance Services

DSS = Department of Social Services

Background (FY 2009)

- Virginia Medicaid expenditures were \$5.8 billion (State share was \$2.9 billion)
- At least \$39 million (0.7%) were improper payments*

52% from fraud	
Provider fraud	\$ 19.9 million
Recipient fraud	\$ 342,000
48% from error	
Provider claims error	\$ 16.3 million
Recipient eligibility error	\$ 2.4 million

* Source: *Interim Report: Fraud and Error in Virginia's Medicaid Program*, Dec 2010

Study Issues

1. What program integrity activities are conducted by State agencies and MCOs and what are the outcomes?
2. Are State oversight & processes successful in mitigating risk of improper Medicaid payments and waste?
3. What program integrity activities are used in comparable states and in Virginia MCOs and what are the outcomes?
4. What improvements to program integrity activities in Virginia are feasible?

MCOs = managed care organizations

Research Activities

- Analyze data from DMAS, DSS, and Attorney General's office on known improper payments and resulting funds collected
- Interviews
 - Staff from State and local agencies and MCOs
 - Medical provider associations
- Review best practices from MCOs and other states

Review of the Effectiveness of Virginia's Tax Preferences

Briefing: November 2011

Staff: Ellen Miller, Mark Gribbin, Massey Whorley

Study Mandate

JLARC to study effectiveness of Virginia's tax preferences available through 3 tax systems

- Individual income tax
 - Corporate income tax
 - Retail sales and use tax
- Examine whether Virginia's tax preferences achieve public policy goals

For full text see SJR 21 (2010)

Background

- Tax preferences are special provisions in tax code that reduce tax liability of certain taxpayers
 - Can be granted as exemptions, deductions, subtractions, reduced tax rate, or credits that lower tax liability
- Three taxes included in review generate >90% of State general fund revenue
- Impact of preferences on tax revenue largely unknown

Approximately 140 Tax Preferences With Public Policy Goals Explored

- Public policy goals provide financial assistance or incentives to encourage behavior
 - Land Preservation Income Tax Credit, sales tax exemption of prescription drugs
- Tax policy goals* avoid double taxation, increase efficiency of tax
 - Income tax exemption for insurance companies, wholesale sales tax exclusion

* Exemptions, deductions with tax policy goals not explored in review

Study Issues

1. Which Virginia tax preferences are used and what is their impact on revenues?
2. For what public policy purposes were tax preferences established and to what extent are these goals being achieved?
3. To what extent do states routinely sunset tax preferences?
4. What processes or mechanisms could Virginia adopt to evaluate the effectiveness of tax preferences on an ongoing basis?

Research Activities

- Analyze
 - Tax return data
 - Census and industry data
- Interviews
 - Dept of Taxation and other State agencies
 - Industry, trade, and taxpayer associations
- Review
 - Statutes and regulations
 - Research literature
 - Other states' practices

Other Studies

Year-Round Schools

- JLARC to study efficacy of year-round schools
 - Look at actual year-round school experiences
 - Assess factors impacting desirability
- Briefing fall 2012

For full text of study mandate see HJR 646 (2011)

Misclassification of Employees as Independent Contractors

- JLARC to study consequences, potential lost revenue to State and local gov'ts, and strategies to address
- Employers and employees may avoid certain tax obligations through misclassification
 - Federal government lost an estimated \$2.72 billion in 2006
- Briefing by fall 2012

For full text of study mandate see SJR 345 (2011)

Land Conservation Funding

- JLARC to study long-term dedicated funding sources for land conservation and identify innovative funding mechanisms in other states
- Land protection policy in Article XI, §1 of *Virginia Constitution*
- Governor committed to conserve 400,000 acres of open space by Jan 2014
- Briefing expected fall 2012

For full text of study mandate see SJR 335 (2011)

Incentives Promoting Regional Facilities and Operations

- JLARC to study costs and benefits to State of incentivizing regional collaboration on services and capital projects
- Collaboration could lower local costs by creating economies of scale on large projects and operations
- Briefing expected by fall 2012

For full text of study mandate see HJR 570 (2011)

Economic Development Incentive Grants in Virginia

- JLARC to study effectiveness of grants
 - Identify available grants and their utilization
 - Determine whether public policy goals are being met
 - Recommend ongoing process to evaluate effectiveness
- Several grant programs for economic development, and funding is increasing
- Limited research available to assess effectiveness
- Briefing expected fall 2012

For full text of study mandate see SJR 329 (2011)

Impact of Restructuring Virginia's Business, Professional, and Occupational License Tax

- JLARC to study impact on local revenue of changing basis of BPOL tax from gross receipts to net income
- BPOL tax often criticized because assessed on all businesses, regardless of profitability
- Businesses to report net income and resulting tax estimate to local tax officials by Oct 2012
- Localities to report information to JLARC by Apr 2013
- Briefing expected fall 2013

For full text of study mandate see Item 30 of Appropriation Act (2011)

Date	JLARC Study
June 13	Tobacco Indemnification & Community Revitalization Commission State Contracting & Federal Immigration Reform & Control Act Review of VCU Management Agreement
July 11	Semi-annual VRS Investment Report Improving Coordination Among VA's Education Entities
Sept 12	Third Grade Reading Performance 2011 Report to the General Assembly
Oct 11	Mitigating Risk of Improper Payments in VA's Medicaid Program Review of State Spending: 2011 Update
Nov 14	Effectiveness of Virginia Tax Preferences Civil Commitment & Conditional Release of Sexually Violent Predators
Dec 12	Review of Retirement Programs for State and Local Employees Semi-annual VRS Investment Report Third Party Payments to Assisted Living Facilities State Spending on Standards of Quality Costs: 2011 Update