

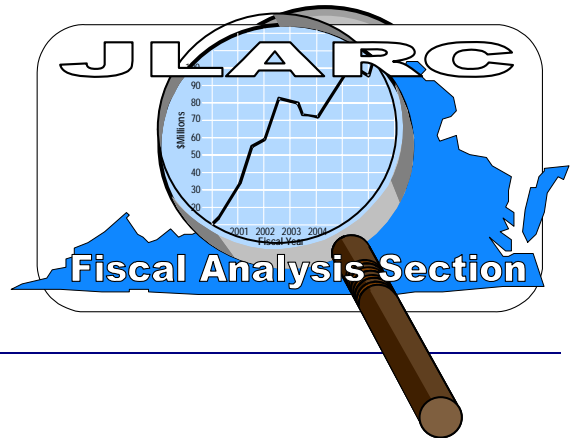
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# Special Report:

## Review of Virginia's Cost-Savings Initiatives

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### In Summary

Staff of the Joint Legislative Audit and Review Commission (JLARC) reviewed more than 2,500 recommendations contained within the reports issued by Governor Wilder's *Project Streamline* (1992), Governor Allen's *Blue Ribbon Strike Force on Government Reform* (1994), and Governor Warner's *Commission on Efficiency and Effectiveness* (2002), as well as the 208 legislative program evaluations issued by JLARC since 1990. This report focuses on the implementation status of the 735 recommendations contained within the Governors' reports. Many of these recommendations have been implemented or circumstances have changed rendering them no longer valid. However, more than 200 recommendations intended to generate program-level savings or enhance State revenues were identified for further evaluation. Based on reviews by JLARC, the Auditor of Public Accounts, and staff of the Department of Planning and Budget, fewer than 60 of these recommendations remain un-implemented.

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Between December 2005 and April 2006, staff of the Joint Legislative Audit and Review Commission (JLARC) catalogued and reviewed more than 2,500 recommendations contained within the reports issued by Governor Wilder's *Project Streamline* (1992), Governor Allen's *Blue Ribbon Strike Force on Government Reform* (1994), and Governor Warner's *Commission on Efficiency and Effectiveness* (2002), as well as the 208 legislative program evaluations issued by JLARC since 1990. This review was conducted within JLARC's fiscal analysis section as part of its ongoing monitoring of State spending activities.

As part of this review, JLARC staff identified 735 recommendations contained within the reports issued by Governors Wilder, Allen, and Warner. This report focuses on the implementation status of these 735 recommendations; the status of the 1,800 recommendations made by JLARC since 1990 is included within agency performance measure reporting. More than 500 of the 735 recommendations were determined to have been already implemented, did not address cost savings (such as those that recommended increases in program staffing or funding), or circumstances had changed rendering them no longer valid. Slightly more than 200 recommendations were considered still valid for further consideration.

With the assistance of the Auditor of Public Accounts and staff of the Department of Planning and Budget (DPB), it was possible to determine the implementation status for all of these recommendations. More than three-quarters of these recommendations have been implemented either fully or partially, or are no longer valid. Fewer than 60 of recommendations contained within Governor Allen's 1994 report and Governor Warner's 2002 report were identified as having not been implemented.

In conducting this review, JLARC staff developed a database for cataloging the recommendations contained within the reports issued since 1990. These recommendations were categorized by the type of potential savings (such as procurement, outsourcing, or staffing) and the functional area of government. The implementation status of the savings recommendations was reviewed first by JLARC staff and then by the Auditor of Public Accounts.

The recommendations were then reviewed by DPB staff to more precisely determine their implementation status and potential for generating savings or enhancing State revenues. For approximately 50 recommendations, there was a difference of opinion between JLARC, the Auditor, and DPB. Of these, 25 were differences between a recommendation being identified as either not being implemented or being implemented to some degree. For recommendations in which differences in opinion of implementation status were identified, the decision was made to use the status as determined by DPB.

### **Executive Branch Initiatives Focus Primarily on Organizational Efficiencies and Opportunities for Privatization**

In the past 15 years, multiple initiatives within the executive branch have focused on identifying and implementing strategies to improve State government operations, generate cost savings, or enhance State revenues. Since 1990, there have been initiatives under Governors Wilder, Allen, and Warner to refocus operations and improve the performance of State government. Governor Wilder's 1992 *Project Streamline* principally addressed issues of organizational and operational efficiencies, and its recommendations were implemented primarily during his administration. In 1994, Governor Allen's *Blue Ribbon Strike Force on Government Reform* issued a report focused largely on improving the effectiveness of most functional areas of State government through consolidation and outsourcing. In 2002, Governor Warner's *Commission on Efficiency and Effectiveness* issued a report containing recommendations for improving the efficiency of managing State resources that, if implemented, were projected to reduce annual State spending by an estimated \$750 million. A primary focus of

Governor Warner’s commission was the consolidation and privatization of information technology functions.

**Project Streamline Focused on Organizational and Operational Efficiencies.** In May 1990, Governor Wilder initiated *Project Streamline*, focused on reducing the size of State government, consolidating functions and offices, streamlining work processes, and eliminating lower priority or unnecessary activities. While the final report contained 228 recommendations, almost all of the opportunities identified through *Project Streamline* were acted on between 1991 and 1994. Only three recommendations from the 1992 report have not been implemented:

- eliminate per diem payments (excluding expenses) to members of boards, commissions, and councils appointed by the Governor;
- discontinue the local tax mapping program within the Department of Taxation; and
- privatize the operations of the Virginia Welcome Centers.

**Blue Ribbon Strike Force Focused on Privatization and Outsourcing.** Under Governor Allen, a comprehensive review was undertaken of the operations of State government. The final report of the 1994 *Blue Ribbon Strike Force on Government Reform* contained 445 recommendations. Of these, 285 recommendations did not directly address cost savings, or circumstances had changed rendering them no longer valid. The remaining 160 recommendations, largely focused on opportunities for privatization and outsourcing within the areas of education, transportation, and natural resources, were identified for further review. Of the 160 savings recommendations, more than 80 percent have been implemented fully or in part (Table 1).

Substantial progress appears to have been made regarding equipment utilization, program efficiency, and outsourcing recommendations within transportation programs. Based on this review, it

**Table 1: Implementation Status of Executive Branch Savings Recommendations Since 1994**

|               | Total Reviewed | Fully Implemented | Partially Implemented | Underway | Not Implemented | No Longer Valid |
|---------------|----------------|-------------------|-----------------------|----------|-----------------|-----------------|
| 1994 (Allen)  | 160            | 69                | 55                    | 0        | 30              | 6               |
| 2002 (Warner) | <u>62</u>      | <u>22</u>         | <u>10</u>             | <u>6</u> | <u>24</u>       | <u>0</u>        |
| Total         | 222            | 91                | 65                    | 6        | 54              | 6               |

Source: JLARC, Auditor of Public Accounts, and Department of Planning and Budget staff analysis of the 1994 *Blue Ribbon Strike Force on Government Reform* and the 2002 *Commission on Efficiency and Effectiveness*.

Note: Table does not include the 228 recommendations from the 1992 *Project Streamline*.

appears that 30 of these recommendations have not been implemented. The status of the 160 recommendations is contained in Appendix A. Examples of recommendations from the 1994 *Blue Ribbon Strike Force on Government Reform* that have not been implemented are

- eliminate the use of maximum employment levels and put in place a budget control system based on a determination of needs and priorities;
- increase privatization of State-operated mental health and mental retardation facilities, rehabilitation facilities, and child support enforcement;
- competitively bid a greater portion of road maintenance work to the private sector; and
- abolish the Compensation Board as an entity and directly appropriate funds to local constitutional officers.

***Commission on Efficiency and Effectiveness Focused on Government Efficiencies.*** In December 2002, Governor Warner established the *Commission on Efficiency and Effectiveness* (also known as the “Wilder Commission”). This commission issued a final report containing more than 60 recommendations to improve the efficient and effective use of State resources. A preliminary review of the status of these recommendations indicates that 38 appear to have been fully or partially implemented or are now underway.

While substantial progress has been made in the areas of information technology operations and procurement practices, many of these recommendations focus on cost avoidance resulting from changing business processes. Several of these recommendations have already resulted in direct savings and enhanced revenue of more than \$9 million. Additionally, more than \$98 million in enhanced tax collections were reported as a result of the tax amnesty recommendations initially made by JLARC and endorsed within the commission’s final report.

Despite action to implement many recommendations, several areas remain unaddressed. The status of each of the individual recommendations is contained in Appendix B. There are 24 recommendations that have not been implemented, including

- unifying payroll systems across the State colleges and universities;
- reducing State funding of constitutional officers; and
- studying the privatization of the retail functions of the Department of Alcoholic Beverage Control.

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat            | Recommendation Text   | Recommendation Type | Implementation Status |
|------------------------|---|---------------------|-----------------------|
| All Agencies/Statewide | Establish a goal for workforce reduction based on need and effective program administration. An overall reduction of 15 percent is considered achievable over the next three years. Involuntary separation should only be used after all other options have been exhausted.   | Staffing            | Fully Implemented     |
| All Agencies/Statewide | Consolidate regulatory process responsibility into one agency or individual in each secretariat.  | Consolidation       | Fully Implemented     |
| All Agencies/Statewide | The state should evaluate the feasibility of creating or contracting to the private sector an administrative services unit that would review and implement cost saving procedures in areas such as postage, express mail, utilities, photocopying, travel, and other administrative functions.  | Outsourcing         | Fully Implemented     |
| All Agencies/Statewide | Reorganize agency structures to eliminate excessive and unnecessary layers of management that do not contribute significant value to services delivered to the citizens of Virginia.  | Staffing            | Fully Implemented     |
| All Agencies/Statewide | Increase use of part-time wage and classified positions. Use outsourcing for short and medium term projects and create a force of staff that can be readily moved within and among agencies.  | Outsourcing         | Fully Implemented     |
| All Agencies/Statewide | All managers and supervisors should be responsible for the control of telephone use and provide cost-saving tools to each state employee.   | Efficiency          | Fully Implemented     |
| All Agencies/Statewide | The state should implement the use of authorization codes for long distance usage to ensure these are legitimate business calls.  | Policy Change       | Fully Implemented     |
| All Agencies/Statewide | An inter-secretariat advisory council on land management should be established to ensure that all state-owned properties are used for their best and most complete use. Members should represent every secretariat and should work together as a team to develop state owned properties to their fullest, reduce management costs, share knowledge and make recommendations for selling or transferring to the private sector any lands no longer needed. | Real Estate         | Fully Implemented     |
| All Agencies/Statewide | Allow only one level of government to issue and enforce regulations.  | Efficiency          | Partially Implemented |
| All Agencies/Statewide | Reduce the cost of the risk management program.   | Efficiency          | Not Implemented       |
| All Agencies/Statewide | Eliminate the use of maximum employment levels and put in place a budget/planning control system based on a determination of needs and priorities.  | Consolidation       | Not Implemented       |
| Administration         | Division of Purchase and Supply should be the only central procurement policy and advisory agency for the Commonwealth.   | Procurement         | Fully Implemented     |
| Administration         | The Commonwealth of Virginia must identify facility related energy efficiency measures to aggressively pursue savings and take full advantage of all energy efficiency initiatives offered by Virginia's energy providers.  | Efficiency          | Fully Implemented     |
| Administration         | The Commonwealth should purchase energy saving computer equipment as needed to replace existing computers.  | Procurement         | Fully Implemented     |
| Administration         | All state agencies should inventory and justify the retention of each individual real estate holding.   | Real Estate         | Fully Implemented     |
| Administration         | Establish a Real Asset Commission to identify and recommend a plan to dispose of real property and other assets that are not best serving the needs of the Commonwealth.  | Real Estate         | Fully Implemented     |
| Administration         | The Commonwealth should review existing utility company rate structures to assure that the most cost effective rates are available to the Commonwealth. Additionally, the current rate contract should be reviewed and renegotiated as appropriate.   | Procurement         | Fully Implemented     |
| Administration         | Prepare an architectural/engineering program to define the project scope and budget and eliminate costly preplanning studies.   | Consolidation       | Fully Implemented     |
| Administration         | Establish an internal service fund as a cost recovery method to allow the Bureau of Capital Outlay Management to compete with other sources of code compliance reviews and construction inspections.  | Funding             | Fully Implemented     |
| Administration         | Department of General Service should examine the effectiveness and efficiency of all procurement regulations. This study should include surplus property disposal, state agency use of Federal General Service Administration contracts, lease procurement procedures and real property management, and proposed remedies against spurious and unfounded legal actions by bidders and offerors.   | Procurement         | Fully Implemented     |

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat      | Recommendation Text  | Recommendation Type | Implementation Status |
|------------------|--|---------------------|-----------------------|
| Administration   | Centralize payroll services for small agencies by combining staff and equipment from several agencies or contracting for the service with a private vendor.  | Consolidation       | Fully Implemented     |
| Administration   | Develop a simplified procedure for the leasing of real estate by state agencies.   | Real Estate         | Partially Implemented |
| Administration   | Establish a privatization program for debt collection to increase collection rates, decrease collection time and reduce collection costs.  | Outsourcing         | Partially Implemented |
| Administration   | Privatize the electronic creation, reproduction, distribution and maintenance of key manuals, references and forms.  | Outsourcing         | Partially Implemented |
| Administration   | Department of General Services should review its procedures with the Department of Planning and Budget to insure the budget process is capable of capturing and comparing actual procurement with approved appropriations.   | Improved Oversight  | Not Implemented       |
| Administration   | The Workforce Services Division (Training) of the Department of Economic Development should be integrated in to the Virginia Community College System.   | Consolidation       | Not Implemented       |
| Administration   | The Compensation Board, as an administrative entity, should be abolished, and funds should be directly appropriated to local constitutional officers for their use. To the extent that the Compensation Board may have evolved, beyond dispersal of funds, into delivering services considered vital by local constitutional officers, these services should be transferred to existing agencies and the quality of these services increased.  | Consolidation       | Not Implemented       |
| Commerce & Trade | The Department of General Services should consider adopting the recommendation of the Governor's Commission on Government Reform on change order approval limits. Alternatively, DGS should revise the change order approval threshold to require approval by the Governor's designee of change orders that exceed the construction contingency established in the project's form CO-8.  | Procurement         | Fully Implemented     |
| Commerce & Trade | Virginia Film Office should be separated from the Division of Industrial Development housed on the Division of Tourism in the Department of Economic Development. Furthermore, the Virginia Film Advisory Board should be disbanded and additional designated film industry related positions be allocated to the Governor's Travel and Tourism Services Advisory Board.   | Consolidation       | Fully Implemented     |
| Commerce & Trade | Reorganize and consolidate workforce training councils and agencies to improve coordination and service delivery and eliminate inefficiencies.   | Consolidation       | Partially Implemented |
| Commerce & Trade | The Commonwealth should evaluate all 18 boards operating under the Department of Professional and Occupational Regulation to determine if the continued regulation of these professions and occupations would meet the health, safety, and welfare test of citizens if the Commonwealth and to identify those professions and occupations that would better serve the citizens if they were to become self-regulating. Additionally, the Commonwealth should combine the Virginia Board for Barbers and the Virginia Board for Cosmetologists. | Consolidation       | Partially Implemented |
| Commerce & Trade | Consolidate within the Human Resource Investment Council the necessary and mandated functions of the: State Board for Vocational Education, Council on Vocational Education, Virginia Apprenticeship Council, Governor's Job Training Coordinating Council, Virginia Occupational Information Coordinating Committee, and Virginia Advisory Council for Adult Education and Literacy.  | Consolidation       | Not Implemented       |
| Commerce & Trade | Move the apprenticeship program from the Department of Labor and Industry to the Virginia Employment Commission.   | Consolidation       | Not Implemented       |
| Commerce & Trade | Consolidate the public relations and the capital outlay functions within the Secretary of Commerce and Trade, except the Virginia Port Authority.  | Consolidation       | Not Implemented       |
| Commerce & Trade | The economic development funding programs and activities of the Department of Housing and Community Development should be consolidated in the Department of Economic Development, and formal coordination agreements implemented for the Community Development Block Grant programs between the Department of Economic Development and the Department of housing and Community Development to include in-depth coordination with the Governor's Commission on Citizen Empowerment.   | Consolidation       | Not Implemented       |

Prepared by JLARC Staff, 5/4/2006

| Secretariat      | Recommendation Text  | Recommendation Type  | Implementation Status |
|------------------|--|----------------------|-----------------------|
| Commerce & Trade | Move the Title III portion of the Job Training Partnership Act to the Virginia Employment Commission, Title III serves dislocated workers and should be housed with the Dislocated Worker Unit of the VEC which is responsible for rapid response assistance to mass layoffs.  | Consolidation        | No Longer Valid       |
| Commerce & Trade | Move the Title II portion of the Job Training Partnership Act programs to the Department of Social Services. These programs are designed to serve economically disadvantaged persons our other special populations that are not job ready. These programs should work in coordination with the Job Opportunities and Basic Skills program that has the simultaneous mission of preparing disadvantaged, non-job-ready people for Job Opportunities and Basic Skills entry work. The state should consider sub state counterparts to the Human Resources information Council, which should be accomplished by reevaluating the role of the Private Industry Councils. | Consolidation        | No Longer Valid       |
| Education        | The legislature should adopt a principle under which it will refuse to authorize any further building of classroom and laboratory space until the institution involved can demonstrate that its existing space is utilized at least 40 hours per week.   | Real Estate          | Fully Implemented     |
| Education        | Without prejudging, but with very close monitoring, the Commonwealth should encourage experiments in privatization of individual public schools.   | Outsourcing          | Fully Implemented     |
| Education        | Fees also should be included under any legislated cap. The impact of this recommendation on fees supporting the construction and other new capital costs must be recognized.   | Fines and Fees       | Fully Implemented     |
| Education        | The legislature should change its method of appropriation for Tuition Assistance Grants. Instead of appropriating a lump sum to be divided among the potential applicants, the dollar amount of each grant should be legislated with an accompanying cap of the total dollars to be awarded.   | Funding              | Fully Implemented     |
| Education        | The State Council of Higher Education for Virginia or a higher educational institution should establish and maintain a unified information database of courses offered by each institution that are available via telecommunications. This resource should be considered to reduce existing traditionally offered programs or avoid duplication of new ones.   | Efficiency           | Fully Implemented     |
| Education        | Cooperative sharing of programs should be encouraged when it would allow decentralization.   | Consolidation        | Fully Implemented     |
| Education        | The Secretary of Finance should extend approval for decentralization to all institutions provided the programs and institutions fall within the guidelines and the state's cash flow stability is protected.   | Financial Management | Fully Implemented     |
| Education        | A thorough review of the Commonwealth's personnel system needs to be undertaken with particular attention to the classification system, looking to redefine, broaden, and reduce the number of the classifications, thereby hoping to abort the deception which proceeds from the present plan. Further, even though decentralized, institutions of higher education must clearly be accountable to overall Commonwealth Human Resources Management policies, rules, and regulations. Therefore, it is emphasized that the Department of Personnel and Training retains responsibility and will ensure compliance by institutions of higher education.               | Staffing             | Fully Implemented     |
| Education        | Each educational institution should continue to judge its ability to provide support services against private contract providers, choosing the private route whenever balanced consideration of cost and quality service warrants it.  | Outsourcing          | Fully Implemented     |
| Education        | Each institution must establish and conduct a regular review of curricula in support of degree programs to eliminate duplication and ensure an appropriate level of participation.   | Efficiency           | Partially Implemented |
| Education        | The State Board of Education should develop incentives and penalties to stimulate local school boards to advance the consolidation of small schools.   | Consolidation        | Partially Implemented |
| Education        | Combine the two schools for the deaf and blind, moving toward rebuilding a more appropriate, centrally-located facility for long range dollar savings and better service.  | Consolidation        | Partially Implemented |
| Education        | Because the major portion of all state funding to Virginia's educational institutions lies in the cost of personnel, boards of visitors and school boards should expect to be held accountable for the use of salaried time by their employees and regularly maintain data to allow timely response to appropriate requests for information. Such data should be examined annually to identify, explain, and where indicated, modify the behavior of those inappropriately employing salaried time.  | Staffing             | Partially Implemented |

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat              | Recommendation Text  | Recommendation Type | Implementation Status |
|--------------------------|--|---------------------|-----------------------|
| Education                | The Library of Virginia should move steadily towards the integration of its services and personnel to accomplish maximum service by the most efficient and economical means.   | Consolidation       | Partially Implemented |
| Education                | The Secretary of Education should be designated as the lead secretary for developing the criteria for state funding of museums. Consideration should be given to the possibility of realigning the administration of the Virginia Museum of Natural History under the authority of the Secretary of Education.   | Funding             | Not Implemented       |
| Education                | The Department of Education should consider eliminating its small, central office library function and utilizing the extensive expertise and technology of the Library of Virginia.  | Consolidation       | No Longer Valid       |
| Education                | The Commonwealth of Virginia should pursue, in court if necessary, funding by the federal government of the mandate to educate illegal aliens.   | Funding             | No Longer Valid       |
| Finance                  | The \$3,000 ceiling on referral of past due accounts receivable to commercial collection agency should be removed.   | Collections         | Fully Implemented     |
| Health & Human Resources | The General Assembly may wish to consider consolidating regulatory authority for child day care in a single regulatory entity.   | Regulatory Change   | Fully Implemented     |
| Health & Human Resources | Identify all costs for delivery of services and recover the cost of services wherever possible.  | Fines and Fees      | Fully Implemented     |
| Health & Human Resources | Reduce the total employment level in the Secretariat of Health and Human Resources.  | Consolidation       | Fully Implemented     |
| Health & Human Resources | Increase efforts to discover, prosecute, and prevent fraud.  | Efficiency          | Partially Implemented |
| Health & Human Resources | Fully utilize managed care programs to aid in the provision of appropriate Medicaid services, mental health services, and other services within available resources.   | Efficiency          | Partially Implemented |
| Health & Human Resources | Require agencies to reduce spending for supplies, printing, publications, travel, conferences, training, telephone calls, advertising, mail and postage, and copying.  | Cost Avoidance      | Partially Implemented |
| Health & Human Resources | Aggressively seek waivers from the federal government for optional approaches for providing services or fulfilling reporting requirements.   | Cost Avoidance      | Partially Implemented |
| Health & Human Resources | Design and use a single application for all individuals who require state services. Consolidate other forms wherever feasible, with special emphasis on the future ability to capture this information electronically.   | Consolidation       | Partially Implemented |
| Health & Human Resources | Reorganize agency structures to provide for flatter organizations, and utilize similar organizational structures in Health and Human Resources agencies.   | Consolidation       | Partially Implemented |
| Health & Human Resources | Establish an Office of Inspector General to provide for ongoing review of the activities and services of agencies to evaluate their effectiveness and achievement of measurable goals.   | Improved Oversight  | Partially Implemented |
| Health & Human Resources | During the comprehensive planning for delivery of services, require that agencies co-locate state, regional, and local offices to the extent feasible.   | Consolidation       | Partially Implemented |
| Health & Human Resources | Develop contracts with the private sector whenever feasible to provide essential activities and services, specifying the period of time and the level and quality of the product or service. The following activities and services should be considered for contracting: professional staff training; housekeeping and maintenance services; pharmacy services; well-baby clinics; immunizations; adoptions; home health services; rehabilitation engineering; claims processing; bulk mailing and printing; personnel for short-term projects; and services currently provided by the Industries for the Blind. | Outsourcing         | Partially Implemented |
| Health & Human Resources | The Department of Social Services should promptly act on its plan to assist local agencies with automating their day care assistance programs. Automation is essential given the amount of funding that will be expended beginning in FY 1998 and the associated potential for fraud and abuse in the program.   | Efficiency          | Not Implemented       |

Prepared by JLARC Staff, 5/4/2006

| Secretariat              | Recommendation Text  | Recommendation Type | Implementation Status |
|--------------------------|--|---------------------|-----------------------|
| Health & Human Resources | Reduce the number of agencies in the Secretariat from 14 to no more than six by doing the following: endorse the consolidation of long-term care and aging services; combine into one agency the Department for the Visually Handicapped and the Department for the Deaf and Hard-of-Hearing; place the functions of the Virginia Health Services Cost Review Council in the Department of Health -- continue the Virginia Health Information, with Virginia Health Information continuing to carry out its functions as a quasi-governmental agency linked to the Department of Health -- the public/private partnership that supports Virginia Health Information activities would be protected; place the functions of the Virginia Council on Child Day Care and Early Childhood Programs in the Department of Social Services' place the functions of the Department of Health Professions in the Department of Health; and identify programs affection constituent services that would be more effective if they operated as an office out of the Office of the Secretary of Health and Human Resources, such as the Board for People with Disabilities. | Consolidation       | Not Implemented       |
| Health & Human Resources | While continuing to maintain the current level of services, privatize all or in part the following facilities and services operated by the Commonwealth: state-operated mental health and mental retardation facilities; Woodrow Wilson Rehabilitation Center; Rehabilitation Center for the Blind; child support enforcement offices; and services currently provided by the Department of the Rights of Virginians with Disabilities.  | Outsourcing         | Not Implemented       |
| Health & Human Resources | Require the Secretary of Health and Human Resources to function as the chief executive officer of health and human services, and provide appropriate staff resources to consolidate policy and administrative functions of Health and Human Recourses agencies. The consolidated function should include planning, policy development, budget, regulatory and legislative liaison. The Secretary should also be responsible for oversight of appeals, internal audit, information management, and systems development.   | Consolidation       | Not Implemented       |
| Health & Human Resources | Require a review of all boards, councils, and commissions in the Secretariat to be completed in one year. Recommend boards, councils, and commissions which can be consolidated or eliminated. The review should take into account the previous recommendations and explicitly include recommendations to reduce costs. This could include reducing the number of meetings for the boards that would continue to meet, or appointing special task forces or ad hoc committees to deal with significant issues and challenges rather than using standing commissions.   | Study and Report    | No Longer Valid       |
| Natural Resources        | Boat titling and registration functions of the Department of Game and Inland Fisheries should not be consolidated with automobile titling and registration functions of the Department of Motor Vehicles into one agency at this time. However, when major system changes are considered in the future, all boat titling and registration functions should be considered for consolidation.  | Consolidation       | Fully Implemented     |
| Natural Resources        | The processing time for various permits should be analyzed to establish a reference or average processing time. A standard should then be established of 75 percent of the reference or average time. This standard should be used as a performance measurement for all future applications.   | Improved Oversight  | Fully Implemented     |
| Natural Resources        | The Department of Game and Inland Fisheries should continue to be principally a user-funded agency, with each constituent group required to pay its fair share of the cost of services. Its statutory duties and responsibilities should be limited to those consistent with its current mission statement. Where circumstances, dictated by law, require it to take action beyond its traditional duties and responsibilities, separate funding for such activities should be provided by the General Assembly.   | Funding             | Fully Implemented     |
| Natural Resources        | The Department of Environmental Quality should establish an Expedited Solid Waste Permit Program to reduce the costs to the taxpayers, who pay both the costs of landfill service and the government regulatory and permit actions.  | Efficiency          | Fully Implemented     |
| Natural Resources        | In establishing new customer-sensitive permit procedures, the Department of Environmental Quality should consider all possible methods for consolidating permit processes, including "one-stop-permit shops" to limit inter-agency confusion; reduce administrative staff; create uniform standards from agency to agency; improve coordination; and to produce faster turnaround time.  | Consolidation       | Fully Implemented     |
| Natural Resources        | The Department of Environmental Quality's existing permit fee structure should be reexamined to determine whether or not fees currently being charged are equivalent to the services being provided, or whether they are excessive. As part of the analysis, the Department of Environmental Quality should consider compliance incentives which would reduces fees for entities in compliance with permit conditions, and the appropriateness of ceilings or caps on the amount of fees collected.  | Study and Report    | Fully Implemented     |

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat       | Recommendation Text   | Recommendation Type | Implementation Status |
|-------------------|---|---------------------|-----------------------|
| Natural Resources | The state should not consolidate the saltwater and freshwater fisheries management responsibilities of the Virginia Marine Resources Commission and the Department of Game and Inland Fisheries.  | Consolidation       | Fully Implemented     |
| Natural Resources | The Department of Historic Resources should release or loan artifacts to appropriate Virginia museums for proper duration, protection, and exhibition. Solicitation of their help in cataloging, securing, and moving the artifacts to appropriate settings is also suggested. Private and other government funds should be solicited to implement all recommendations related to the Department of Historic Resources. It is believed that federal and private funds are available to help with this project as well as that of museums and libraries. Volunteers should also be solicited.  | Funding             | Fully Implemented     |
| Natural Resources | Sell the vessel Chesapeake.   | Surplus Property    | Fully Implemented     |
| Natural Resources | Eliminate state general funding for the Virginia Saltwater Fishing Tournament.  | Consolidation       | Fully Implemented     |
| Natural Resources | The Secretary of Natural Resources should require the agencies within the Secretariat to conduct an inventory and review of all interagency cooperative agreements to determine: which are still in effect, which are consistent with the functional responsibilities of the participating agencies, which serve a current state purpose, which result in duplication of services by agencies, and which are not cost effective.  | Consolidation       | Partially Implemented |
| Natural Resources | When the office space of the Marine Resources Commission is up for renewal, consideration should be given to co-locating the Commission with the Virginia Institute of Marine Sciences.   | Consolidation       | Partially Implemented |
| Natural Resources | Just as the Department of Game and Inland Fisheries is funded almost exclusively by user fees and permits, the Marine Resources Commission should be funded by special and dedicated funds, not general funds, to the maximum extent possible. It is recommended that a study be conducted by the DPB to determine whether the Commission could be funded from nongeneral fund sources without hindering the ability of the Commission to fulfill its mission.  | Funding             | Partially Implemented |
| Natural Resources | Virginia should immediately jettison the costly and inefficient Superfund process for all environmental restorations that do not have the mandatory federal designation. We recommend the establishment of Virginia's Total Accelerated Cleanup Program. This program would: reframe the cleanup divisions; no involve a budget increase and may result in longer-term budget reductions; protect the environmental much earlier; reduce private sector cleanup costs by eliminating unnecessary and costly steps; allow the Department of Environmental Quality to empower, not discourage, effective private sector initiatives; end analysis paralysis in site cleanups; move to integrated cleanup much earlier; apply a standard of "real risk" based in sound science to decide whether cleanup is necessary or what level of cleanup must be done; apply the proven private sector principle of integrated cleanup, which focuses on cleanup results, not dollars or efforts spent; and allow the site owner to hold cleanup contractors accountable for specific results. | Effectiveness       | Partially Implemented |
| Natural Resources | The Secretary of Natural Resources should conduct a review of the environmental impact assessment activities of all state agencies to insure the assignment of a required activity to the proper agency, eliminate unnecessary or duplicative activities, and ensure the fair allocation of financial resources for required activities.  | Study and Report    | Not Implemented       |
| Natural Resources | Privatize underwater survey operations for private oyster grounds.  | Outsourcing         | Not Implemented       |
| Public Safety     | Abolish the Board of Military Affairs.  | Consolidation       | Fully Implemented     |
| Public Safety     | Study the feasibility of combining the Department of Corrections' Community Diversion Incentive Program with Probation and Parole.  | Consolidation       | Fully Implemented     |
| Public Safety     | Direct the Department of Correctional Education to continue to identify opportunities to reduce administrative costs at the central office and to develop partnerships with the Department of Education and the Virginia Community College System to educate inmates in a cost-efficient and effective manner.  | Consolidation       | Fully Implemented     |
| Public Safety     | The state should require inmates in work release to pay room and board and fines and costs.   | Efficiency          | Fully Implemented     |
| Public Safety     | Increase the number of traffic offenses that can be prepaid and decrease the number that require court appearances.   | Efficiency          | Fully Implemented     |

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat   | Recommendation Text  | Recommendation Type | Implementation Status |
|---------------|--|---------------------|-----------------------|
| Public Safety | Establish regular meetings between the Division of Purchase and Supply and Virginia Correctional Enterprises.  | Procurement         | Fully Implemented     |
| Public Safety | Management and sales representatives from VCE should meet with customers to sensitize VCE management to customer needs.  | Procurement         | Fully Implemented     |
| Public Safety | Institute private sector initiatives and incentives with internal customers; implement an aggressive advertising and marketing program, exempt Virginia Correctional Enterprises' sales representatives from the Virginia Personnel Act and reward them with bonuses for sales performance, provide quality discounts to customers, establish specific delivery schedules, allow liquidated damages if not delivered on time, expand product lines to optimize production and become more competitive. | Procurement         | Partially Implemented |
| Public Safety | Develop a strategic plan to establish and fund a consolidated research, data, and information system for criminal justice activities.  | Consolidation       | Partially Implemented |
| Public Safety | The state should increase sheriff's fees for serving civil process to create additional revenue for prison construction and to cover administrative costs.   | Fines and Fees      | Not Implemented       |
| Public Safety | Organize the Department of Criminal Justice Services to function as the policymaking arm of the Secretary of Public Safety.  | Consolidation       | Not Implemented       |
| Public Safety | Abolish grand juries except in cases of direct indictment by the Commonwealth Attorney, or consider elimination of district court preliminary hearing.   | Efficiency          | Not Implemented       |
| Public Safety | To optimize deployment of law enforcement powers, explore bringing all law enforcement personnel from Alcoholic Beverage Control, Department of Motor Vehicles and the State Corporation Commission in to the Department of State Police.  | Consolidation       | Not Implemented       |
| Public Safety | Abolish the Fire Services Board and the State Hazardous Materials Emergency Response Council and establish a Fire and Emergency Services Board in a manner that preserves the unique identities of each of the public organizations.   | Consolidation       | Not Implemented       |
| Public Safety | For purchases requiring competitive bids the VCE should be required to bid for products and services when the total dollar cost is in excess of \$15,000 and achieve a phased reduction to \$0 by 1999.  | Procurement         | Not Implemented       |
| Public Safety | Merge the Bureau of Forensic Sciences and the Commonwealth Attorneys' Services Council under the Department of Criminal Justice Services.  | Consolidation       | No Longer Valid       |
| Technology    | VITA should work with DPB to become involved with technology expenditures early in the budget process to ensure that system design and cost estimates are accurate, and that projects are given the appropriate priorities for funding within the statewide technology management plan.  | Improved Oversight  | Fully Implemented     |
| Technology    | All agencies should seek opportunities for resource sharing of technology assets whenever possible to reduce expensive core systems which may not be required by each agency.  | Consolidation       | Fully Implemented     |
| Technology    | VITA should work with DHRM to identify excess technology professional positions existing within state government.  | Consolidation       | Fully Implemented     |
| Technology    | VITA should request all state agencies to provide data processing, telecommunication, and radio communication asset ownership and utilization data.  | Improved Oversight  | Fully Implemented     |
| Technology    | The state data center and related functions, system design and development, engineering services and all other related data processing services should be consolidated and possible turned into a private corporation or privatized.   | Consolidation       | Fully Implemented     |
| Technology    | All agencies should be encouraged to initiate pilot projects that utilize technology to increase efficiency of service delivery.   | Efficiency          | Fully Implemented     |
| Technology    | The Department of Economic Development should be provided access to the Virginia Geographic Information System.  | Consolidation       | Fully Implemented     |

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|----------------|---|-----------------------|-----------------------|
| Technology     | VITA should establish standards, polices and develop a plan for electronic mail communication between all state agencies.   | Consolidation         | Partially Implemented |
| Technology     | VITA should review office productivity tools that reduce preparation time and increase accuracy of clerical functions, for use by state agencies as a means to reduce costs.  | Efficiency            | Partially Implemented |
| Technology     | Eliminate funding for the Center for Innovative Technology.   | Consolidation         | Partially Implemented |
| Transportation | Reengineer the existing vehicle insurance program which at a minimum would entail raising the uninsured motorist fee to a fair market value. This reengineering should also automate the insurance monitoring function.   | Fines and Fees        | Fully Implemented     |
| Transportation | Set up a scheduled preventive maintenance program for all VDOT vehicles.  | Equipment Utilization | Fully Implemented     |
| Transportation | Set up a planned component replacement program for all VDOT vehicles.   | Equipment Utilization | Fully Implemented     |
| Transportation | Implement drop shipment on local purchase options for the district offices, and discontinue shipping goods through the central warehouse when it is not cost beneficial to do so.   | Procurement           | Fully Implemented     |
| Transportation | Discontinue carrying items with a less-than-optimal turnover ratio.   | Procurement           | Fully Implemented     |
| Transportation | Reduce the 30-day public hearing notice to "reasonable time frame" to match federal guidelines.   | Efficiency            | Fully Implemented     |
| Transportation | Investigate hazardous materials sites sooner in the roadway development process.  | Efficiency            | Fully Implemented     |
| Transportation | Determine and periodically reevaluate the optimal trip pool size based on customer demand and cost of meeting all legitimate automobile travel needs. A formula should be developed which could use statistically significant historical data to predict future demand.   | Equipment Utilization | Fully Implemented     |
| Transportation | Reconfigure the existing rate structure for vehicular use charges, using the following parameter: use a life-cycle cost to determine the cost for each appropriate class of vehicle, take the time value of money for vehicles that are permanently or temporarily assigned to agencies but that are used very little (the existing flat rate should be adjusted upward to reflect a reasonable depreciation period and interest cost of the money expended for the vehicle); and trip pool vehicle usage fees should be based on a fair market value arrangement, where the length of time the car is used, and the distance traveled, are determinants in the fee charged to users. | Equipment Utilization | Fully Implemented     |
| Transportation | Require all transit authorities as a condition of receiving DRPT grant assistance to consider using competitive bidding for no less than 20 percent of all service operated by the authority. Each transit authority should base its analysis for considering competitive bidding on the fully-allocated cost methodology as recommended by the Competitive Services Board of the Federal Transit Authority.  | Procurement           | Fully Implemented     |
| Transportation | Automobile dealer business arrangements should no longer be regulated by DMV.   | Regulatory Change     | Fully Implemented     |
| Transportation | Require agencies to use mileage charts to determine the most central location for necessary meetings requiring attendance by employees from across the state.   | Efficiency            | Partially Implemented |
| Transportation | Identify repair facilities that are present and future candidates for consolidation or elimination. Eliminate and consolidate as needed.  | Consolidation         | Partially Implemented |
| Transportation | Develop a statewide guideline to be used for all repairs, which would contain the parameter under which repairs are either performed by a private enterprise firm or performed by VDOT internally. This guideline should be based on cost/benefit analysis.   | Outsourcing           | Partially Implemented |
| Transportation | Select a pilot county, and put all road maintenance services currently performed by VDOT out for bid to the private sector, VDOT and the locality, to enhance the competitiveness of VDOT's maintenance services.   | Outsourcing           | Partially Implemented |

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat    | Recommendation Text   | Recommendation Type   | Implementation Status |
|----------------|---|-----------------------|-----------------------|
| Transportation | On a pilot basis, competitively contract for preventative maintenance on the VDOT equipment fleet.  | Outsourcing           | Partially Implemented |
| Transportation | Automate the pavement management program by choosing the most cost-effective of these options: having three regional pavement management teams, each equipped with a van for automated pavement data collection, or contract with a private firm to conduct pavement analysis.                                  | Outsourcing           | Partially Implemented |
| Transportation | Reevaluate the replacement period for vehicles, using a life-cycle cost formula to determine which vehicles have the lowest life-cycle cost. This cost would be based largely, but not solely, upon the estimated salvage value of various models. Vehicles with the lowest life-cycle cost should be purchased | Equipment Utilization | Partially Implemented |
| Transportation | The Port Authority should complete a cost comparison between its security force and security provided by the private sector.  | Outsourcing           | Partially Implemented |
| Transportation | Study the entire VDOT organizational structure and determine how this structure relates to the transportation strategic plan in order to streamline the structure, flatten the management layers, and introduce competition.  | Consolidation         | Partially Implemented |
| Transportation | Eliminate or combine area headquarters facilities that are no longer needed.  | Consolidation         | Partially Implemented |
| Transportation | Establish a tire management program which would serve as an evaluative tool for tire purchasing.  | Equipment Utilization | Partially Implemented |
| Transportation | Lower the cost of complying with state environmental regulations by eliminating the requirement for VDOT to obtain a separate permit from DEQ.  | Regulatory Change     | Partially Implemented |
| Transportation | Permit the central office location and design staff to set staffing requirements around Virginia, so that workflow can be more efficiently controlled.  | Efficiency            | Partially Implemented |
| Transportation | Accelerate the procurement process by permitting sole source procurements without a lengthy approval process.   | Efficiency            | Partially Implemented |
| Transportation | Eliminate duplicate project environmental review functions currently performed by multiple agencies by designating an agency as the reviewer.   | Efficiency            | Partially Implemented |
| Transportation | Use lump-sum contracts where the scope of work can be narrowly defined.   | Procurement           | Partially Implemented |
| Transportation | Conduct construction field review earlier in the roadway design process which will facilitate more effective plan revision due to earlier review in the planning process.   | Efficiency            | Partially Implemented |
| Transportation | Conduct public hearings earlier in the plan development process, eliminating costly multiple drafting of plans and enhancing public input.  | Efficiency            | Partially Implemented |
| Transportation | Lower the management approval level for field inspection approval for secondary road projects.  | Efficiency            | Partially Implemented |
| Transportation | Require VDOT to competitively contract out a greater proportion of its design work, including but not limited to, surveying, mapping, and aerial photography work. VDOT's cost comparison should be based on fully-allocated costs.   | Outsourcing           | Partially Implemented |
| Transportation | Consider, from a cost/benefit perspective, whether pavement management and condition assessment should be privatized.   | Outsourcing           | Partially Implemented |
| Transportation | VDOT should test use of urethane blades.  | Equipment Utilization | Partially Implemented |
| Transportation | Obtain more accurate data concerning the damage caused exclusively by carbide-tipped blades. Various sections of roadways should have a "before and after" snowstorm marking assessment.  | Study and Report      | Partially Implemented |
| Transportation | Reduce state employee travel by increasing monitoring of state-owned vehicles and personal vehicles used for state business to minimize the number of cars required to transport groups of employees to identical locations and reduce discretionary trips.   | Efficiency            | Partially Implemented |

Implementation Status of the 1994 *Blue Ribbon Strike Force on Government Reform* Recommendations

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|----------------|---|---------------------|-----------------------|
| Transportation | Require state personnel to use audio-conferences and teleconferences instead of face-to-face meetings whenever possible.  | Policy Change       | Partially Implemented |
| Transportation | Establish a paperless title program under which a title would not be printed at the time of purchase when a lien is filed against a vehicle by a lending institution. Rather the lien would be recorded at the DMV and would be lifted and a title printed when the lien is satisfied.  | Efficiency          | Partially Implemented |
| Transportation | Let the VDOT print shop become the central printing center for large jobs for capital area state agencies – centralize printing.  | Consolidation       | Not Implemented       |
| Transportation | Competitively bid a greater portion of road maintenance work to the private sector. VDOT should be permitted to participate in the bidding.   | Outsourcing         | Not Implemented       |
| Transportation | Give counties the authority to hire their own design engineers for roadway projects.  | Efficiency          | Not Implemented       |
| Transportation | Allow access to all roads by single tractor-trailer combinations, but limit double-trailer combinations to the existing Surface Transportation Authorization Act system.  | Policy Change       | Not Implemented       |
| Transportation | Require state employees to use transit services instead of day cars for trips in local metropolitan areas.  | Policy Change       | Not Implemented       |
| Transportation | The Department of Aviation should study whether there is a statistically significant correlation between aircraft personal property tax rates and aircraft basing decisions. If this correlation exists, localities should be made aware of it. The study should also identify existing disparities between localities receiving personal property tax revenues from an airport and localities supporting that airport. | Collections         | Not Implemented       |
| Transportation | There should be mandatory mail-in registration card renewal with a \$5 surcharge for going to a DMV branch to renew. Registration cards would continue to be renewed on a staggered monthly schedule. The mail-in discount would be eliminated, mandatory mail-in may be required once every two years instead of annually, as currently permitted.   | Fines and Fees      | Not Implemented       |
| Transportation | The Port Authority should complete an office space assessment of its leased space in there World trade Center and planned construction of a \$12 million office building at the Norfolk International Terminals in 1998.  | Procurement         | Not Implemented       |

Implementation Status of the 2002 *Commission on Efficiency and Effectiveness* Recommendations

Prepared by JLARC Staff, 5/4/2006

| Secretariat              | Recommendation Text   | Recommendation Type | Implementation Status |
|--------------------------|---|---------------------|-----------------------|
| All Agencies / Statewide | Premise the procurement of prescription drugs on a preferred drug plan with a three tier system.  | Procurement         | Fully Implemented     |
| All Agencies / Statewide | Authorize legislation to enable the use of reverse auctioning as a permanent procurement tool.  | Procurement         | Fully Implemented     |
| All Agencies / Statewide | Negotiate statewide contracts for information technology purchases that leverage purchase volume into substantial discounts.  | Procurement         | Fully Implemented     |
| All Agencies / Statewide | Use web-based technology to organize customer service activities such as licensing and permitting more efficiently and effectively in a one-stop shop.  | Consolidation       | Partly Implemented    |
| All Agencies / Statewide | Develop enterprise wide approaches to purchasing and gathering information about agency spending patterns, promoting collaboration between departments and agencies.  | Procurement         | Partly Implemented    |
| All Agencies / Statewide | Reengineer the capital outlay process to eliminate the gap between contract cost and actual final cost on transportation and construction projects.   | Procurement         | Partly Implemented    |
| All Agencies / Statewide | Develop an effective Minority Supplier Program that provides better information about minority supplier availability, centralizes information about opportunities for minority suppliers and holds agencies accountable for better performance.   | Procurement         | Partly Implemented    |
| All Agencies / Statewide | Consolidate administrative information systems projects across agencies.  | Consolidation       | Underway              |
| All Agencies / Statewide | Combine data centers to increase effectiveness and cost savings.  | Consolidation       | Underway              |
| All Agencies / Statewide | Use technology to consolidate business processes such as payroll processing and accounts receivable.  | Consolidation       | Underway              |
| All Agencies / Statewide | The Governor should develop a plan for reforming the administration and funding of local constitutional officers. This plan should examine: a) ways of eliminating duplication of efforts between constitutional officers and local officials; b) the possible regional provision of services currently provided by constitutional officers; c) the possible use of constitutional officers in collecting state receivables to offset potential reductions in general fund support; and d) possible streamlinings and consolidations that could be achieved in the agencies- The Compensation Board and the Commonwealth Attorney's Services Council - that currently administer and support constitutional officers. | Consolidation       | Not Implemented       |
| All Agencies / Statewide | Eliminate the Commonwealth's function as a power plant operator by developing an energy management process that will enable the private sector to take over the management, upkeep and upgrade of power plants.   | Outsourcing         | Not Implemented       |
| All Agencies / Statewide | Develop a common chart of accounts that can identify with precision the total amount of dollars spent on consultants, utilize a return on investment criteria for consultant engagements and implement periodic external reviews of consultant utilization and renewal procedures.  | Procurement         | Not Implemented       |
| All Agencies / Statewide | Remove Virginia Correctional Enterprises as a mandatory supplier for universities.  | Procurement         | Not Implemented       |
| All Agencies / Statewide | The Right of the People to Re-Elect the Governor. At present, Virginia is the only state in which the people do not have the right to reelect their Governor to consecutive terms. In addition, the Governor is the only state elected office-holder in Virginia who can not be reelected. A good case can be made that long-term planning and accountability would be enhanced by granting this right to the public. The Commission recommends giving the public the right to decide whether it wishes to have the power to reelect a Governor for consecutive terms.  | Efficiency          | Not Implemented       |

Implementation Status of the 2002 *Commission on Efficiency and Effectiveness* Recommendations

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| Secretariat    | Recommendation Text  | Recommendation Type  | Implementation Status |
|----------------|--|----------------------|-----------------------|
| Administration | Collection management should be standardized across agencies.  | Collections          | Fully Implemented     |
| Administration | Individual agency payroll systems should be folded into service bureaus.   | Consolidation        | Fully Implemented     |
| Administration | Eliminate all general fund support for the Commonwealth Competition Council.   | Consolidation        | Fully Implemented     |
| Administration | Involve suppliers in inventory reduction efforts.  | Inventory Management | Fully Implemented     |
| Administration | Reduce the vacancy rate in office space leased by the Commonwealth to less than 5%.  | Real Estate          | Fully Implemented     |
| Administration | Strategically manage the lease expiration and renewal process, including the 212 leases that will expire in the next year.   | Real Estate          | Fully Implemented     |
| Administration | Develop a portfolio management system for handling real estate in the Commonwealth with clearly identified lines of responsibility.  | Real Estate          | Fully Implemented     |
| Administration | The Commonwealth should develop better collections agency strategies through the utilization of multiple agencies, through differentiating commission based on values and by providing settlement guidelines to agencies.  | Collections          | Partly Implemented    |
| Administration | The Commonwealth should minimize the use of "training incidentals" (travels, meals, lodging) by promoting the use of e-training and videoconferencing.   | Training             | Partly Implemented    |
| Administration | If Virginia is to implement and achieve the savings identified in this report, it needs to ensure that state government is organized to work proactively and collaboratively. At present, primary responsibility for a number of key business practices is not clearly assigned. In addition, Virginia could do a better job of analyzing savings opportunities at the front end of its governmental processes. The Commission recommends that the Governor develop a plan to reorganize Cabinet functions in a manner that assigns clearer responsibility and authority on matters that are currently the responsibility of multiple officials. We recommend the adoption of a Roadmap for Virginia's future that includes the development of guiding principles, a long-term vision and a system of accountability emphasizing performance management that will allow citizens to be informed and engaged and will provide information to elected officials as they determine and fund services. An ongoing, bi-partisan Council on Virginia's Future should be established to monitor and report on its implementation. | Efficiency           | Underway              |
| Administration | Explore beneficial sale-leaseback opportunities for the property that the Commonwealth presently owns.   | Real Estate          | Underway              |
| Administration | Legislation should be submitted to the 2003 General Assembly enabling the Commonwealth to use "debt sales" to raise dollars from its "uncollectible" and "unworked" receivables.   | Collections          | Not Implemented       |
| Administration | The current time period for declaring accounts delinquent should be shortened.   | Collections          | Not Implemented       |
| Administration | The Commonwealth should develop a comprehensive approach to training that defines appropriate roles/responsibilities for the Department of Human Resource Management Services, individual state agencies, higher education, private providers and the V-SHARE workforce development consortium.  | Consolidation        | Not Implemented       |
| Administration | The feasibility of a payroll system serving all Virginia colleges and universities should be explored.   | Consolidation        | Not Implemented       |

Implementation Status of the 2002 *Commission on Efficiency and Effectiveness* Recommendations

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|--------------------------|--|----------------------|-----------------------|
| Administration           | Change the Budget Cycle. At present, a new Governor must submit budget amendments to the biennium budget proposed by his predecessor within a few days of assuming office. This is an extraordinarily difficult task for an incoming Governor. In addition, it leaves Virginia's Governor without the capacity to craft his own budget in its entirety until his third year in office. The Commission recommends a change in the budget cycle so that an incoming Governor would offer modifications to the second year of a biennial budget upon taking office. The incoming Governor would then craft his own biennial budget in the second year of his term. We recommend legislation to change the budget cycle beginning with the Governor elected in 2005. | Efficiency           | Not Implemented       |
| Administration           | Reduce inventory balances in VDOT, DOC and ABC by 20%.   | Inventory Management | Not Implemented       |
| Administration           | Centralize distribution systems.   | Inventory Management | Not Implemented       |
| Administration           | Standardize inventory management practices across state agencies.  | Inventory Management | Not Implemented       |
| Administration           | Request that the Auditor of Public Accounts develop a standard mandating that all inventories in excess of \$10,000 be classified as inventory in the state accounting systems.  | Inventory Management | Not Implemented       |
| Agriculture & Forestry   | Move the office of Consumer Services from the Department of Agriculture.   | Consolidation        | Not Implemented       |
| Commerce & Trade         | Merge the Commission on Local Government into the Department of Housing and Community Development (maintaining the annexation functions and the collegial body within DHCD.  | Consolidation        | Fully Implemented     |
| Commerce & Trade         | Consolidate the Charitable Gaming Commission, Racing Commission and Lottery into a single department under the Lottery after a determination by the Governor of the most appropriate methods and timing for the consolidation.   | Consolidation        | Not Implemented       |
| Education                | Integrate Richard Bland College into the Community College System.   | Consolidation        | Not Implemented       |
| Health & Human Resources | Merge the Department for the Blind and Vision Impaired, the Department for the Deaf and Hard of Hearing and the Department of Rehabilitative Services in a manner that will result in an enhancement and not a diminution of services. The Commission believes a consolidation plan that can result in the provision of more effective services needs to have genuine input and participation from the stakeholder groups.   | Consolidation        | Not Implemented       |
| Health & Human Resources | The General Assembly may wish to direct the Department of Medical Assistance Services, in the design of the new nursing facility reimbursement system, to set the upper payment ceilings for the direct care operating costs at a certain percentage over the median costs of providing care in order to better address the costs associated with caring for a diverse population. In addition, DMAS should develop a price-based approach for the indirect care cost.   | Funding Formula      | Not Implemented       |
| Independent Agencies     | Merge the Council on Human Rights with the Office of the Attorney General. (Ensure the maintenance of all functions and the continuation of public input into its operations.)   | Consolidation        | Not Implemented       |
| Natural Resources        | Merge the State Milk Commission with the Department of Agriculture and Consumer Services (with input from the Milk Commission's regulants about the best means of accomplishing this task).  | Consolidation        | Fully Implemented     |
| Natural Resources        | Merge the Chesapeake Bay Local Assistance Department into the Department of Conservation and Recreation and maintain as a separate division within the department.   | Consolidation        | Fully Implemented     |

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|-------------------|---|----------------------|-----------------------|
| Natural Resources | Merge Chippokes Plantation into the Department of Conservation and Recreation.  | Consolidation        | Not Implemented       |
| Natural Resources | Merge the Virginia Museum of Natural History into the Science Museum of Virginia.   | Consolidation        | Not Implemented       |
| Public Safety     | The Governor should acquire sound business assessments of the real value of a privatized ABC retail operation and develop an RFP process to realize this value and authorize legislation for the 2003 General Assembly session. Privatization should be structured so as to provide at least as equal a revenue stream to the localities and to the state activities that are presently supported by ABC earned income.   | Outsourcing          | Not Implemented       |
| Technology        | The Virginia General Assembly may wish to reorganize the information technology functions of State government by assigning responsibility for all information technology policy, planning, and services to a Chief Information Officer. The Chief Information Officer should be appointed by the Governor, subject to confirmation by the General Assembly. The Chief Information Officer should report to the Governor and serve as a member of the Governor's cabinet. The Virginia General Assembly may wish to establish in law specific management and technical qualifications for the position of Chief Information Officer. The role of the Chief Information Officer should be reviewed on a periodic basis to ensure that the office is appropriate to the changing information technology environment. | Consolidation        | Fully Implemented     |
| Technology        | The Virginia General Assembly may wish to abolish the Council on Information Management, and assign all information technology policy, planning, and standards functions to the Office of the Chief Information Officer. The Chief Information Officer should be provided with adequate staff and other resources to carry out the information technology planning function.  | Consolidation        | Fully Implemented     |
| Technology        | All information technology services and activities now performed by the Department of Information Technology should be re-established in a Department of Technology Services. The Director of Technology Services should be appointed by the Governor and report to the Chief Information Officer.  | Consolidation        | Fully Implemented     |
| Technology        | As a part of the restructuring of the information technology function for State government, each State agency should conduct a self-assessment of its information technology organization. The assessment should evaluate the extent to which the agency information technology model proposed by the Gartner Group is appropriate for the agency.  | Consolidation        | Fully Implemented     |
| Technology        | The Virginia General Assembly may wish to create a client/server operations group within the State data center for the purpose of providing centralized client/server information technology services to State agencies.  | Efficiency           | Fully Implemented     |
| Technology        | The Virginia General Assembly may wish to consider continuing the use of internal service funds to finance and account for the services provided by the Department of Technology Services. The three funds should be the Computer Services Fund, the Telecommunications Services Fund, and the Technology Consulting Services Fund. Expenses of the Office of the Chief Information Officer should be recovered as overhead in the direct charges for the internal service funds.   | Financial Management | Fully Implemented     |
| Technology        | The Virginia General Assembly may wish to establish by law the process which shall be used to privatize information technology functions or services in State government.   | Outsourcing          | Fully Implemented     |

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| Technology  | The Virginia General Assembly may wish to direct the Department of General Services to evaluate the feasibility of using alternative approaches to procurement of information technology goods and services. Among the approaches which should be examined are performance-based procurement and a statewide, mandatory procurement card (P-card) program for small purchases.  | Procurement         | Fully Implemented     |
| Technology  | The Department of Information Technology should include provisions in all telecommunications contracts to establish acceptable levels of billing errors from vendors and require reimbursement from vendors for any costs incurred by the State to correct errors in excess of the standard. As vendors are brought into compliance with reasonable standards for billing accuracy, the billing reconciliation process could be converted to an audit on a periodic basis.  | Procurement         | Fully Implemented     |
| Technology  | The Virginia General Assembly may wish to direct the consolidation of the administration of the Commonwealth Telecommunications Network, Net.Work.Virginia, and the Metropolitan Area Network under a central network support organization. Wide area network research for State government should be established as the responsibility of the Commonwealth's research universities. Individual agencies should be prohibited from developing independent wide area networks.   | Consolidation       | Partly Implemented    |
| Technology  | As a part of the new structure for information technology, the Virginia General Assembly may wish to create a Technology Services Council to advise and assist the Chief Information Officer in the development of plans, standards, and policies related to information technology. Membership of the Council should consist of the Director of the Department of Technology Services, two agency information technology managers from each secretarial area, one agency technology manager each from the judicial and legislative branches, three information technology managers from State-supported institutions of higher education, and two information technology professionals from local government. Members from executive branch agencies and local governments should be appointed by the Governor for four-year, staggered terms. The Council should be chaired by the Chief Information Officer. | Consolidation       | Partly Implemented    |
| Technology  | The Commonwealth of Virginia should maintain the existing decentralized approach for information technology services for State institutions of higher education, with the exception of wide area networks, which should be administered by a centralized telecommunications organization. In addition, institutions of higher education should make use of services provided by the Technology Consulting Division recommended in this report.  | Consolidation       | Partly Implemented    |
| Technology  | The Virginia General Assembly may wish to direct that use of the Unisys mainframe be discontinued by the year 2002, with the exception of the ADAPT system at the Department of Social Services. To facilitate migration of systems to other computer platforms, the General Assembly may wish to create a fund from which agencies may receive grants for development costs.   | Efficiency          | Partly Implemented    |
| Technology  | The Virginia General Assembly may wish to direct the Secretary of Administration to evaluate the feasibility of outsourcing systems development and desktop computing acquisition and support services. The Secretary should proceed with outsourcing such services if, after thorough evaluation, privatization is found beneficial.   | Procurement         | Underway              |
| Technology  | Eliminate the Center for Innovative Technology in its existing form and reconstitute it as part of a statewide initiative to enhance Virginia's research and development infrastructure.  | Consolidation       | Not Implemented       |







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