

**REPORT OF THE  
JOINT LEGISLATIVE AUDIT  
AND REVIEW COMMISSION**

**REVIEW OF THE  
VIRGINIA LIAISON OFFICE**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 13**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1997**

---

---

**Members of the  
Joint Legislative Audit and Review Commission**

---

---

**Chairman**

Delegate William Tayloe Murphy, Jr.

**Vice-Chairman**

Senator Richard J. Holland

Delegate Vincent F. Callahan, Jr.

Delegate J. Paul Councill, Jr.

Delegate Glenn R. Croshaw

Delegate Jay W. DeBoer

Delegate V. Earl Dickinson

Senator Joseph V. Gartlan, Jr.

Delegate Franklin P. Hall

Senator Kevin G. Miller

Delegate Harry J. Parrish

Delegate Lacey E. Putney

Senator Stanley C. Walker

Senator William C. Wampler, Jr.

Mr. Walter J. Kucharski, Auditor of Public Accounts

**Director**

Philip A. Leone

---

---

## Preface

---

The General Assembly created the Virginia Liaison Office (VLO) in 1978 in order to act as "an institutional and organizational link" between the State and federal governments. Item 14D of the 1996 Appropriation Act directed the Joint Legislative Audit and Review Commission (JLARC) to study the "mission, staffing, organizational structure, and operations" of the VLO.

JLARC staff found that the VLO complies with most of its statutory mandate in the *Code of Virginia*. The main activities of the VLO are monitoring and influencing federal legislation of interest to the State and maintaining a broad network of contacts throughout the federal government. However, the VLO's current staff of three is too small for the office to effectively perform all of its duties. The office devotes few resources to monitoring federal regulations or facilitating the State's acquisition of federal grants. The lack of activity in the grants area is particularly significant, because this study found that Virginia ranks last among the states in grants received per capita. Nevertheless, the VLO continues to serve a valuable function for the State, and its funding for FY 1998 should be restored.

This report also found that the VLO's current location in the Hall of the States in Washington, D.C., is advantageous and should be continued. Staff continuity appears to be a recurring problem for the VLO and is addressed in several recommendations. Finally, JLARC staff found that the effectiveness of the VLO would be enhanced with the addition of an administrative position and/or a position to monitor federal grant opportunities and applications.

On behalf of JLARC staff, I would like to thank the Director and staff of the Virginia Liaison Office for their assistance during this review.

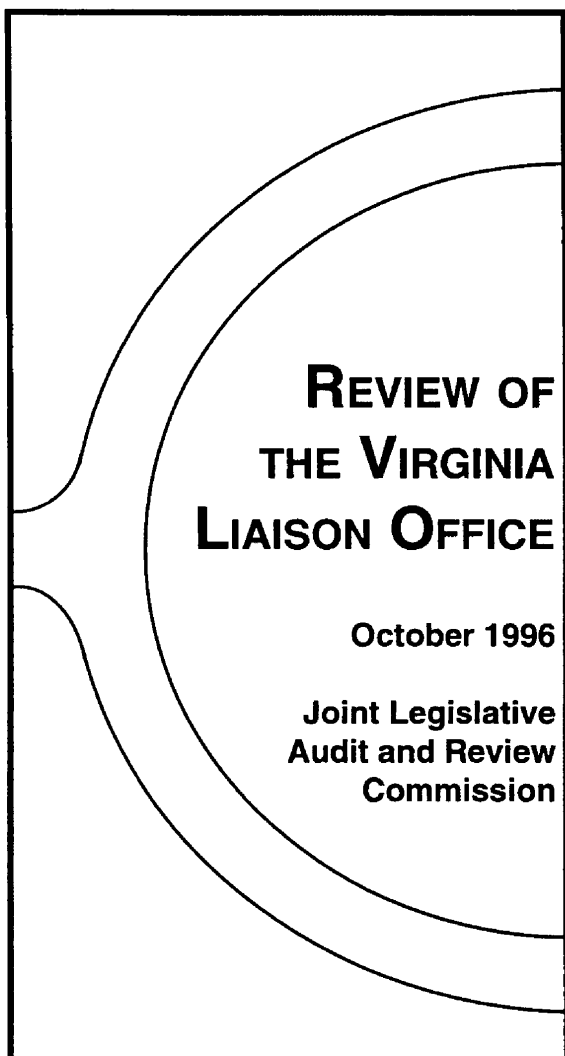


Philip A. Leone  
Director

October 4, 1996



# JLARC Report Summary



The operations of the Virginia Liaison Office (VLO) are largely in conformance with the requirements of the office's statutory mandate in the *Code of Virginia*. The requirements of the *Code*, however, are far more extensive than can be effectively performed by a three-person office. Consequently, the office has historically prioritized its activities, leaving some statutorily mandated responsibilities unmet.

Despite limited staffing, the VLO successfully accomplishes most of its responsi-

bilities. These responsibilities, principally monitoring and influencing federal activities from a statewide perspective, are as important today as they were when the office was established in 1978. Consequently, it is recommended that the VLO be continued and that funding for FY 1998 be restored. Further, the General Assembly may wish to increase the Maximum Employment Level of the VLO in order for the office to more effectively accomplish its statutory missions.

The Virginia Liaison Office currently consists of a three-person staff. The VLO is located in the Hall of the States, along with 25 other state liaison offices. The Hall of the States is sited in Washington, D.C., not far from the United States Capitol. The Office has 19 statutorily-mandated responsibilities (see figure) and a number of unofficial responsibilities.

Item 14D of the 1996 Appropriation Act directed the Joint Legislative Audit and Review Commission to study the "mission, staffing, organizational structure, and operations of the Virginia Liaison Office" and report to the 1997 Session of the General Assembly. The General Assembly directed this study in conjunction with budgetary actions which eliminated funding for the VLO in FY 1998.

## Development of the Virginia Liaison Office

The VLO was created in 1978, following several studies which cited the need for the Commonwealth to establish such an office. The office was designated by statute as part of the Office of the Governor, although it has always been identified in the State budget and appropriation acts as a separate agency with a specified appropriation and MEL. The director of the office is

## VLO Compliance with Legislative Intent

Major VLO Responsibilities	Relevant Paragraph Sections in the Code of Virginia	Actual VLO Activities
<i>Monitoring and Influencing Federal Legislation</i>	Monitoring and tracking the development of federal legislation which is of interest to the Commonwealth (§2.1-567, para. 1)	In compliance with statute.
	Conducting in-depth analysis of federal legislation and regulations as to their impact upon the Commonwealth (§2.1-567, para. 3)	
	Influencing the development of federal legislation by keeping the State Congressional Delegation informed about the Governor's priorities (§2.1-567, para. 5)	
	Preparing analyses of legislation and initiatives which originate with the federal government, other states and interstate groups, and coordinating the State's response (§2.1-567, para. 17)	
<i>Establishing and Maintaining Contacts</i>	Joining in cooperative efforts with other states, through their Washington offices, on issues of mutual concern (§2.1-567, para. 8)	In compliance with statute.
	Maintaining personal contacts with Congressional staffs, key federal agency officials, public interest groups, etc. (§2.1-567, para. 9)	
	Maintaining liaison with other states and interstate groups (§2.1-567, para. 18)	
<i>Facilitating the State's Ability to Secure Federal Grants</i>	Alerting state agencies and local governments to early opportunities for federal grants (§2.1-567, para. 7)	Not in compliance.
	Monitoring and tracking federal grant applications submitted by state agencies (§2.1-567, para. 12)	
<i>Monitoring and Influencing Federal Agency Rules and Regulations</i>	Monitoring development of federal agency rules and regulations of interest to the State (§2.1-567, para. 2)	Weak compliance.
	Influencing the making of federal agency rules and regulations by keeping federal officials informed of the Commonwealth's position (§2.1-567, para. 6)	
<i>Assisting State Agencies in Their Federal Relations</i>	Providing state agencies with up-to-date information on the status of federal legislation and regulations (§2.1-567, para. 4)	In compliance with statute.
	Writing, or advising upon, testimony to be presented by the Governor or state agency heads before Congressional committees (§2.1-567, para. 10)	
	Assisting state agency officials in resolving administrative problems which occur between state and federal agencies (§2.1-567, para. 11)	
	Assisting state agencies in obtaining needed information from the federal government (§2.1-567, para. 13)	
	Serving as a base office for state officials traveling to Washington (§2.1-567, para. 14)	
	Arranging meetings between federal and state officials (§2.1-567, para. 15)	
<i>Other VLO Responsibilities</i>	Serving as an information source about Virginia when called upon by Congressional staff (§2.1-567, para. 16)	In compliance with statute.
	Preparing a semiannual report to the Senate Finance Committee, House Appropriations Committee, and the Governor on all federal mandates and regulations affecting the State (§2.1-567, para. 19)	

appointed by the Governor, subject to confirmation by the General Assembly.

The staff of the VLO has ranged from three to six persons, with funding provided for staff and offices in Washington. The appropriation for FY 1997 is \$262,679 and the current MEL is three.

### Mission and Operations of the Virginia Liaison Office

The VLO has 19 statutory responsibilities. It is charged with monitoring and influencing federal legislation, establishing and maintaining a broad array of federal contacts, facilitating the acquisition of federal grants, monitoring and influencing federal agency rules and regulations, assisting State agencies in dealing with the federal government, and some additional miscellaneous duties.

Most of the activities of the VLO are focused on monitoring and influencing federal legislation. The office successfully communicates positions of the Governor's office

to the Virginia Congressional delegation and to other participants in the development of federal policy. The office also devotes substantial efforts toward establishing and maintaining federal contacts which may be necessary to influence policy. In these broad areas of responsibility, the VLO is in compliance with its seven statutory mandates.

In two other broad areas of responsibility — facilitating grants and monitoring and influencing agency rules and regulations — the VLO appears less successful. The office is not in compliance with the two statutory requirements relating to facilitating the State's ability to secure federal grants. This lack of compliance is the direct result of the small size of the office's staff. The position devoted to grants was cut in 1995, and there are too few remaining staff to accomplish these responsibilities. Because the Commonwealth ranks last among the 50 states in the amount of federal grants (per capita) which it receives, the decision to eliminate the position dedicated to grants and administration should be reconsidered.

### Virginia's Rankings Among the States in Federal Funds and Grants Received, Fiscal Year 1995

Virginia ranked **first** in the nation in per capita federal funds received



\$7,830 per capita  
(national average: \$5,160)

5  
10  
15  
20  
25  
30  
35  
40  
45

Virginia ranked **last** in the nation in per capita federal grants received



\$535 per capita  
(national average: \$866)

The VLO is also in weak compliance with two statutory provisions requiring that the office monitor and influence federal agency rules and regulations. While these activities are occasionally performed, the current staffing level is inadequate to fully comply with this mandate. The VLO is in compliance with its other statutory responsibilities.

### **Organizational Structure and Staffing of the VLO**

The VLO is a separate agency placed within the Office of the Governor. By statute, the liaison office must be located in Washington, D.C. or "within the Commonwealth within twenty-five miles of Washington, D.C." The organizational placement of the office within the Governor's Office has both advantages and disadvantages. Some flexibility in the management of the office should be considered to address the problem of staffing continuity, which results from the fact that Virginia governors cannot succeed themselves in office.

The location of the office in the Hall of the States in downtown Washington, D.C. has many advantages and should be continued. The proximity to the U.S. Capitol, as well as the office's co-location with other states' liaison offices, contributes substantially to the VLO's ability to fulfill its responsibilities.

As noted earlier, there is some evidence that three staff may be inadequate for the responsibilities designated for the liaison office. The small size of the staff

requires the office to disregard some responsibilities. In addition, the director and two staff analysts must spend a disproportionate amount of their time attending to administrative and secretarial responsibilities.

### **The VLO Should Be Continued**

This study found the rationale for the establishment of the VLO to be as compelling today as it was when the office was established. The recent trend towards the devolution of federal responsibilities to state and local governments makes the need for a presence in Washington equally apparent. In the 1995 and 1996 sessions of Congress, serious consideration has been given to proposals that would shift substantial federal responsibilities, particularly in the areas of Medicaid and AFDC, to the states. Such efforts could have far-reaching effects on the Commonwealth.

Consequently, this report recommends that the General Assembly consider continuing the Virginia Liaison Office and restoring its funding for FY 1998. It also proposes a number of recommendations to enhance the compliance of the Virginia Liaison Office with its statutory responsibilities, including expansion of the size of the staff to as many as five full-time positions. In addition, the General Assembly may wish to consider commissioning a joint study with the executive branch and the Congressional delegation to evaluate the possible reasons for the State's low receipt of federal grant funds.



---

# Table of Contents

---

	<u>Page</u>
<b>I. INTRODUCTION .....</b>	<b>1</b>
Development of the Virginia Liaison Office .....	1
JLARC Review and Report Organization .....	4
<b>II. MISSION AND OPERATIONS OF THE VIRGINIA LIAISON OFFICE .....</b>	<b>7</b>
Mission and Operations of the Virginia Liaison Office .....	7
The Need for a Virginia Liaison Office .....	22
<b>III. ORGANIZATIONAL STRUCTURE AND STAFFING OF THE VLO .....</b>	<b>25</b>
Organizational Placement of the Virginia Liaison Office .....	25
Geographic Location of the Virginia Liaison Office .....	29
Staffing of the Virginia Liaison Office .....	31
<b>APPENDIXES .....</b>	<b>35</b>



---

## I. Introduction

---

The Virginia Liaison Office (VLO) currently consists of a three-person staff located in the Hall of the States in Washington, D.C., not far from the United States Capitol. The *Code of Virginia* (§2.1-567) charges the VLO with serving as “an institutional and organizational link” between the State and federal governments. The VLO is part of the Governor’s office and is headed by a director who is appointed by the Governor and confirmed by the General Assembly.

Item 14D of the 1996 Appropriation Act directed the Joint Legislative Audit and Review Commission (JLARC) to study the “mission, staffing, organizational structure, and operations of the Virginia Liaison Office” and to report its findings to the 1997 Session of the General Assembly. A copy of the study mandate appears in Appendix A.

### DEVELOPMENT OF THE VIRGINIA LIAISON OFFICE

Proposals for the creation of a State liaison office in Washington can be traced at least as far back as the 1970 report of the Governor’s Management Study. The Governor’s Management Study was conducted by a group of Virginia business leaders who extensively reviewed State government operations at the request of Governor Linwood Holton. The group focused in particular on improving the efficiency and economy of State government.

One recommendation of the Governor’s Management Study was the creation of a Washington office in order to “strengthen Virginia’s effort to obtain and use federal funds effectively.” The report stated that “establishment of this office will involve some costs, but potential savings will far exceed the cost.” It also noted that at least 19 other states had already established Washington offices. Currently, there are 29 states with Washington offices (Figure 1).

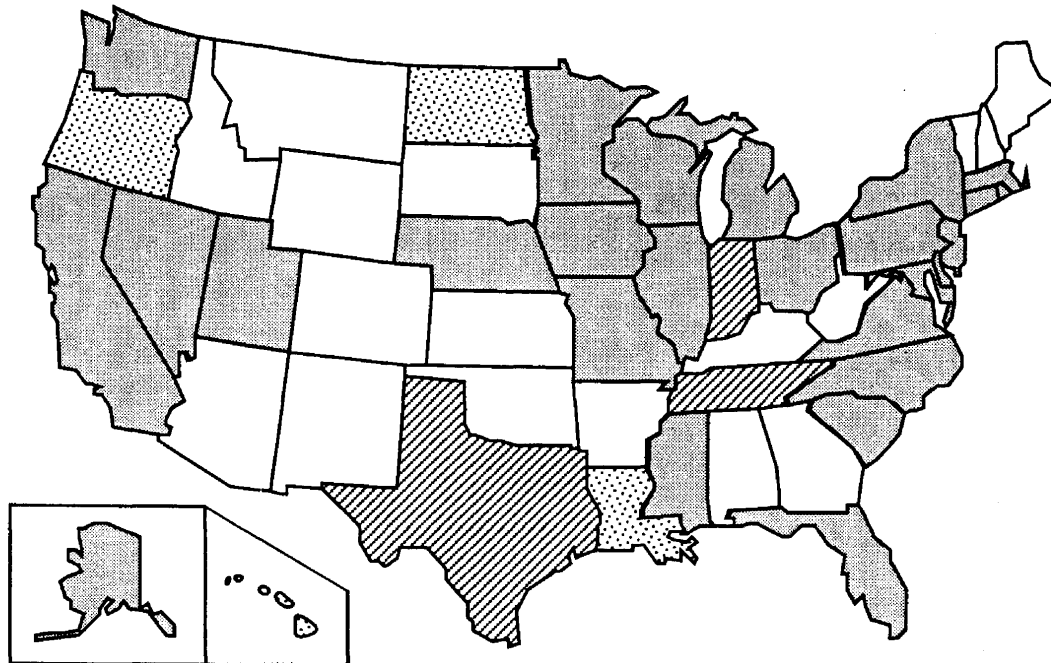
Another step in the development of a Washington liaison office occurred in 1977 when the General Assembly directed the Department of Intergovernmental Affairs (DIA) “to study and make recommendations regarding the establishment of a State liaison office in Washington, D.C.” The subsequent DIA report issued in September 1977 recommended the creation of a State liaison office in Washington.





In making its recommendations, the DIA report focused on the “growing presence of the federal government in the affairs of State and local governments.” Federal aid to Virginia and other states, DIA said, had risen substantially in recent years and was a sizable share of the State’s total budget. In addition to simple dollar figures, DIA cited “the increase in political activity, regulatory control, intergovernmental transactions, and administrative complexity which the State and localities must face in pursuing and administering federal funds.” Furthermore, the processes used to appropriate and allocate federal funds were “often esoteric” as well as “intrinsically political.”

Figure 1

### 29 States Currently Have Liaison Offices in Washington, D.C.

29 states, including Virginia, currently maintain liaison offices in Washington, D.C. Almost all of the Washington liaison offices are located in the Hall of the States. Most of the states without Washington liaison offices simply have no central office or agency that handles the state's liaison functions. Four states, however, do use private consulting or lobbying firms in Washington.



-  Liaison office in Washington, D.C., in the Hall of the States (26 states)
-  Liaison office elsewhere in Washington, D.C. (3 states)
-  Use private consulting or lobbying firm in Washington, D.C. (4 states)
-  No Washington liaison office or consultant (17 states)

Source: State Services Organization and JLARC interviews.

The report concluded that this “ever growing federal presence” and the “complexity and political nature of the federal policy making process” made a Washington office highly desirable.

In response to the DIA report, the General Assembly created the Virginia Liaison Office in 1978. Chapter 515 of the 1978 Acts of Assembly noted that “the creation

of such an office is both feasible and desirable, making it easier for Virginia to have an 'open window' on Washington."

The statutory language passed by the General Assembly drew heavily on the findings in the DIA report. As DIA recommended, the VLO was staffed by two full-time professionals and a full-time secretary. The VLO was placed within the Office of the Governor and was instructed to work closely with DIA. Finally, DIA had examined the operations of many of the existing Washington liaison offices and included a list of these offices' "typical functions" in its report. The General Assembly included the first 16 of these functions almost verbatim as the statutory duties and responsibilities of the new VLO.

### **Statutory Evolution of the VLO**

While the original statute creating the Virginia Liaison Office remains substantially intact, the General Assembly has made a number of refinements to the VLO's statutory language since 1978. The VLO originally had a director and deputy director, both appointed by the Governor and confirmed by the General Assembly. In 1981, the language concerning the deputy director and the director's authority to hire one full-time secretary was eliminated. In its place the VLO director was given more general authority to hire "staff."

The original VLO legislation stated that the VLO director was to be "thoroughly familiar with the structure and operations of the government of the Commonwealth, preferably having gained such familiarity through career State service." The General Assembly modified the background requirements for the director in 1979. The director no longer had to be a career State government employee, and new emphasis was placed on the director's familiarity with "the structure and operations of the federal government." This language reflected a recognition that Capitol Hill experience was the essential credential for a VLO director. All VLO directors since its creation have had significant Capitol Hill experience. None have been career State employees.

The General Assembly has also assigned three additional duties and responsibilities to the VLO. The Assembly added two duties in 1981. The first charged the VLO with analyzing proposals from the federal government, other states, and interstate groups as to their impact on Virginia and coordinating the State's response. The second charged the VLO with maintaining liaison with other states and interstate groups. In 1994 the General Assembly required that the VLO prepare a semiannual report to the Senate Finance Committee, House Appropriations Committee, and the Governor on "all federal mandates and regulations which may have an effect on the Commonwealth."

At the time of its creation in 1978, the VLO was supposed to work closely with the Department of Intergovernmental Affairs (DIA). The VLO was responsible for coordinating its work with DIA, and DIA was required to provide additional staff support for the VLO as needed. In 1981 DIA was dissolved and many of its functions transferred to the Department of Planning and Budget (DPB). Accordingly, the language in the *Code*

of Virginia was amended to require a close working relationship between the VLO and DPB. The Department of Planning and Budget also assumed DIA's responsibility for providing additional staff support as needed.

Finally, Chapter 515 of the 1978 Acts required the VLO to prepare an annual report to the Governor and the General Assembly on its "activities, achievements, and finances." This requirement was repealed by the General Assembly in 1984. The VLO's name was also briefly changed to the Office of Commonwealth-Federal Relations in 1981, only to be changed back to the Virginia Liaison Office in 1982.

### **VLO Staffing and Funding**

The Virginia Liaison Office has an appropriation of \$262,679 and an authorized staffing level of three positions for the current 1997 fiscal year. The 1996 Appropriations Act provides no funding for the Virginia Liaison Office in FY 1998. During its existence, the VLO's appropriation has been as high as \$392,092 and its staffing level has been as high as six. Between FY 1991 and FY 1996, the VLO's appropriation declined from \$392,092 to \$240,063 and its authorized staffing level decreased from six to the current three.

Prior to FY 1991, funding for the VLO came solely from the General Fund. Starting in FY 1991, however, the VLO has received funding for one staff position from the Commonwealth Transportation Fund. This position is primarily responsible for monitoring developments in federal transportation programs and works closely with the Virginia Department of Transportation.

## **JLARC REVIEW AND REPORT ORGANIZATION**

As mandated by the General Assembly, this report examines the "mission, staffing, organizational structure, and operations" of the Virginia Liaison Office. To satisfy the requirements of the Appropriations Act mandate, this study has reviewed the office's statutory responsibilities and sought to link them to the stated missions, organizational structure, and supporting operations of the VLO.

### **Research Activities**

Research methods employed by JLARC staff for this report included literature and document reviews, file and report reviews, structured interviews, and site observations. Literature and document reviews included a review of statutes and appropriations relating to the VLO since its creation. Reports and papers of the VLO were studied to the extent that they were available. Because the VLO is considered part of the Governor's office, only a limited number of VLO papers appear to be passed from one administration to the next. Selected papers of the current administration were provided for review as

requested. The availability of files for review was also limited. Fiscal data on the office was available from the Division of Agency Support Services in the Office of the Secretary of Administration.

Numerous interviews were conducted during the review. JLARC staff visited the VLO's offices in the Hall of the States in Washington and interviewed all current VLO staff in person. Phone interviews were conducted with five of the six previous directors of the office and with users of VLO services such as Congressional staff and State agency personnel. In addition, state officials in 16 states were contacted by telephone and interviewed on their state's federal relations. Personal interviews were also conducted in the Washington liaison offices of five states.

### **Report Organization**

This report consists of three chapters. Chapter I has provided background information on the Virginia Liaison Office and described the methods used to prepare this study. Chapter II discusses the mission and operations of the Virginia Liaison Office. Chapter III discusses the organizational structure and staffing of the VLO.





---

## II. Mission and Operations of the Virginia Liaison Office

---

The missions of the Virginia Liaison Office (VLO) can be found in the *Code of Virginia*, which lists 19 duties and responsibilities for the VLO. These duties and responsibilities can be grouped into six major categories. The VLO is charged with monitoring and influencing federal legislation, establishing and maintaining a broad array of contacts throughout Washington, facilitating the State's ability to secure federal grants, monitoring and influencing federal agency rules and regulations, assisting State agencies in their various dealings with the federal government, and some additional miscellaneous duties.

The actual operations, or activities, of the VLO are focused primarily on monitoring and influencing legislation and establishing and maintaining contacts. VLO activities appear to conform to statute in these two areas as well as in assisting State agencies and carrying out "miscellaneous" duties. However, largely because of limited staffing, VLO performance is weak in the areas of facilitating the State's ability to secure federal grants and monitoring and influencing federal agency rules and regulations. The VLO's current focus — influencing legislative developments through a network of contacts — as well as its relative inattention to federal grants and regulations is similar to that of the VLO in past years and to that found in other states' Washington offices. In addition to their formal duties in the *Code*, the VLO also performs a significant constituent relations function.

Given the influence and power of the federal government, it is critical for the State to closely follow developments in Washington and make sure that Virginia's interests and perspective are expressed to federal policymakers as important decisions are made. The rationales articulated in the studies of the 1970s which led to the creation of the VLO are as compelling today as they were at that time. The VLO is able to fulfill an important role in communicating federal developments to the Governor's office and the Governor's perspective on those developments to appropriate decision-makers at the national level. Accordingly, the General Assembly may wish to consider restoring funding for the Virginia Liaison Office and continuing its operation.

### MISSION AND OPERATIONS OF THE VIRGINIA LIAISON OFFICE

The General Assembly created the Virginia Liaison Office in 1978 "to serve as an institutional and organizational link between the government of the Commonwealth of Virginia and those agencies, bureaus, departments, offices, and entities of the United States government located in the City of Washington, D.C., and its immediate environs." To that end, Section 2.1-567 of the *Code of Virginia* sets out 19 duties and responsibilities for the VLO. These duties and responsibilities can be grouped into the following six major categories:

- monitoring and influencing the development of federal legislation of interest to the State,
- establishing and maintaining contacts with a wide variety of actors, such as Congressional staff, federal agency officials, and other states' Washington offices,
- facilitating the State's ability to secure federal grants,
- monitoring and influencing the development of federal agency rules and regulations of interest to the State,
- assisting State agencies in their dealings with the federal government, and
- other miscellaneous duties and responsibilities.

The operations and activities of the Virginia Liaison Office largely reflect the duties and responsibilities laid out in the *Code of Virginia*. These duties and responsibilities, however, are far more extensive than the capabilities of a three-person office. Consequently, the VLO has prioritized its operations, successfully performing many duties while giving others minimal attention. The VLO appears to devote most of its time and energy to monitoring and influencing the development of federal legislation and maintaining a broad range of contacts. It also appears to do an adequate job of providing assistance to State agencies and fulfilling miscellaneous other duties and responsibilities. However, largely due to the office's limited staffing (discussed in Chapter III), the VLO appears to devote little time or resources to monitoring federal agency rules and regulations or to facilitating the State's ability to secure federal grants.

### **Monitoring and Influencing Federal Legislation**

Four of the duties and responsibilities set out in the *Code* for the Virginia Liaison Office relate to monitoring and influencing the development of federal legislation (Exhibit 1). The VLO is supposed to identify proposed legislation which could strongly affect Virginia (for better or worse) and analyze that legislation to determine its impact on the State. The VLO is also supposed to monitor important legislation as it works its way through the Congressional legislative process and work to influence its development by keeping the members of the State Congressional delegation informed about the Governor's priorities.

The monitoring and influencing of federal legislation appear to be the main day-to-day activity of the VLO. The VLO director identified all of the activities related to monitoring and influencing legislation as "high" priorities and said that they require high resources on the part of the VLO staff. Previous directors of the VLO also indicated that this had been a high priority activity.

## — Exhibit 1 —

<b>Major VLO Responsibilities: Monitoring and Influencing Federal Legislation</b>	
<b>Relevant Sections in the <i>Code of Virginia</i></b>	<b>Actual VLO Activities</b>
Monitoring and tracking the development of federal legislation which is of interest to the Commonwealth (§2.1-567, para. 1)	<b>In compliance with statute.</b>
Conducting in-depth analysis of federal legislation and regulations as to their impact upon the Commonwealth (§2.1-567, para. 3)	
Influencing the development of federal legislation by keeping the State Congressional Delegation informed about the Governor's priorities (§2.1-567, para. 5)	
Preparing analyses of legislation and initiatives which originate with the federal government, other states and interstate groups, and coordinating the State's response (§2.1-567, para. 17)	

Much of the VLO's effort in the area of legislative monitoring consists of regular attendance by VLO staff of subcommittee and committee hearings on important pieces of legislation. Legislation is regularly amended and often changed substantially during these hearings, so tracking proposed legislation as closely as possible is important.

The VLO identifies pieces of proposed legislation as "important" in a number of ways. Some pieces of legislation, such as the defense authorization bill, are considered every year and are always of major interest to the State. These pieces of legislation are monitored regularly. The individual priorities of the current Governor also guide the VLO in deciding which pieces of legislation to follow. In addition, the VLO learns about important legislation from State agencies, members of the Virginia Congressional delegation or their staffs, and the liaison offices of other states. Given the limited resources of the VLO staff and the thousands of bills that Congress considers each year, only a few bills can be selected for priority monitoring.

*The VLO director said that it is impossible to cover everything that could affect Virginia: "We have to selectively decide what to work on, what meeting to attend . . . I call it 'triage'."*

The VLO appears to do little "in-depth analysis" of legislation as specified in the *Code*. The small size of the VLO, combined with the wide variety of issue areas covered, makes it difficult for staff to gain the in-depth knowledge of an issue area needed to

rigorously analyze proposed legislation. Instead, the VLO analysts function as generalists and rely on specialists in State agencies and the Department of Planning and Budget to provide them with in-depth analysis as needed. For example, the VLO looks to the Department of Medical Assistance Services for analytical support on proposed Medicaid legislation.

In addition to monitoring important legislation, the VLO actively seeks to influence the development of some legislation in a manner favorable to the Governor's priorities. A major focus of the VLO's efforts are the members of the Virginia Congressional delegation. VLO staff aim to provide delegation members with a "statewide perspective" that might otherwise be unavailable. (For the most part, the positions of other branches of State government are presented through interest groups such as the National Conference of State Legislatures and the Conference of Chief Justices. However, four state legislatures do have a liaison presence of one kind or another, ranging from a four person office to part-time representation.)

Staff of the VLO keep the members of the State delegation informed through regular phone calls and meetings, usually with delegation staff but sometimes with the members themselves. The VLO director and staff for delegation members both stated that the VLO now tends to work more closely with members of the majority party. This situation reflects both the political affiliation of the current Governor and the fact that the majority party in Congress is thought to be in a better position to further the State's interests.

The VLO also directs its lobbying efforts beyond the State delegation. VLO staff call and meet with important committee staff. The VLO also meets with important Congressmen such as committee chairs on occasion. On important issues where the Virginia delegation's views are unanimous, the VLO bolsters its lobbying efforts by coordinating the drafting of a "Dear Colleague" letter and its signing by all delegation members.

*In 1994 the Walt Disney Company announced plans to build a \$650 million theme park in Haymarket near the Manassas National Battlefield Park. The planned theme park would be called "Disney's America" and focus on American history. Proponents touted the project as a major economic development project and source of jobs for Northern Virginia. In June 1994, Texas Congressman Michael Andrews introduced a resolution opposing the Disney project and calling for federal agency evaluation and Congressional examination of the project. The members of the Virginia Congressional delegation felt that the Disney project was a state / local issue and not a proper matter of concern for the federal government and thus strongly opposed the resolution. The VLO coordinated the drafting and signing by the delegation of a "Dear Colleague" letter to other members of Congress expressing the delegation's views. In addition, it assisted with the Governor's testimony at an earlier Congressional hearing on the issue.*

The VLO also works extensively with liaison offices from other states in its lobbying efforts. The case study below demonstrates how liaison offices frequently build coalitions and work together on issues of mutual concern.

*Russian officials announced in February 1996 that they would place an embargo on American poultry imports. The officials cited differences between the two countries' poultry inspection systems as the reason. Enactment of the embargo would have hurt major poultry producing states like Virginia. The VLO formed a coalition with liaison offices from two other poultry producing states, Delaware and Maryland, to oppose the embargo. Together the three liaison offices drafted a letter to President Clinton, signed by the governors of all three states, expressing concern over the threatened embargo and urging the President to work to resolve the dispute. According to VLO staff, the embargo was ultimately enacted but repealed a short time later. Its impact on poultry production and sales in this country was minimal.*

Such alliances with other states' liaison offices are not enduring and vary depending on the particular issue at hand. For example, the VLO and the North Carolina liaison office have worked together on transportation issues but have been on opposite sides on other issues such as base closings and the use of Lake Gaston waters.

VLO efforts to monitor and influence legislation often involve a combination of the activities outlined above. The following case study is illustrative.

*Current Medicaid law requires states to extend Medicaid coverage for the aged, blind, and disabled to all people who meet the eligibility requirements for the federal Supplemental Security Income (SSI) program. However, Section 209(b) of the Medicaid law allows states to use more restrictive eligibility criteria if they wish. Virginia is a "209(b) state." During last year's discussions on Medicaid reform, the VLO learned of a Senate proposal that would have ended the special exemption for 209(b) states. If passed, the proposal would have mandated an expansion of the State's Medicaid program.*

*The VLO sent letters to Senators Warner and Robb that explained the proposal and its implications for the State. VLO staff followed up with phone calls to both Senators' staffs, urging them to work to defeat the measure. The VLO also worked in coalition with liaison offices from other 209(b) states in an effort to defeat the proposal. VLO staff frequently called committee staff, working to ensure that the existing exemption would be included in any final bill. The 209(b) exemption was retained.*

Another important opportunity for the VLO to impart a statewide perspective on important issues has been an annual meeting between the Governor and the 13

members of the State Congressional delegation. The meeting has been valuable because it helps the VLO formulate legislative priorities for the coming year with State agencies and then communicate those priorities to the delegation through the Governor. Previous VLO directors also held these meetings and included members of the General Assembly at them.

*One of the directors of the VLO during the Baliles Administration stated that meetings with the Congressional delegation, the Governor, the cabinet, and the General Assembly leaders were held twice a year. VLO staff coordinated the meetings and prepared briefing notebooks on a variety of issues from a statewide perspective. "Members of the Congressional delegation had their own priorities," he said, and "some things fell through the cracks." The meetings helped to close those gaps.*

The last of these meetings took place in 1994 and did not include General Assembly leaders. VLO staff said that delegation members were too busy in 1995 to find a meeting time that was suitable for everyone. VLO staff scheduled a 1996 meeting but it was postponed; a new meeting time has not been arranged. Past directors of the VLO found the inclusion of legislators valuable. Legislative leaders were able to provide input on issues and also become more familiar with the VLO.

**Recommendation (1). The Virginia Liaison Office should renew efforts to hold annual meetings of the Governor and the members of the State Congressional delegation. The practice of including General Assembly leaders in the meetings should be re-instituted.**

### **Establishing and Maintaining Contacts**

As part of its efforts to promote Virginia's interests in its many dealings with the federal government, the *Code of Virginia* instructs the VLO to develop and maintain a wide array of contacts with various actors in the federal government (Exhibit 2). Like monitoring legislation, this appears to be a high priority for the VLO and the office is in compliance with legislative mandates in this area. Important contacts include agency heads and cabinet secretaries in Virginia state government, federal agency officials, Congressional committee staff, public interest groups, interstate groups such as the Southern Governors' Association and National Governors' Association, and staff in the liaison offices of other states. VLO staff communicate with these contacts on a regular basis, sometimes as often as several times daily.

This wide range of contacts makes it easier for the VLO to receive and disseminate information. Contacts in State government, other liaison offices, and various Congressional committees help the VLO learn about pieces of proposed legislation of interest to Virginia. At the same time, this broad network also makes it easier for the VLO to communicate the Governor's priorities on important issues to the largest possible audience. For example, the VLO is currently working with liaison offices from

## Exhibit 2

### Major VLO Responsibilities: Establishing and Maintaining Contacts

Relevant Sections in the <i>Code of Virginia</i>	Actual VLO Activities
Joining in cooperative efforts with other states, through their Washington offices, on issues of mutual concern (§2.1-567, para. 8)	In compliance with statute.
Maintaining personal contacts with Congressional staffs, key federal agency officials, public interest groups, etc. (§2.1-567, para. 9)	
Maintaining liaison with other states and interstate groups (§2.1-567, para. 18)	

21 other states in what is known as the STEP 21 (Streamlined Transportation Efficiency Program for the 21st Century) coalition. The coalition is composed primarily of Sunbelt states and seeks to rewrite the formulas governing the allocation of federal highway funds. If the coalition's efforts are successful, Virginia could receive millions of dollars in additional highway funds. The VLO's contacts with these other liaison offices have helped promote the STEP 21 coalition and may improve its chances of reforming federal highway funding formulas.

The VLO's involvement with interstate organizations is a focal point for many of its activities. According to the VLO director, the office is actively involved in the National Governors' Association, Southern Governors' Association, Republican Governors' Association, and the Appalachian Regional Commission. The VLO acts as the Governor's representative to these organizations and serves as a contact point for the State government. The VLO, along with other states' liaison offices, also tries to enlist one or more of these organizations to support their position on a particular issue or piece of legislation. For example, the Southern Governors' Association (SGA) might be a natural ally on an issue with a strong regional dimension. The National Governors' Association is more oriented towards larger federalism issues that affect all states, such as recent efforts to reform the Medicaid program and devolve substantial responsibility to the states.

VLO involvement with interstate organizations tends to peak if a Virginia Governor assumes a leadership position in one of them. During his tenure, Governor Gerald Baliles was chairman of the National Governors' Association (NGA). Governor Douglas Wilder was chairman of the Southern Governors' Association (SGA). Governor George Allen has been elected chairman of the Southern Governors' Association for the coming year.

Past VLO directors have stated that preparations for these organizations' meetings require an enormous amount of effort by the liaison office. A meeting is typically held in the chairman's state. (Governor Baliles hosted the NGA in Williamsburg; Governor Wilder hosted the SGA in Richmond.) Hosting the meeting involves substantial planning, coordination with associational and gubernatorial staffs, logistical preparation, agenda development, and other activities which establish and maintain contacts.

**Facilitating the State's Ability to Secure Federal Grants**

The *Code* instructs the VLO to facilitate the State's acquisition of federal grants in two ways (Exhibit 3). The VLO is supposed to act as an "early warning system" for State agencies and local governments by alerting them to opportunities for federal grants. The VLO is also responsible for monitoring and tracking the status of federal grant applications submitted by state agencies.

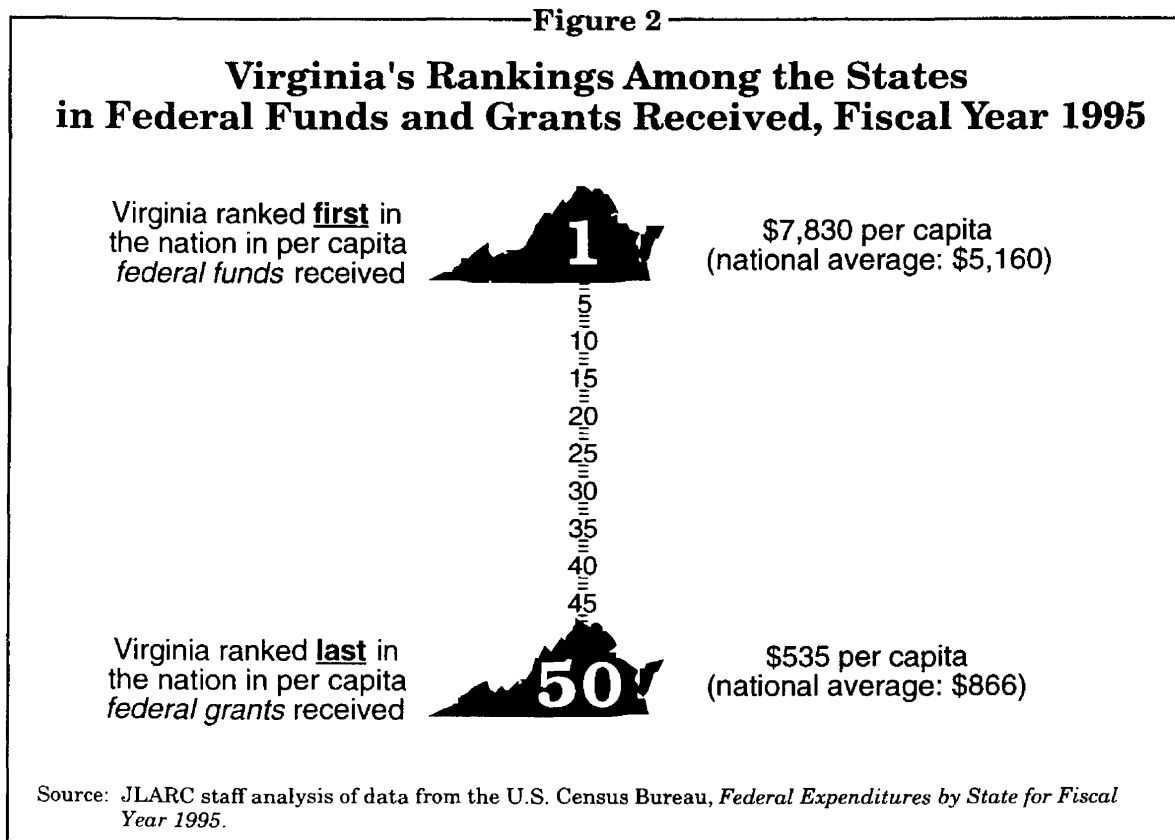
<b>Exhibit 3</b>	
<b>Major VLO Responsibilities: Facilitating the State's Ability to Secure Federal Grants</b>	
<b>Relevant Sections in the <i>Code of Virginia</i></b>	<b>Actual VLO Activities</b>
Alerting state agencies and local governments to early opportunities for federal grants (§2.1-567, para. 7)	Not in compliance.
Monitoring and tracking the status of federal grant applications submitted by state agencies (§2.1-567, para. 12)	

Despite the language in the *Code of Virginia*, the Virginia Liaison Office devotes few resources to the area of federal grants. The VLO occasionally checks on the status of a particular grant application when asked by a State agency. Beyond that, the VLO's involvement in the grants area is minimal and does not appear to be in compliance with statutory requirements. The VLO also seems to have done little grants work in previous years. Other states' liaison offices also indicated that they did relatively little with federal grants. The current VLO director has expressed interest in expanding the VLO's work in this area but has cited a lack of staff as the major obstacle. Previous VLO directors also cited limited staffing as a rationale for assigning grants a low priority. Given the labor-intensive nature of grants monitoring and seeking, the argument that the VLO has insufficient staff for this function seems reasonable.

The VLO's inability to monitor and track federal grants is particularly unfortunate in light of Virginia's long-standing record in the area of federal grants. While the State has traditionally done very well in attracting overall federal spending, its receipt



of grant dollars has been disproportionately low (Figure 2). Census Bureau figures for federal fiscal year 1995, the most recent available, indicate that overall Virginia received more federal funds per capita — more than \$7,800 — than any other state in the country. This high ranking is due primarily to the large number of civilian and military federal employees in Virginia and the amount of defense procurement contracts awarded to State firms.



Despite this high overall ranking, Virginia also ranked last in federal grants received per capita. In 1995 Virginia received \$535 per capita in federal grants, well below the national average of \$866. It marked the fifth consecutive year that Virginia ranked 50th in this category (Table 1). Furthermore, Virginia has ranked consistently low since federal fiscal year 1981. Except for 1981 and 1982 (the first two years of data availability), the State has always ranked in the bottom five states. The table also indicates that the State's ranking has dropped steadily in the last 13 years, from 45th in 1982 to 48th in 1984 and then to 50th in 1991. Factors contributing to Virginia's last-place standing include modest social programs like Medicaid and Aid to Families with Dependent Children and federal aid formulas that work to the disadvantage of states that are relatively wealthy or have high population growth. In addition, according to current and past VLO staff, the liaison office has traditionally placed little emphasis on pursuing federal grants. Further, one Congressional staff member noted that grant applications from localities and state agencies were not as well prepared as they could be.

Table 1

### Virginia's Rank in Per Capita Federal Grants Received

Fiscal Year	Virginia Rank
1981	38
1982	45
1983	46
1984	48
1985	48
1986	48
1987	48
1988	47
1989	49
1990	49
1991	50
1992	50
1993	50
1994	50
1995	50

Source: U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year*, various years.

The State's modest receipt of federal grant dollars warrants further study. Data on all federal aid formulas should be assessed to ascertain their effects on Virginia. However, such data were last published by the U.S. General Accounting Office in 1987. Modification of grant formulas could have a substantial effect on Virginia revenues. For example, if Virginia received grants at the per capita rate of the 49th ranked state, it would receive an additional \$460 million in grants annually (see Appendix B for further information on the grants issue).

**Recommendation (2).** The General Assembly may wish to consider commissioning a joint study with the executive branch and the Virginia Congressional delegation to evaluate the possible reasons for the State's low receipt of federal grant funds. As part of this overall study effort, the General Assembly may wish to propose a resolution memorializing the United States Congress to direct the General Accounting Office to update its 1987 report on federal grant in aid formulas.

#### Monitoring and Influencing Federal Agency Rules and Regulations

Under the *Code of Virginia*, the Virginia Liaison Office is responsible for monitoring and influencing the development of rules and regulations that could affect Virginia (Exhibit 4). Possible examples of important rules and regulations might include

## Exhibit 4

<b>Major VLO Responsibilities: Monitoring and Influencing Federal Agency Rules and Regulations</b>	
<b>Relevant Sections in the <i>Code of Virginia</i></b>	<b>Actual VLO Activities</b>
Monitoring the development of federal agency rules and regulations of interest to the State (§2.1-567, para. 2)	Weak compliance.
Influencing the making of federal agency rules and regulations by keeping federal officials informed of the Commonwealth's position (§2.1-567, para. 6)	

clean air regulations issued by the Environmental Protection Agency or Medicaid regulations issued by the Department of Health and Human Services.

As with federal grants, the VLO also appears to lack the staff to fulfill its mandate with regard to federal agency rules and regulations. State agencies do most of the work of identifying and monitoring the development of rules and regulations that are important to Virginia. Agencies such as the Department of Environmental Quality that work in areas where regulations are very important will have several people tracking regulatory developments. The VLO will become involved with an agency like the Environmental Protection Agency when requested by the Governor, a cabinet secretary, or State agency. The VLO may also get involved if a federal agency is considering a regulatory matter specific to Virginia.

*Virginia passed a comprehensive welfare reform package in 1995. Because a number of the plan's features deviated from federal welfare law, the State needed a waiver from federal Department of Health and Human Services (HHS) regulations before it could implement its plan. Virginia's new welfare plan was scheduled to take effect on July 1, 1995, but HHS officials expressed doubt that they could process and approve the waiver in time. The VLO worked to set up meetings between HHS officials and State officials from the Department of Social Services to discuss Virginia's waiver application. They also made numerous phone calls to monitor HHS' progress. As July 1 approached, the VLO also helped draft a letter from Governor Allen to President Clinton urging him to issue the waiver on time. HHS issued the necessary waiver on July 5, 1996.*

The VLO's pronounced focus on monitoring and influencing proposed legislation and extensive "networking" and its relative inattention to the area of federal regulations appear common among the Washington liaison offices. Officials in all of the other liaison offices examined by JLARC said that their offices devote very few resources

to monitoring regulatory developments. Like the VLO, the staffs of the other offices all generally come from a "Hill background." They have little prior experience in regulatory matters but have worked extensively with legislation and the Congressional legislative process. This may partially explain the liaison offices' focus on legislation over rules and regulations.

The VLO's lack of attention in this area is also explained by the difficulty of monitoring rules and regulations. Unlike legislation, where the VLO can focus on Congress, regulations are issued by a myriad of federal agencies. These regulations are often quite complex. For example, environmental regulations often require extensive scientific knowledge to be fully understood. However, as noted earlier, the VLO's small size prevents its staff from developing in-depth knowledge. Given these difficulties, it is unrealistic to expect substantial VLO activity in the area of rules and regulations. State agencies, by virtue of their size and in-depth knowledge, are better suited to most regulatory monitoring. In addition, the more extensive staff at the Department of Planning and Budget is more capable of providing the kind of comprehensive review apparently envisioned by the drafters of the VLO statute. The VLO can contribute by supporting such agencies' efforts, but its role should be clearly auxiliary in nature.

***Recommendation (3).*** **The General Assembly may wish to amend §2.1-567 of the Code of Virginia to give the Virginia Liaison Office a more auxiliary role in State efforts to monitor the development of federal agency rules and regulations. Should the General Assembly desire a comprehensive program of monitoring and influencing federal agency rules and regulations, it may wish to consider assigning such a function to a larger central agency such as the Department of Planning and Budget.**

### **Assisting State Agencies in Their Federal Relations**

Statute requires the VLO to provide assistance to Virginia agencies in six areas of federal-State relations (Exhibit 5). In general, the VLO's efforts to assist State agencies in their dealings with the federal government are a lower priority than other work such as monitoring and influencing legislation. However, they also require relatively fewer resources and do not appear to be a strain on the agency. The VLO is generally in compliance with statutory provisions in this area.

The VLO works closely with State agencies to monitor important federal legislation. Consequently, the VLO becomes involved in providing related services associated with tracking and influencing legislation. The VLO keeps agencies informed about developments and progress of major bills. VLO staff report that they are in contact with State cabinet or agency officials on a daily basis discussing the status and implications of various pieces of legislation. However, the VLO usually relies on State agencies for in-depth analysis of legislative proposals.

The VLO also works to resolve administrative problems that State agencies encounter with the federal government. For instance, the VLO has worked to resolve

## Exhibit 5

### Major VLO Responsibilities: Assisting State Agencies in Their Federal Relations

Relevant Sections in the <i>Code of Virginia</i>	Actual VLO Activities
Providing state agencies with up-to-date information on the status of federal legislation and regulations (§2.1-567, para. 4)	In compliance with statute.
Writing, or advising upon, testimony to be presented by the Governor or state agency heads before Congressional committees (§2.1-567, para. 10)	
Assisting state agency officials in resolving administrative problems which occur between state and federal agencies (§2.1-567, para. 11)	
Assisting state agencies in obtaining needed information from the federal government (§2.1-567, para. 13)	
Serving as a base office for state officials traveling to Washington (§2.1-567, para. 14)	
Arranging meetings between federal and state officials (§2.1-567, para. 15)	

continuing disputes between the State and federal government over access to the False Cape State Park. The following case study provides an example of VLO efforts to affect policy in the area of special education.

*The United States Department of Education notified the Commonwealth in March 1994 that it was withholding \$50 million in special education funds. The Department rejected Virginia's plan for complying with a new mandate regarding the expulsion or long-term suspension of disabled students. The Commonwealth had argued that disabled students were not entitled to continued free public education if their misconduct was unrelated to their disability. The disagreement between Virginia and the Department of Education affected only 76 of the approximately 128,000 special education students in Virginia. Working in cooperation with the Governor's Policy Office and the Virginia Department of Education, the VLO drafted a letter to U.S. Education Secretary Richard Riley urging the immediate release of the \$50 million in funding while the dispute was resolved at the administrative and judicial levels. The letter was signed by all of the members*

*of the State Congressional delegation. The \$50 million was subsequently released while the State sought relief through the judicial system.*

The VLO also assists State officials when they travel to Washington. On occasions when the Governor or a State agency head is scheduled to appear before Congress, the VLO may write or advise upon their testimony. VLO staff estimate that Virginia officials testified before Congress approximately 40 times in 1995. VLO staff indicate that their work on testimony requires a high amount of resources. When the VLO learns of plans for hearings on issues where Virginia officials would be interested in testifying, it also lobbies the appropriate committees to invite those officials to appear. The VLO also serves as a base office for State officials while they are in Washington and gives them a place that they can use to make phone calls between meetings. However, agencies do not appear to take full advantage of the VLO facilities and should be made more aware of their existence.

Finally, the VLO will help arrange meetings between State and federal officials and assist State agencies that need information from the federal government. In both cases, VLO staff indicated that their more specialized knowledge of Washington and the federal government can be helpful.

***Recommendation (4). The Virginia Liaison Office should make additional efforts to inform State officials traveling to Washington that they can use the VLO offices as a base office.***

### **Other VLO Duties and Responsibilities**

In addition to the responsibilities already discussed above, the VLO has two other statutory duties and responsibilities (Exhibit 6). The VLO appears to be in compliance with legislative mandates in this area. The VLO also performs a number of miscellaneous duties not required by statute.

As required by statute, the VLO serves as an information source about the State when called on by other Congressional staff. VLO staff said that they receive these requests several times a week.

The VLO also prepares a report twice a year on new federal mandates and regulations affecting Virginia. The "mandate report" is prepared in January and July each year. VLO staff say that the report is a high priority and estimate that each report requires two weeks of work by the entire staff to prepare. VLO staff rely heavily on information from the Office of Management and Budget, which issues a regular report on regulatory mandates, and the Congressional Budget Office, which monitors the issuance of legislative mandates. The National Conference of State Legislatures was another important information source on legislative mandates but has recently stopped its monitoring efforts.

## Exhibit 6

<b>Major VLO Responsibilities: Other Duties and Responsibilities</b>	
<b>Relevant Sections in the <i>Code of Virginia</i></b>	<b>Actual VLO Activities</b>
Serving as an information source about Virginia when called upon by Congressional staff (§2.1-567, para. 16)	<b>In compliance with statute.</b>
Preparing a semiannual report to the Senate Finance Committee, House Appropriations Committee, and the Governor on all federal mandates and regulations affecting the State (§2.1-567, para. 19)	

In addition to the duties listed in the *Code of Virginia*, VLO staff also perform a significant constituent relations function. While almost all State agencies must respond to public inquiries of one kind or another, the VLO has a higher level of activity in this area than might be expected. Directory assistance operators in the Washington metropolitan area frequently give out the VLO's number when they receive nonspecific inquiries about Virginia. The VLO's policy is to make an effort to answer every inquiry and to handle them in a polite and efficient manner. These constituent inquiries require substantial VLO resources. The VLO director estimates that the agency spends a third of an FTE each year handling constituent affairs. The following case studies are illustrative of the kinds of inquiries frequently fielded by VLO staff.

*An Arlington man called the VLO and wanted to know the dates for Virginia's rockfish season and where he could call for the proper regulations. VLO staff called the Department of Game and Inland Fisheries. DGIF connected them to the Marines Resources Commission's regulatory office. VLO staff then called back with the proper information.*

\* \* \*

*A Rockville, Maryland resident called the VLO and wanted to know where liens are filed against personal and/or real property in Virginia. VLO staff contacted a number of Circuit Courts and learned that liens are filed with the clerks of the individual Circuit Courts. The VLO staff then faxed a listing of Circuit Courts and their phone numbers to the caller.*

\* \* \*

*An Arlington woman called the VLO looking for information on nursing programs available in the Tidewater area. VLO staff put*

*together a list of state nursing schools and called the woman with their names and phone numbers.*

## **THE NEED FOR A VIRGINIA LIAISON OFFICE**

When the Department of Intergovernmental Affairs (DIA) recommended in 1978 that the State create a liaison office in Washington, it cited the rising power of the federal government as the primary reason. The DIA concluded that this growing power, and the many ways it could impact states and state governments, made it imperative for states to monitor developments at the federal level.

The sheer size of the federal budget, the multiplicity of federal agencies, the complexity of the issues, and the many power centers and “political nuances” of Washington can make it almost mandatory that a state exert some effort at “having its eyes and ears” in Washington.

The federal government’s influence today is as considerable as it was in 1978. Figures from the Census Bureau indicate that in federal fiscal year 1995, the federal government spent more than \$51 billion in Virginia. This figure is approximately three times the annual State budget and translated into more than \$7,800 per person in Virginia, the highest per capita figure for any state in the country. Federal aid for grant programs such as Medicaid and Aid to Families with Dependent Children (AFDC) is a major share of the State’s budget. Furthermore, federal regulations and mandates play a major role in shaping the actions of State government as well as private citizens and business.

The recent trend towards the devolution of federal responsibilities to state and local governments makes the need for a presence in Washington equally apparent. In the 1995 and 1996 sessions of Congress, serious consideration has been given to proposals that would shift substantial federal responsibilities, particularly in the areas of Medicaid and AFDC, to the states. Such efforts will have far-reaching effects on the State.

With these stakes, the Commonwealth cannot afford to let Congress and other federal policymakers act in a vacuum. Virginia needs to closely monitor developments in Washington — whether in the form of proposed legislation, new regulations, or opportunities for federal funds — that could affect the State. At the same time, the State needs to ensure that the Virginia perspective on important issues is presented. Members of Congress, federal agency officials, public interest groups, and even members of the State Congressional delegation cannot be expected to know what the overall ramifications of a particular proposal are for Virginia. The “Virginia perspective” will not be known or heard unless the State actively works to communicate it to the many actors in the federal government.



The Virginia Liaison Office can be an effective tool for meeting these goals. The VLO can track important developments in areas such as legislation, regulation, and federal funds opportunities and keep the Governor and other State officials informed. While the VLO admittedly does relatively little work currently with regulations or federal grants, these shortcomings reflect more on the VLO's current staffing situation than its value as an institution. A liaison office has other benefits as well. Federal and State agencies interact frequently in our federal system of government, and difficulties are inevitable. A Washington office, with its greater familiarity with the federal government, can be a valuable resource for State agencies as they attempt to "navigate" through the federal government. Given the clear need for the State to have a presence in Washington, continued funding for the Virginia Liaison Office is recommended.

***Recommendation (5). The General Assembly may wish to continue funding for the Virginia Liaison Office.***



---

### III. Organizational Structure and Staffing of the VLO

---

The organizational structure and staffing of the Virginia Liaison Office are determined largely by statute and the Appropriation Act. Organizationally, the *Code of Virginia* states that the VLO is part of the Office of the Governor, but the VLO has many of the characteristics of a small separate agency. Geographically, the *Code* (§2.1-565) stipulates that the VLO be located in Washington, D.C., or “at some location within the Commonwealth within twenty-five miles of Washington, D.C.” Both the current placement of the VLO within the Governor’s Office and the VLO’s location in the Hall of the States in Washington should be continued. As shown in Chapter II, however, the VLO is unable to fulfill all of its mandated responsibilities. In order to adequately perform its statutory duties, the VLO should be allocated additional staff.

As a small office, VLO is not large enough to justify certain administrative staff, such as a fiscal officer or office manager. Currently, these services are provided by the Division of Selected Agency Support Services under the Secretary of Administration. This division provides various overhead support services for the VLO, as well as the Governor’s Office and the Secretaries. Among the services provided are budget, payroll and leave administration, vendor payments and inter-agency transfers. Since the office’s creation, this division (located in Richmond) has handled the VLO’s finances and some of its administration. The arrangement appears to work well. The office is counted as a separate agency but receives its annual audit as part of the Auditor of Public Accounts’ annual audit of the division. According to the division director and auditor, VLO has never received an adverse audit comment. This arrangement seems to work well and does not need to be changed.

#### ORGANIZATIONAL PLACEMENT OF THE VIRGINIA LIAISON OFFICE

The *Code of Virginia* (§2.1-564) states that the Virginia Liaison Office is part of the Office of the Governor. Although the VLO is part of the Governor’s Office, it also has many of the characteristics of a small separate agency. Like other agency heads, the VLO director is appointed by the Governor, subject to confirmation by the General Assembly. The VLO has its own line item appropriation and Maximum Employment Level (MEL) in the Appropriation Act. Administratively, the VLO also operates like a small agency, with its expenditures and staffing accounted for separately.

This organizational arrangement has both advantages and drawbacks for the VLO. Being in the Governor’s Office gives the VLO the ability to speak for the Governor on important issues and enhances its credibility in dealings with congressional staff, other state liaison offices, and other key participants in the policy process. However, the change of Governors every four years also leads to frequent staff turnover and a resultant lack of continuity.

### **Benefits of Being in the Office of the Governor**

As part of the Governor's Office, the VLO is well-positioned to stay informed on the Governor's views. The current VLO director reports to the Chief of Staff. This reporting arrangement was also common to past directors, although one director indicated that he reported directly to the Governor. VLO staff estimate that they are in contact with the Chief of Staff or other Governor's Office staff on a daily basis, and with the Governor himself on a weekly basis. Because of Virginia's proximity to Washington, the VLO director is also able to participate regularly in cabinet meetings. The VLO director estimates that she attends about seventy percent of the regularly scheduled biweekly cabinet meetings. Finally, since the VLO director is an appointed position, the Governor can select an individual who is personally trusted as well as philosophically compatible. The VLO director is thus familiar with the Governor's views and can speak for him on important issues.

Being close to the Governor is crucial in order for the VLO to be effective in its liaison duties. Congressional staff, staff in other state liaison offices, and interest groups interviewed by JLARC generally wanted a single source that they could consult in order to obtain the administration's position on important issues or legislation. Even in cases where Congressional staff were only interested in technical information — such as the impact of a proposal on a State agency — they wanted assurances that they were getting the administration's views.

Access to the Governor appears particularly important in dealings with other state liaison offices. The VLO director stressed the value of being "in the loop." The liaison office needs to be close to the Governor and needs to be perceived as such by its counterparts. If another office wanted to know the Governor's position and the VLO could not obtain it in a timely manner, the VLO's credibility would suffer. Being part of the Governor's Office, regularly attending cabinet meetings, and having direct access to the Governor or Chief of Staff all contribute to the credibility of the office.

The VLO's organizational location in the Governor's Office appears typical for a Washington liaison office. JLARC staff examined six other state offices in Washington and found that all six were located in their respective governor's offices. Furthermore, five of the offices were not even listed as a separate line item but were funded directly from the overall allocation for the governor's office. Such an arrangement seems to have the effect of exposing a liaison office to less scrutiny and external oversight, as well as the benefit of some additional flexibility in funding and allocation of staff.

### **Drawbacks to Being in the Office of the Governor**

The principal problem with the VLO's location in the Governor's Office is the turnover of the staff every four years. Turnover is also a problem for other states' liaison offices, since they are also placed within their respective governor's offices and staff tend to be replaced when a new governor takes office. However, because the Virginia Liaison

Office is attached to the office of a Governor who cannot succeed himself, the potential for staff turnover is higher at the VLO.

Because of the high staff turnover, there appears to be little continuity within the VLO from one Governor's administration to the next. The most recent transition between administrations provides a good example. The previous VLO director left office on January 15, 1994, the day of the new Governor's inauguration. The current VLO director began work the next day, January 16, and the two current legislative analysts began work on January 29, 1994. The three legislative analysts from the previous administration separated on February 2, 1994 and the old executive assistant left on February 5, 1994. A wage employee from the old office remained until May 31, 1994. (A fourth position in the new VLO, the executive assistant, was filled in February of 1994 and remained filled until 1995, when it was eliminated due to funding cuts.) Thus, for all practical purposes, continuity in the office was limited to a brief orientation.

Continuity appears to have been somewhat greater in some of the previous administrations. For example, the VLO director appointed by Governor Robb served all four years in that administration as well as most of the Baliles administration. In addition, the VLO deputy director under the Baliles administration served an additional year into the Wilder administration. A legislative analyst had an overlap of ten months. A confidential secretary/legislative assistant had an overlap of five months.

Previous VLO directors also acknowledged problems with continuity, but not to the extent expressed in 1994. The current director of VLO jokes that when they arrived at their offices in the Hall of the States, nothing was left except pictures of Virginia's members of Congress on the conference room wall. While the statement is somewhat of an exaggeration, all of the current staff acknowledged that there was a "steep learning curve" establishing the office and becoming familiar with issues.

The additional continuity observed in the VLO's earlier years might be attributable to two factors. First, the VLO generally had a somewhat larger staff than at present, providing more staffing flexibility. Second, the three previous administrations were of the same political party, thus reducing the degree of change between administrations.

The lack of continuity can be a particular disadvantage on issues that span administrations and require extensive substantive knowledge. The following case study provides an example:

*According to past and present VLO directors, transportation issues are relatively nonpartisan. The VLO and Congressional delegation focus on procuring federal transportation funds for State projects. The federal Intermodal Surface Transportation Efficiency Act (ISTEA) contains formulas for the award of funding to the states, and expires in 1997. The Virginia Department of Transportation estimates that the ISTEA formulas are costing the Commonwealth tens of millions of dollars a year. The transportation analyst at VLO has worked closely*

*with VDOT staff and is said to be “very effective” in helping to set up a coalition of donor states called STEP 21 (Streamlined Transportation Efficiency Program for the 21st Century) that is working to revise the funding formulas. If the VLO analyst leaves before STEP 21 goes through, the State will be “up the creek without a paddle,” and department personnel will “have to spend a lot more time in Washington.” Despite the nonpartisan nature of transportation funding issues, current VLO staff expect that the transportation analyst position will likely be replaced with a change in administration.*

While observers acknowledge the difficulties that frequent turnover creates for the VLO, no one interviewed by JLARC staff recommended transferring any of the positions to a protected or merit status. It was generally felt that the benefits of having the Governor’s confidence exceeded the costs of turnover. Given the disadvantages of turnover at critical times, however, consideration should be given to allowing the Governor the flexibility of retaining key staff while assembling his own liaison team. Such flexibility could take two forms. First, statute could be changed to include VLO staff in the overall budget for the Governor’s office. This arrangement, similar to that in other states, would alter VLO’s status as a separate agency, but would give the Governor additional flexibility in setting the size and composition of the liaison office’s staff. He could, for example, retain existing staff longer, while supplementing the office over time with his personal choices. One possible disadvantage of such an arrangement is that it inflates the apparent size of the Office of the Governor.

A second option might be to retain the VLO’s current status as a quasi-separate agency, but to provide for some additional flexibility in the agency’s Maximum Employment Level (MEL). Allowing the VLO a flexible MEL, in excess of its permanent MEL, could provide the office with the ability to retain staff for a longer transition period.

***Recommendation (6).*** The General Assembly may wish to consider two options for promoting continuity at the Virginia Liaison Office. (Option 1) The General Assembly may wish to change the statutory status of the office and include its budget and Maximum Employment Level with that of the Governor’s Office, or (Option 2) the General Assembly may wish to provide the Virginia Liaison Office a flexible transition Maximum Employment Level, so that the Governor could appoint his own staff and still retain key Virginia Liaison Office specialists until new staff members were fully oriented.

In addition to the structural changes proposed above, the VLO could take some administrative actions to lessen the negative effects of staff turnover. Current staff could develop files on issues which span administrations. The staff could also develop reference lists of important contacts and written operating procedures for recurring activities. The staff could also tag and separate confidential Governor’s working papers so that files could be removed more selectively at the end of an administration. Finally, the VLO director could confer with her existing contacts on how they handle transitions, which are common to Washington, and incorporate useful information into the aforementioned records.

**Recommendation (7). The current staff of the Virginia Liaison Office should take administrative steps to document important office activities and preserve necessary files for succeeding staffs.**

### **GEOGRAPHIC LOCATION OF THE VIRGINIA LIAISON OFFICE**

Throughout its existence, the Virginia Liaison Office has been located in the Hall of the States on North Capitol Street in downtown Washington, close to both Capitol Hill and Union Station. Nevertheless, the VLO's physical location has been a matter of some debate. The *Code of Virginia* states that the VLO can be located "either in the City of Washington, D.C., or at some location within the Commonwealth within twenty-five miles of Washington, D.C." Some have argued that most of the office's functions could be performed from a location in Northern Virginia. A location in downtown Washington is not vital, they argue, given the accessibility of the Metro subway system and the ability to track legislation and communicate electronically. Furthermore, a Northern Virginia office would keep rent and other expenses in a Virginia location.

The debate over the VLO's physical location has been extended further, with some questioning whether the State even needs a liaison office in the metropolitan Washington area. Arguments against having a Washington liaison office include the following:

- As a state which borders Washington, Virginia is geographically close enough to the nation's Capital not to require a separate liaison presence.
- The State's Congressional offices can perform many of the functions of a liaison office.
- The advent of new technologies such as the World Wide Web enable staff in Richmond to track legislation and access documents in a sufficiently timely and effective manner.
- About 20 states seem to get by without a Washington liaison office.

While these arguments have some merit, no one interviewed by JLARC staff expressed support for either discontinuing the office or moving it out of Washington. Two interviewees even stated that they once supported eliminating or moving the VLO but changed their minds as they became more familiar with the office. A former director of the VLO remarked that proximity to Washington decisionmakers is essential. "I know we're [the State government in Richmond] only a hundred miles away," he said, "but a hundred miles might as well be a thousand when you're working in Washington." In order to effectively influence federal policy, states need representation in Washington, near Capitol Hill.

The VLO's location in the Hall of the States appears to have a number of advantages. The location is very convenient for State officials traveling to Washington. They can simply drive or take the train to Washington, walk to the VLO, conduct business there or at nearby locations, and return to Richmond during the same day. Without the convenience of the VLO, State officials might have to rely more on nearby hotels or other facilities for meetings or "staging areas".

As noted earlier, the Hall of the States is also very close to Capitol Hill. All Senate and House office buildings are within easy walking distance. This makes it easier for VLO staff to attend subcommittee and committee hearings as well as attend meetings with committee staff or members of Congress.

Being in the Hall of the States is also advantageous because it is the primary location for the other state liaison offices. Twenty-six of the 29 Washington liaison offices are located in the Hall of the States, and as Chapter II noted, the VLO works extensively with its counterparts from other states.

*The director of North Carolina's liaison office said that being in the Hall of the States was crucial. Most of the meetings she attends are either on the Hill or in the Hall of the States itself. In particular, being in the Hall promotes the state's ability to participate in coalition building with other states. The director noted that the office's long-time location in the Hall made it easier for members of the congressional delegation, state agency officials, and others to locate the office.*

The Hall of the States offers a number of services to assist the liaison offices and other tenants, including a library, meeting rooms, audiovisual equipment, mailing, copying, office supplies, and a variety of other administrative support services. The 1978 DIA report that recommended the creation of a State liaison office recognized these benefits:

Not only does the close proximity (of the Hall of the States) to the Capitol greatly facilitate access to Congressional activities, but residing together in their own building gives the States a sense of camaraderie and fosters mutual informal sharing, shared assistance, and joint endeavors. Moreover, the available central services, such as the common library, print shop, and mailing list can reduce overhead costs.

Such services are still offered to tenants in the Hall of the States. These services are particularly useful to liaison offices like the VLO that have smaller staffs. Officials in other liaison offices in the Hall of the States strongly supported their current location.

All of the personnel interviewed by JLARC — current VLO staff, past VLO directors and staff, Congressional staff, and State agency officials — indicated that the Virginia Liaison Office should continue to be located in the Hall of the States.



*A former director of the VLO who now works for a member of Virginia's Congressional delegation strongly supports the need for the VLO and its current location in the Hall of the States in downtown Washington. "It's useless [to have the office] if you're not on Capitol Hill . . . the whole point is to be here . . . if you're in Northern Virginia, you're not within walking distance."*

Every state with a Washington liaison office has chosen to locate within the District of Columbia. Maryland, which like Virginia borders Washington, has its liaison office in the Hall of the States. The experience of Virginia and most other states with liaison offices in Washington suggests that the VLO should continue in its present location.

**Recommendation (8). The offices of the Virginia Liaison Office should remain in downtown Washington, D.C., in their current location in the Hall of the States.**

### STAFFING OF THE VIRGINIA LIAISON OFFICE

The Virginia Liaison Office currently has a Maximum Employment Level (MEL) of three. The MEL for the agency has been as high as six (Table 2). Appropriations for the office are \$262,679 for FY 1997. There is no appropriation for FY 1998. Since 1991, some of the funding for the VLO has included nongeneral funding from the transportation fund. This funding was added during the Wilder Administration to support a transportation analyst and related overhead. The transportation analyst still focuses on transportation issues, but also covers the area of public safety and shares in general office responsibilities such as answering the office telephone.

The Virginia Liaison Office currently consists of the director and two policy analysts. For part of FY 1995, the office also employed an executive assistant, whose duties were primarily secretarial/administrative. That position was cut by the 1995 General Assembly, reducing the MEL from four to three. The office will also occasionally use a wage employee. In FY 1995, \$4,050 was spent on wage employees.

#### Adequacy of Current Staffing Level

An issue raised both by the Governor's office and current and former staff of the liaison office is the adequacy of the current staffing level. The VLO's staff was cut from six to five in FY 1994, then from five to four for FY 1995. During the 1995 Session of the General Assembly, the staff was cut further from four FTE to three. There is some evidence that three staff may be inadequate for the responsibilities designated for the office.

As a result of the elimination of the administrative position, most of those functions are now performed by the professional staff. Consequently, phone and other

Table 2

### Virginia Liaison Office Appropriations and Maximum Employment Levels by Fiscal Year

Fiscal Year	MEL	General Fund	Commonwealth Transportation Fund	Total Appropriation
1998	0	\$0	\$0	\$0
1997	3	\$177,646	\$85,033	\$262,679
1996	3	\$167,505	\$72,558	\$240,063
1995	4	\$225,002	\$72,558	\$297,560
1994	5	\$251,830	\$67,895	\$319,725
1993	6	\$301,830	\$67,895	\$369,725
1992	6	\$318,347	\$67,585	\$385,932
1991	6	\$319,507	\$72,585	\$392,092
1990	5	\$300,142	\$0	\$300,142
1989	5	\$299,565	\$0	\$299,565
1988	3	\$212,979	\$0	\$212,979
1987	3	\$212,979	\$0	\$212,979
1986	3	\$176,570	\$0	\$176,570
1985	3	\$170,735	\$0	\$170,735
1984	3	\$156,670	\$0	\$156,670
1983	3	\$142,040	\$0	\$142,040
1982	3*	\$112,325	\$0	\$112,325
1981	3*	\$121,235	\$0	\$121,235
1980	3*	\$101,130	\$0	\$101,130
1979	3*	\$99,570	\$0	\$99,570

\* As with other State agencies, maximum employment levels (MELs) were not included in the VLO's appropriation until FY 1983.

Source: Acts of Assembly, various years.

administrative duties now rotate among the three remaining staff. According to an agency employee who works with the VLO frequently, this is "penny wise and pound foolish," as it results in higher priority work not getting accomplished. As discussed in the previous chapter, the VLO is not able to perform all of its assigned missions. In particular, the role of the VLO in the grants area is quite minimal. Current staff indicate that they are constantly busy, work substantial overtime, and are still unable to perform important duties.

*Since the reduction of VLO staffing to three, administrative responsibilities have been reallocated to the director and the two analysts. All staff members cited instances where they had to put an important State or federal official on hold to answer an incoming phone call. One*

*analyst recounted having had to put the cabinet secretary for his area on hold. Staff feel that this practice does not reflect well on Virginia or the professionalism of the office and diverts them from higher priority responsibilities.*

The current and past directors of the VLO generally agreed that a staffing level of three was inadequate, that a staffing level of four would be adequate, and that a staffing level of five would be better. According to the current director, if one position were restored, the position would be given principally administrative duties, with some grants responsibility. This would allow existing staff to devote more time to their substantive responsibilities. The use of analysts for some administrative functions is unavoidable in a small office. In an office such as VLO, however, where administrative and secretarial/receptionist functions are regular and frequent parts of the office's role, the elimination of the position does not appear to have been an effective measure.

A case can also be made for the need for an additional analyst position. As noted in Chapter II, while Virginia has traditionally done very well in terms of direct federal expenditures, it has not fared nearly as well in grants in aid. It is difficult to know how much the presence of a grants person in the VLO would affect the Commonwealth's receipt of grants in aid. However, as one former VLO director told JLARC, "we could hardly do worse."

***Recommendation (9).*** The General Assembly may wish to restore funding and increase the Maximum Employment Level of the Virginia Liaison Office to four to provide for an administrative position.

***Recommendation (10).*** The General Assembly may wish to increase funding and raise the Maximum Employment Level of the Virginia Liaison Office to five to provide for additional analytic capability and for a more extensive grant tracking capability.



## **Appendix A**

### **Study Mandate**

#### **ITEM 14 D - 1996 APPROPRIATION ACT**

#### **REVIEW OF VIRGINIA LIAISON OFFICE**

The Joint Legislative Audit and Review Commission shall review the mission, staffing, organizational structure, and operations of the Virginia Liaison Office. The Commission shall report its findings to the 1997 session of the General Assembly.



## Appendix B

### Virginia's Federal Funds Situation

One of the principal ways the federal government impacts Virginia is through federal spending that takes place in the State. This federal spending creates jobs, boosts the State's economy, and improves the welfare of Virginia's citizens. A closer look at the amounts and types of federal funds that Virginia receives indicates that the State's overall position is very strong. Virginia receives more federal money per capita than any other state in the country, due in part to Virginia's proximity to Washington, D.C., and a disproportionate amount of defense-related spending (Table A).

<b>1. VIRGINIA</b>	<b>\$7,830</b>
2. Maryland	\$7,361
3. New Mexico	\$7,130
4. Alaska	\$6,927
5. Hawaii	\$6,386
6. Missouri	\$5,953
7. Massachusetts	\$5,936
8. North Dakota	\$5,920
9. Rhode Island	\$5,780
10. Montana	\$5,617
<i>U.S. National Average</i>	<i>\$5,161</i>
<i>Source: U.S. Census Bureau, Federal Expenditures by State for Fiscal Year 1995.</i>	

Table A lists the ten highest ranking states in terms of federal funds received for federal fiscal year 1995, the latest year for which Census data are available. All figures are expressed in per capita terms to account for the differences in state populations. Virginia received \$7,830 per capita in federal funds in 1995. This figure is the highest of any state in the country and is well above the national average of \$5,161.

Despite the positive overall picture, the State's record in the area of federal grants to state and local governments is dramatically different. Virginia ranks last among the states in per capita grants received. While this might appear on the surface to be a kind of policy trade-off, there is no apparent reason for the magni-

tude of the disparity. There are some readily apparent reasons for Virginia's standing. The State's modest spending on social programs such as Medicaid and AFDC, its relative wealth, and high population growth rate all help explain its position. Virginia's ranking of 50th in the grants area, however, merits closer attention on the part of the Virginia Liaison Office, and may warrant further study by the Governor, General Assembly, and the members of the Virginia congressional delegation.

### **Overall Federal Funds**

JLARC staff analyzed federal funds data from the United States Census Bureau to determine the amount and types of federal funds that Virginia receives. The Census figures indicate that an unusually large share of federal funds are spent in Virginia. In federal fiscal year 1995, the State received a total of \$51.3 billion in federal spending. Although the State only had 2.5 percent of the total U.S. population, it received 3.8 percent of the total federal funds spent in the states.

The federal government distributes these funds to the Commonwealth in several major ways. First, it pays salaries and wages to those federal employees, both civilian and military, who work in Virginia. Second, it makes direct payments to individuals who live in Virginia through programs such as Social Security, Medicare, and food stamps. Third, the federal government awards procurement contracts, primarily through the Department of Defense, to firms located within the State. Finally, the federal government makes grants to eligible state and local governments under programs such as Medicaid, AFDC, and the highway transportation fund. (Grants *are* included in overall federal spending in the State.)

Virginia has received an unusually large share of federal funds for many years. Table B gives Virginia's state ranking for per capita federal funds back to federal fiscal year 1981, the earliest year for which these Census data are available. Virginia has ranked no lower than fourth each year during this period of time.

Virginia's share of federal funds is much larger than average for a number of reasons. First, the State is located next to Washington, D.C. A number of federal agencies, such as the Pentagon in Arlington and the Central Intelligence Agency in Langley, are located in the Northern Virginia area and employ thousands of federal workers. As a result, Virginia receives a much larger share of federal wage and salary payments than other, more distant states. In addition, many of the thousands of federal workers who live in Northern Virginia remain there after they retire, meaning that the State receives an unusually large share of federal retirement pension payments. The importance of the State's proximity to Washington is underscored by the fact that Maryland, which also borders Washington, currently ranks second in per capita federal funds.

Another, more important reason for Virginia's top ranking is defense spending. Defense-related spending comes in two main forms: (1) salaries and wages for military personnel stationed in the State, and (2) procurement contracts awarded to firms located in Virginia. Virginia receives large amounts of both kinds



**Table B**  
**Virginia's Rank in Per Capita  
 Federal Funds Received**

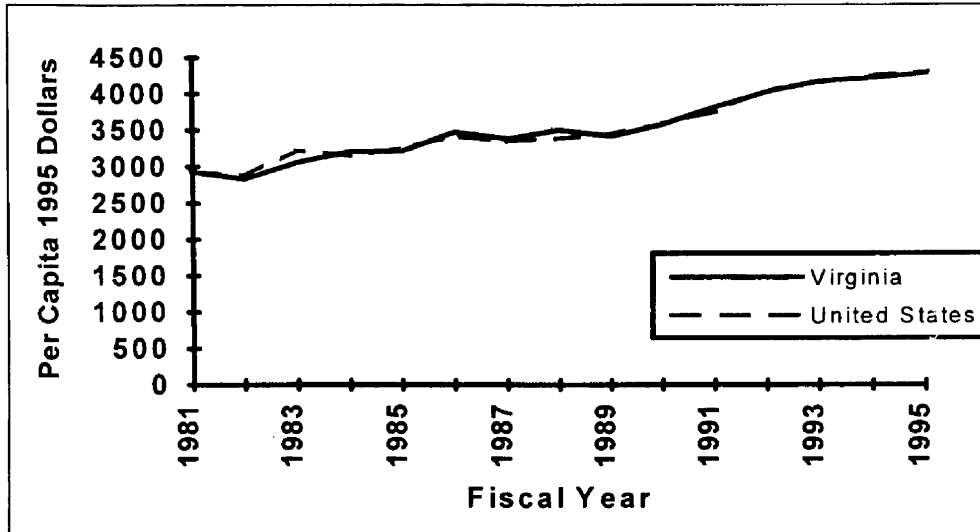
Fiscal Year	Virginia Rank
1981	4
1982	2
1983	1
1984	4
1985	3
1986	3
1987	2
1988	1
1989	3
1990	1
1991	2
1992	4
1993	3
1994	3
1995	1

Source: U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year*, various years.

of defense spending. A number of large defense installations that employ thousands of military and civilian defense employees are located in Virginia. Prominent examples include the Pentagon, Langley Air Force Base, and the Norfolk Naval Base, home of the Atlantic Fleet and one of the largest naval bases in the world. Numerous defense contractors are also based in Virginia. The best-known and largest defense contractor in Virginia is the Newport News Shipbuilding and Dry Dock Company. Located in Hampton Roads, it is the only shipyard in the country capable of building aircraft carriers for the Navy and is the largest private employer in the State.

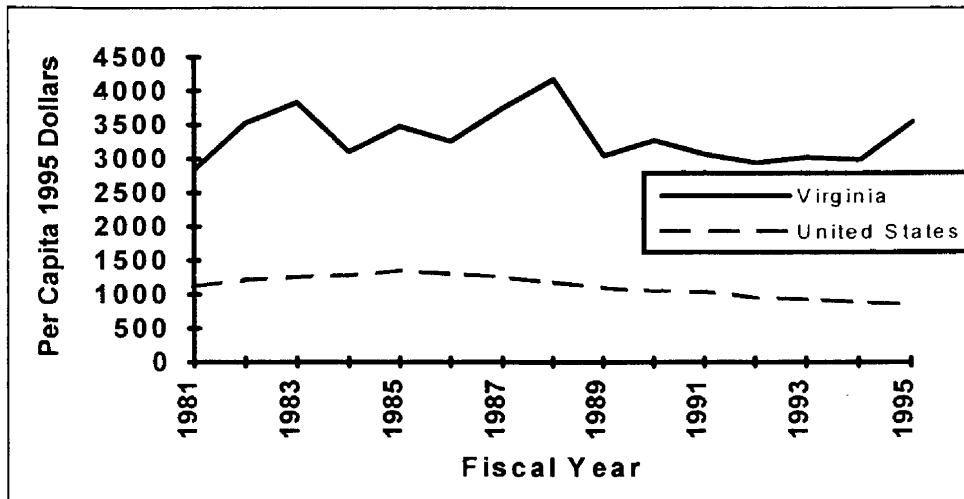
The importance of defense-related spending to the Commonwealth is illustrated in Figures A and B. The figures break total federal funds into two categories: defense and non-defense federal funds. Once again, the figures are expressed in per capita terms. Figure A shows that per capita non-defense federal funds in Virginia closely track the national average, while Figure B shows that the State consistently receives far more defense dollars per capita than the national average.

**Figure A**  
**Virginia and United States Non-defense Federal Funds Per Capita**



Source: JLARC staff analysis of data in U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year*, various years.

**Figure B**  
**Virginia and United States Defense-Related Federal Funds Per Capita**



Source: JLARC staff analysis of data in U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year*, various years.

# Appendixes

	<i>Page:</i>
<b>Appendix A: Study Mandate .....</b>	<b>37</b>
<b>Appendix B: Virginia's Federal Funds Situation .....</b>	<b>39</b>
<b>Appendix C: Agency Responses.....</b>	<b>49</b>



## **Grants to State and Local Governments**

Although Virginia compares very well to other states in the areas of overall federal funds and defense-related federal funds, the situation is reversed in the area of grants to state and local governments. In federal fiscal year 1995, the state ranked last in the country in terms of per capita grants to state and local governments. As Chapter II noted, FY 1995 was the fifth consecutive year that the State had finished last in the country in this area.

The category of federal grants to state and local governments includes more than a hundred different programs (Table C). Together these programs accounted for almost \$229 billion in spending nationwide and \$3.5 billion in Virginia in FY 1995. However, most of the programs are relatively small and the 20 largest programs account for just under 88 percent of total federal grants. The largest federal grant programs are Medicaid, federal highway transportation funds, Aid to Families with Dependent Children, the Section 8 public housing program, and child nutrition programs.

The ten *lowest* ranking states in terms of federal grants received for 1995 are shown in Table D. All figures are expressed in per capita terms. Virginia received only \$535 per capita in grants to state and local governments in federal funds in 1995. This figure placed Virginia last in the country and was well below the national average of \$866. Alaska (\$1,856) received the most federal grants per capita of any state in the country.

Virginia receives relatively little federal grants money for a number of reasons. A key reason is that Virginia spends relatively little on social programs. Two of the three largest grants programs are the Medicaid and the Aid to Families with Dependent Children (AFDC) programs. Medicaid and AFDC together account for over forty-five percent of the total grant money distributed by the federal government. Since Virginia's Medicaid and AFDC programs are modest (the State's per capita AFDC spending ranked 48th and Medicaid spending 49th in fiscal year 1995), the State's overall grants situation is strongly affected.

Other reasons are Virginia's relatively high per capita income and strong population growth. Large portions of federal grants money, such as highway transportation funds, are distributed according to funding formulas. These formulas often factor in per capita or median income and allocate more money to relatively poor states. Virginia's relatively high income -- it is the only state in the Southeast with a per capita income higher than the national average -- thus means that it receives relatively less grant money.

Funding formulas also typically use Census population figures and allocate more aid to states with larger populations. However, the formulas will sometimes use Census figures from a particular year rather than the most recent available figures. As time passes, these population estimates will grow increasingly inaccurate. This puts growth states such as Virginia at a disadvantage. Since the formulas do not use updated population figures, Virginia does not receive grant money commensurate with its increased population.

**Table C**  
**FY 1995 Federal Government Grant Programs**

<b>U.S. Rank</b>	<b>Program</b>	<b>U.S. Total</b>	<b>Virginia Total</b>
1	Medicaid	\$89,070,431,000	\$1,036,630,000
2	Highway Trust Fund	\$19,091,111,000	\$397,926,000
3	Aid to Families with Dependent Children	\$17,150,696,000	\$204,263,000
4	Section 8 Housing Payments	\$12,032,478,000	\$246,859,000
5	Child Nutrition Programs	\$7,251,368,000	\$110,533,000
6	Education for Disadvantaged	\$6,816,817,000	\$100,703,000
7	Child and Family Services	\$6,448,275,000	\$147,877,000
8	Federal Transit Administration	\$4,817,598,000	\$46,898,000
9	Community Development Programs	\$4,339,223,000	\$73,070,000
10	Other Public Housing Programs	\$3,893,112,000	\$66,784,000
11	Job Training Partnership Act	\$3,589,599,000	\$57,298,000
12	Foster Care and Adoption Assistance	\$3,403,746,000	\$23,425,000
13	Special Supplemental Food Program (WIC)	\$3,396,612,000	\$64,792,000
14	State Employment Services	\$3,231,126,000	\$52,793,000
15	Education for the Handicapped	\$3,103,069,000	\$71,396,000
16	Low Rent Housing -- Operating Assistance	\$2,853,549,000	\$47,942,000
17	Food Stamp Program	\$2,835,861,000	\$45,580,000
18	Social Services Block Grant	\$2,743,659,000	\$66,855,000
19	Construction of Wastewater Treatment Works	\$2,450,673,000	\$65,492,000
20	Other Housing and Urban Development Programs	\$2,329,291,000	\$41,889,000
21	Rehab. Services and Handicapped Research	\$2,129,820,000	\$47,642,000
22	Federal Aviation Administration Airport Trust Fund	\$1,825,651,000	\$52,376,000
23	Health Resources and Services Administration	\$1,750,614,000	\$28,524,000
24	Office of Justice Assistance	\$1,698,713,000	\$35,602,000
25	Substance Abuse and Mental Health Admin.	\$1,432,882,000	\$35,169,000
26	Low-Income Home Energy Assistance	\$1,419,143,000	\$24,808,000
27	Office of Vocational and Adult Education	\$1,359,024,000	\$30,919,000
28	Disaster Relief	\$1,348,701,000	\$11,837,000
29	School Improvement Programs	\$1,276,513,000	\$20,888,000
30	Other Health and Human Services Programs	\$881,469,000	\$13,397,000
31	District of Columbia Payment	\$714,070,000	\$0
32	EPA Abatement, Control, and Compliance Progs.	\$697,853,000	\$17,225,000
33	School Assistance in Federally Affected Areas	\$671,707,000	\$30,568,000
34	Centers for Disease Control	\$633,302,000	\$10,920,000
35	Community Services Block Grant	\$519,695,000	\$7,633,000
36	Minerals Management Service	\$476,781,000	\$89,000
37	USDA Extension Service	\$474,341,000	\$10,978,000
38	Fish and Wildlife Service	\$415,170,000	\$8,427,000
39	Cooperative State Research Service	\$413,825,000	\$10,629,000
40	Refugee Assistance Programs	\$398,413,000	\$5,963,000
41	Customs Bureau and IRS Rebates	\$393,807,000	\$48,000
42	Section 32 Funds for Strengthening Markets	\$379,859,000	\$3,006,000
43	Rural Waste and Water Disposal	\$363,611,000	\$15,604,000

44	Bureau of Indian Affairs	\$361,215,000	\$61,000
45	Food Donations Program	\$324,992,000	\$5,676,000
46	National Forests Fund	\$315,195,000	\$2,359,000
47	Bilingual Education and Minority Language Affairs	\$311,039,000	\$787,000
48	Economic Development Administration	\$305,419,000	\$3,403,000
49	Corporation for Public Broadcasting	\$292,467,000	\$30,701,000
50	Department of Veterans Affairs	\$276,603,000	\$2,347,000
51	Department of Energy Programs	\$254,939,000	\$4,329,000
52	Tennessee Valley Authority	\$251,723,000	\$557,000
53	Construction of National Guard Centers	\$239,562,000	\$869,000
54	National Oceanic and Atmospheric Administration	\$219,863,000	\$5,274,000
55	Other FHA Demonstration Projects	\$204,327,000	\$1,079,000
56	Hazardous Substance Response Trust Fund	\$204,200,000	\$2,268,000
57	Assistance for Legalized Aliens	\$190,853,000	\$102,000
58	Legal Activities -- Asset Forfeiture Fund	\$189,078,000	\$2,600,000
59	Abandoned Mine Reclamation Programs	\$175,384,000	\$4,545,000
60	Appalachian Regional Development Programs	\$171,864,000	\$7,362,000
61	Office of Territorial Affairs	\$167,385,000	\$0
62	Emerg. Planning, Preparedness, and Mitigation	\$139,905,000	\$2,454,000
63	National Highway Traffic Safety Administration	\$137,814,000	\$3,506,000
64	Educational Research and Improvement	\$130,711,000	\$2,921,000
65	Emergency Shelters and Homeless Assistance	\$121,074,000	\$1,985,000
66	BLM -- Payments in Lieu of Taxes	\$100,990,000	\$965,000
67	Occupational Safety and Health Administration	\$97,823,000	\$3,166,000
68	Office of Post-Secondary Education	\$92,492,000	\$2,014,000
69	Watershed and Flood Prevention Programs	\$84,737,000	\$1,679,000
70	State and Private Forestry Programs	\$84,483,000	\$2,250,000
71	Bureau of Land Management Shared Revenues	\$80,277,000	\$0
72	Comm. Service Employment for Older Americans	\$76,611,000	\$1,660,000
73	Motor Carrier Safety Grants	\$65,616,000	\$1,556,000
74	Temporary Emergency Food Assistance Programs	\$63,311,000	\$1,373,000
75	Indian Education Programs	\$59,654,000	\$11,000
76	Regulation and Technology Programs	\$49,713,000	\$3,065,000
77	National Endowment for the Arts	\$45,108,000	\$1,106,000
78	Food Safety and Inspection Service	\$41,302,000	\$1,403,000
79	Highway-Related Safety Grants	\$39,535,000	\$188,000
80	Coast Guard -- Boating Safety	\$39,201,000	\$566,000
81	Other Transportation Programs	\$36,556,000	\$0
82	Preservation of Historic Properties	\$35,012,000	\$565,000
83	Social Security Administration -- SSI	\$34,162,000	\$833,000
84	Rural Development Programs	\$32,618,000	\$1,031,000
85	National Telecommun. and Information Admin.	\$31,869,000	\$1,092,000
86	Research and Special Programs Administration	\$31,267,000	\$286,000
87	Equal Employment Opportunity Commission	\$26,831,000	\$501,000
88	Land and Water Conservation Programs	\$23,620,000	\$526,000
89	Urban Development Action Grants	\$20,355,000	\$0
90	Federal Railroad Administration	\$19,930,000	\$624,000
91	Neighborhood Reinvestment Corporation Grants	\$19,664,000	\$110,000
92	Housing Payments -- College Housing	\$17,872,000	\$31,000
93	Special Milk Program	\$16,457,000	\$62,000
94	Institute of Museum Services	\$14,153,000	\$484,000

95	State Justice Institute	\$10,645,000	\$244,000
96	Mine Safety and Health Administration	\$5,890,000	\$225,000
97	Corps of Engineers -- Flood Control Act of 1954	\$5,262,000	\$24,000
98	Other Education Programs	\$4,282,000	\$121,000
99	Urban Parks and Recreation Programs	\$3,870,000	\$0
100	National Grassland Programs	\$3,850,000	\$0
101	Resource Conservation and Development	\$3,183,000	\$37,000
102	Other Agriculture Programs	\$2,702,000	\$47,000
103	Interstate Transfer Grants	\$2,584,000	\$0
104	Federal Prison System	\$2,070,000	\$0
105	Cooperative Projects in Marketing	\$1,200,000	\$0
106	Rental Housing Rehabilitation and Development	\$334,000	\$0

Source: U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year 1995*.

<p style="text-align: center;"><b>Table D</b></p> <p style="text-align: center;"><b>Lowest States in Per Capita Federal Grants Received Federal FY 1995</b></p>	
41. Iowa	\$733
42. Texas	\$726
43. Maryland	\$718
44. Utah	\$691
45. Colorado	\$654
46. Florida	\$651
47. Kansas	\$646
48. Indiana	\$616
49. Nevada	\$605
<b>50. VIRGINIA</b>	<b>\$535</b>
<i>U.S. National Average</i>	<i>\$866</i>

Source: U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year 1995*.

One particularly important federal program that uses funding formulas is the Highway Transportation Fund. The Fund collects revenues from the federal gasoline tax and then distributes the receipts among the states for highway construction and maintenance. In federal fiscal year 1995, the State received almost \$400 million in federal transportation funds. The only federal grant program that allocated more money to the State was Medicaid.

Although Virginia receives large amounts of funding from the Highway Transportation Fund, it has consistently been a "donor" state. That is, for each dollar the State contributes to the Highway Transportation Fund, it receives less than a dollar in transportation funds in return. There may be a need to consider



whether the current federal funding formula adequately reflects Virginia's highway needs and the State's ability to pay. Table E shows the ratio of transportation funds received by Virginia to the amount of funds contributed. With different formulas, the State could receive millions of dollars in additional highway funds. Efforts to revise these formulas are a major focus of the current VLO.

Yet another possible explanation could be Virginia's unique local government structure. Virginia is the only state in the country where cities are completely independent from their surrounding counties. However, the Bureau of Economic Analysis in the U.S. Department of Commerce stopped generating separate personal income estimates for most of Virginia's cities in 1986 and now includes them with their surrounding counties. As a result, it could be hypothesized that some cities with lower income levels may be affected by being folded into their surrounding and relatively wealthier counties.

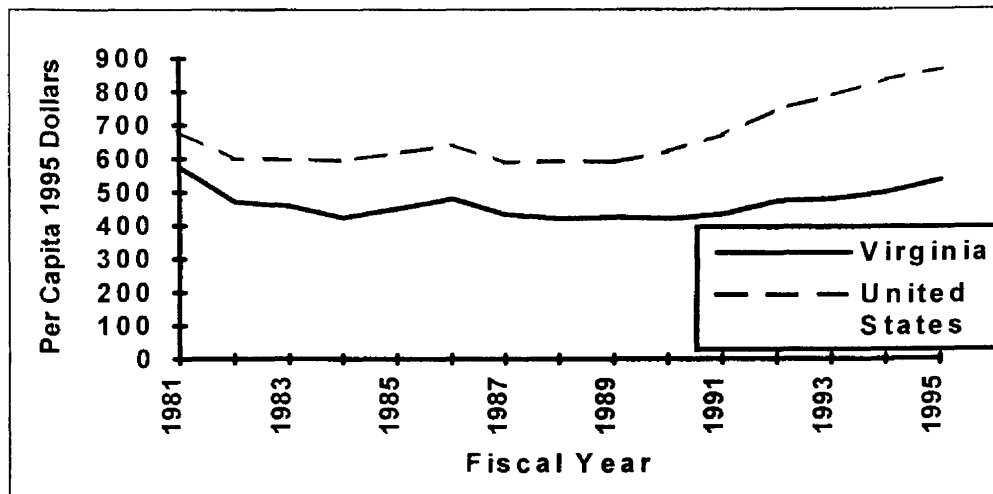
<b>Table E</b>	
<b>Virginia's Ratio of Highway Trust Funds to Contributions</b>	
<b>Federal Fiscal Year</b>	<b>Ratio</b>
1987	0.79
1988	0.98
1989	0.67
1990	0.79
1991	0.72
1992	0.91
1993	0.79
1994	0.92
1995	0.73
Source: VDOT	

Virginia's grants situation is even worse than its last-place ranking suggests. Figure C charts Virginia's federal grants received against the national average. All figures are expressed in per capita terms and in constant 1995 dollars. The figure confirms that the State trails far behind the national average in federal grants received. Furthermore, the gap between the national average and Virginia has increased in recent years, suggesting that the State is falling further behind in receiving federal grants.

The *Code of Virginia* clearly states that monitoring and securing federal grants for Virginia are important responsibilities of the Virginia Liaison Office. In setting out the duties and responsibilities of the VLO, the *Code* states that the VLO is responsible for "alerting State agencies and local governments to early opportunities for

federal grants” and “monitoring and tracking the status of federal grant applications submitted by State agencies.” Strengthening the VLO’s ability to fulfill these duties could contribute to an improvement in the state’s grants situation. Table F illustrates the potential additional federal grants money that Virginia would receive if its per capita grants receipts improved to the level of one of the next ten states in the rankings.

**Figure C**  
**Virginia and United States Federal Grants to State and Local Governments (Per Capita)**



Source: JLARC staff analysis of data in U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year*, various years.

**Table F**  
**Potential Additional Grants Funds for Virginia**

Rank	State	FY 1995 Grants Per Capita	Additional Grants Funds for Virginia
40	Wisconsin	\$733.75	\$1,303,000,000
41	Iowa	\$733.09	\$1,299,000,000
42	Texas	\$725.76	\$1,251,000,000
43	Maryland	\$717.95	\$1,200,000,000
44	Utah	\$690.94	\$1,023,000,000
45	Colorado	\$653.93	\$780,000,000
46	Florida	\$650.62	\$759,000,000
47	Kansas	\$645.70	\$726,000,000
48	Indiana	\$616.44	\$535,000,000
49	Nevada	\$605.37	\$462,000,000
50	Virginia	\$534.84	--

Source: JLARC staff analysis of data in U.S. Census Bureau, *Federal Expenditures by State for Fiscal Year 1995*.

## **Appendix C**

### **Agency Responses**

As part of an extensive data validation process, each agency involved in a JLARC assessment effort is given the opportunity to comment on an exposure draft of the report. Appropriate technical corrections resulting from the exposure review have been made in this version of the report. Page numbers used in an agency response refer to an earlier version of the report.

This appendix contains the responses of the Governor's Chief of Staff and the Director of the Virginia Liaison Office.





09 04 96

# COMMONWEALTH of VIRGINIA

Office of the Governor  
September 4, 1996

George Allen  
Governor

Jay Timmons  
Chief of Staff

Mr. Philip A. Leone  
Director  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Richmond, Virginia 23219

Dear Phil:

Thank you for affording me the opportunity to comment on the exposure draft of JLARC's Review of the Virginia Liaison Office. It is apparent from the level of detail in the report that your staff spent a great deal of time on the study.

As the Virginia Liaison Office is technically part of the Office of the Governor, I have taken great interest in its general operations over the past two and one-half years. I have been extremely pleased with both the level of dedication, productivity and professionalism displayed by the Virginia Liaison Office staff. Eighty- and ninety-hour work weeks are not unusual for that staff of three very qualified employees as they accomplish the mandated missions discussed in your report. The citizens of Virginia, as well as the Governor, are well-served by their commitment to excellence.

I have asked Terri Hauser, the Director of the Virginia Liaison Office, to provide you with detailed comments regarding your report. Should you or your staff have any questions regarding those comments, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script that reads "Jay Timmons".

Jay Timmons





090496

# COMMONWEALTH of VIRGINIA

Office of the Governor

George Allen  
Governor

September 4, 1996

Mr. Philip A. Leone  
Director  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Richmond, Virginia 23219

Dear Mr. Leone:

Thank you for sharing a copy of the August 20, 1996, exposure draft for the JLARC report, *Review of the Virginia Liaison Office*, with me. I appreciate the opportunity to review and comment on this report.

Overall, JLARC has provided a fair and accurate assessment of the mission and operations of the Virginia Liaison Office and the constraints under which it currently operates. Your staff was very professional in its approach to this study, and I believe it has provided a useful report for the General Assembly.

I would like to take the opportunity to clarify and elaborate on a few specific points raised by the report:

1. Facilitating the State's Ability to Secure Federal Grants.

While the VLO does not currently operate a grants program, it should be noted that in 1994 this office designed and began to implement a program directed precisely at fulfilling that part of its mandate and to improve the Commonwealth's last-place position with respect to receipt of federal grants. Working with the Department of Planning and Budget, the VLO designed the Grants Optimization and Federal Opportunities Response ("GO-FOR") system. Modeled after a successful Wisconsin program, this initiative would have set up a statewide system for (1) identifying federal grants opportunities and referring them to appropriate State agencies, and (2) tracking grants applications that are pursued to maximize the potential for Virginia to receive grant awards. The VLO would have served as a clearinghouse for federal grants information to State agencies as well as tracking the status of grant applications from preparation through submission and final disposition. Full implementation of the plan would have included a benchmark evaluation and biennial review and training to

familiarize State agency contacts with the new system and increase their proficiency in federal grantsmanship.

GO-FOR was in the initial stages of implementation in early 1995, when the VLO was reduced to its current staffing level of three FTEs. As a result, the position of Grants Manager was lost. Lacking dedicated personnel to execute the project (which would require full-time and systematic attention), the initiative was suspended.

2. Priority Setting.

On page 13, the JLARC report discusses VLO prioritization and I am quoted as describing our system as "triage." It is important to clarify that the Virginia Liaison Office does go through a systematic process of identifying and setting legislative priorities, working with State agencies, the Cabinet, of course, and, the Governor at the beginning of each year. This year, the VLO staff was directed to develop work plans to pro-actively pursue priority items. In addition, the VLO has followed DPB procedures for performance measure budgeting, which has further refined the focus of our actives.

"Triage" only becomes necessary because of uncertain and unpredictable congressional scheduling and the imperative to respond to unanticipated developments, such as the Russian poultry embargo or an amendment to last year's VA/HUD appropriation that would have zeroed-out funding for the NASA-Langley research center.

3. Delegation Briefing.

The VLO concurs completely with the recommendation that the annual congressional delegation briefing be reinstated and that the General Assembly leadership be invited. In fact, discussions on setting a date for the 1997 meeting already have begun. I would clarify that the General Assembly leadership had indeed been invited by the Governor to a scheduled February 15, 1996 briefing, which unfortunately a majority of the congressional delegation was unable to attend and thus was postponed. The last two years have seen uncharacteristically heavy legislative schedules for Congress in the early part of the year, complicating scheduling of this important meeting during the General Assembly Sessions.

A second suggestion raised during the review which does not appear in the report was a separate briefing by the Virginia Liaison Office Director with Members of cognizant General Assembly committees after Session (perhaps in the summer or early fall). This would offer an opportunity -- outside the demands of the Session -- to focus on developments in Washington with relevant implications for the Commonwealth. I have discussed this with the Governor and he concurs with this suggestion. I intend to implement this as soon as is practicable.

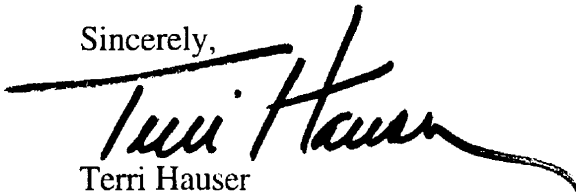


Mr. Philip A. Leone  
September 4, 1996  
Page three

Perhaps one of the most important recommendations of this report goes beyond the direct functions of the VLO and addresses the question of federal grants formulae that have traditionally worked against Virginia. The recommendation for an updated General Accounting Office report on federal grants in aid formulae is a sound and timely one, as is the suggestion for a joint study. (I would recommend consulting with the Virginia congressional delegation rather than trying to engage them in a joint commission). Many formula-grant programs will be coming up for reauthorization (most notably ISTEA), and even more issues likely will be raised by the decennial census. Such a study will give the Virginia Liaison Office and our Congressional delegation firm guidance as well as a strong foundation from which to argue the Commonwealth's case.

Again, thank you for the opportunity to review and comment on this report. Please feel free to contact me or my staff if you or your members have additional questions.

Sincerely,



Terri Hauser  
Director



---

---

## JLARC Staff

---

### RESEARCH STAFF

---

**Director**

Philip A. Leone

**Deputy Director**

- R. Kirk Jonas

**Division Chiefs**

Glen S. Tittermary  
Robert B. Rotz

**Section Managers**

John W. Long, Publications & Graphics  
Gregory J. Rest, Research Methods

**Project Team Leaders**

Craig M. Burns  
Linda Bacon Ford  
Susan E. Massart  
William L. Murray  
Wayne M. Turnage

**Project Team Staff**

- Emily J. Bikofsky
- Patricia S. Bishop
- Steven E. Ford
- Deborah Moore Gardner
- Harold E. Greer, III
- Joseph J. Hilbert
- Jack M. Jones
- Marcus D. Jones
- Melissa L. King
- Eric H. Messick
- Eric P. Rollins
- Desmond Saunders-Newton
- Ross J. Segel
- E. Kim Snead
- Paul Van Lenten
- Rowena P. Zimmermann

### ADMINISTRATIVE STAFF

---

**Section Manager**

Joan M. Irby, Business Management  
& Office Services

**Associate Office Manager**

Charlotte A. Mary

**Administrative Services**

Becky C. Torrence

### SUPPORT STAFF

---

**Technical Services**

Betsy M. Jackson, Publications Assistant

- *Indicates staff with primary assignments to this project*

---

## Recent JLARC Reports

---

*Review of the Department of Taxation, January 1992*  
*Interim Report: Review of the Virginia Medicaid Program, February 1992*  
*Catalog of State and Federal Mandates on Local Governments, February 1992*  
*Intergovernmental Mandates and Financial Aid to Local Governments, March 1992*  
*Medicaid Asset Transfers and Estate Recovery, November 1992*  
*Medicaid-Financed Hospital Services in Virginia, November 1992*  
*Medicaid-Financed Long-Term Care Services in Virginia, December 1992*  
*Medicaid-Financed Physician and Pharmacy Services in Virginia, January 1993*  
*Review Committee Report on the Performance and Potential of the Center for Innovative Technology, December 1992*  
*Review of Virginia's Administrative Process Act, January 1993*  
*Interim Report: Review of Inmate Dental Care, January 1993*  
*Review of the Virginia Medicaid Program: Final Summary Report, February 1993*  
*Funding of Indigent Hospital Care in Virginia, March 1993*  
*State/Local Relations and Service Responsibilities: A Framework for Change, March 1993*  
*1993 Update: Catalog of State and Federal Mandates on Local Governments, June 1993*  
*1993 Report to the General Assembly, September 1993*  
*Evaluation of Inmate Mental Health Care, October 1993*  
*Review of Inmate Medical Care and DOC Management of Health Services, October 1993*  
*Local Taxation of Public Service Corporation Property, November 1993*  
*Review of the Department of Personnel and Training, December 1993*  
*Review of the Virginia Retirement System, January 1994*  
*The Virginia Retirement System's Investment in the RF&P Corporation, January 1994*  
*Review of the State's Group Life Insurance Program for Public Employees, January 1994*  
*Interim Report: Review of the Involuntary Civil Commitment Process, January 1994*  
*Special Report: Review of the 900 East Main Street Building Renovation Project, March 1994*  
*Review of State-Owned Real Property, October 1994*  
*Review of Regional Planning District Commissions in Virginia, November 1994*  
*Review of the Involuntary Commitment Process, December 1994*  
*Oversight of Health and Safety Conditions in Local Jails, December 1994*  
*Solid Waste Facility Management in Virginia: Impact on Minority Communities, January 1995*  
*Review of the State Council of Higher Education for Virginia, January 1995*  
*Costs of Expanding Coastal Zone Management in Virginia, February 1995*  
*VRS Oversight Report No. 1: The VRS Investment Program, March 1995*  
*VRS Oversight Report No. 2: The VRS Disability Retirement Program, March 1995*  
*VRS Oversight Report No. 3: The 1991 Early Retirement Incentive Program, May 1995*  
*Review of Capital Outlay in Higher Education, June 1995*  
*The Concept of Benchmarking for Future Government Actions, July 1995*  
*1995 Report to the General Assembly, September 1995*  
*Follow-Up Review of Community Action in Virginia, September 1995*  
*VRS Oversight Report No. 4: Semi-Annual VRS Investment Report, September 1995*  
*Technical Report: The Cost of Competing in Standards of Quality Funding, November 1995*  
*Funding Incentives for Reducing Jail Populations, November 1995*  
*Review of Jail Oversight and Reporting Activities, November 1995*  
*Juvenile Delinquents and Status Offenders: Court Processing and Outcomes, December 1995*  
*Interim Report: Feasibility of Consolidating Virginia's Wildlife and Marine Resource Agencies, December 1995*  
*Review of the Virginia State Bar, December 1995*  
*Interim Report: Review of the Department of Environmental Quality, January 1996*  
*Minority-Owned Business Participation in State Contracts, February 1996*  
*Legislator's Guide to the Virginia Retirement System, May 1996*  
*VRS Oversight Report No. 5: Semi-Annual VRS Investment Report, May 1996*  
*VRS Oversight Report No. 6: Biennial Status Report on the Virginia Retirement System, May 1996*  
*Special Report: Review of the ADAPT System at the Department of Social Services, June 1996*  
*Technical Report: Review of the Medicaid Forecasting Methodology, July 1996*  
*Review of the Magistrate System in Virginia, August 1996*  
*Review of the Virginia Liaison Office, October 1996*