

**Commonwealth of Virginia**  
**Joint Legislative**  
**Audit and Review**  
**Commission**

**2009**

*Report to the  
General Assembly*

## JLARC MEMBERS

The Commission is composed of nine delegates appointed by the Speaker of the House and five senators appointed by the Rules Committee. Five of the delegates also serve on the House Appropriations Committee, and two senators also serve on the Senate Finance Committee. The chair is elected by a majority of Commission members and traditionally rotates every two years between the House and Senate. The Auditor of Public Accounts serves on the Commission *ex officio*. The staff director is appointed by the Commission and confirmed by the General Assembly for a six-year term.

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Philip A. Leone, Director

### JLARC Staff for This Report

Glen S. Tittermary, Deputy Director

Martha L. Erwin, Project Leader

Bradley B. Marsh, Legislative Analyst

This report is available on the JLARC website at <http://jlarc.virginia.gov>



## Joint Legislative Audit and Review Commission

September 14, 2009

To the Honorable Members of the Virginia General Assembly

Dear Colleagues:

This report brings you up to date on the work of the Commission in the last biennium. It summarizes key findings and recommendations of recent JLARC studies, which included evaluations of State programs, regulations, and services for Virginians served by small community water systems, those who have suffered brain injuries, children with behavioral and emotional problems, preschoolers, and individuals who abuse drugs.

We also include highlights of what State agencies and other entities have done in response to these studies, as well as actions taken by the General Assembly. For instance, JLARC's 2007 report on State-funded services for persons with brain injuries included findings of concern over the fate of injured troops returning from Iraq and Afghanistan. As a result, in 2009 I asked our staff to conduct a study that will recommend ways to reduce homelessness among Virginia's veterans.

A primary objective of JLARC is to help ensure that State programs operate efficiently, and implementation of some recommendations can lead to savings or new revenue for the State. In 2009, State agencies reported more than \$38 million in savings from implementing JLARC recommendations over the past two years. A breakdown of these savings is on page 17.

As expressed recently on the editorial page of the *Richmond Times-Dispatch*, "JLARC enjoys a reputation for solid research and sound advice." I think you will find ample evidence herein to support that commendation.

Cordially,

A handwritten signature in black ink, appearing to read "M. Kirkland Cox".

M. Kirkland Cox  
Chair

## JLARC STUDIES

Our full-time staff conducts studies to evaluate the efficiency and effectiveness of State agencies and programs. These studies may be requested by the General Assembly—through a Joint Resolution or language in the Appropriation Act—or by the Commission.

Based on study findings, JLARC staff develop recommendations to help improve agency operations, improve services delivered and funded by the State, and eliminate duplication and poor performance. Recommendations may be for agencies or secretariats to take certain actions or for the General Assembly to consider enacting particular legislation.

A JLARC report may also provide a baseline assessment of a new program or issue of concern or one that has not been evaluated recently.



## ONGOING ACTIVITIES

In addition to conducting studies, JLARC has a variety of ongoing Oversight responsibilities:

- ◆ Oversight of the Virginia Retirement System (VRS)
- ◆ Analysis and annual reporting on budget growth and State spending on the Standards of Quality (SOQ), the constitutionally required standards for Virginia public schools
- ◆ Evaluation of proposed health insurance mandates. We report our findings to the Special Advisory Commission on Mandated Health Insurance Benefits. Proposed mandates evaluated recently include coverage of infertility treatments, hearing aids for children, prosthetic devices, and diagnosis and treatment for autism spectrum disorders.
- ◆ Monitoring 13 internal service funds managed by the Department of General Services, the Virginia Information Technologies Agency, and the Department of Accounts. In the spring of 2009, we conducted a more extensive review of the funds managed by General Services.

## Virginia Retirement System Oversight

The *Legislators' Guide* is an online compendium of information on VRS especially designed for legislators. It is updated regularly.

This chart from the *Guide* illustrates how employer and employee contributions over the last two decades compare to expenses (benefit payments, refunds to members who leave the retirement system, and administrative expenses).

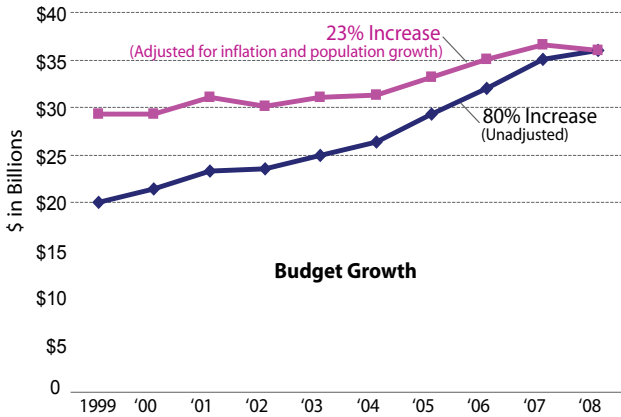


JLARC staff also produce a series of reports on the retirement system. In July 2009, we published the 32nd *Semi-Annual Investment Report*, which discussed how the global recession and the decline in equity markets have affected the system's investments. We also produce biennial status reports on administrative matters, such as VRS's recent efforts at modernization, and a quadrennial actuarial audit.

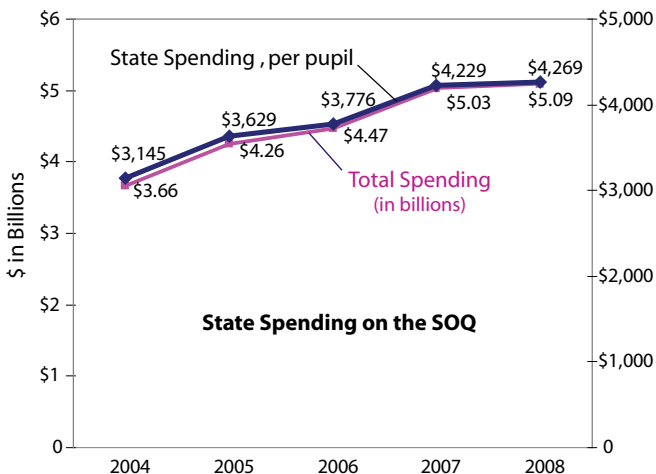
## Monitoring Trends in State Spending

Annual analyses of State spending allow JLARC staff to track how State funds are used over the long term (see the charts below):

- ◆ The State's 80 percent increase in spending over the last decade is partly attributable to increases in population and inflation. Other factors driving budget growth are State and federal policy decisions, increasing State agency caseloads, and non-general fund spending, which accounted for 53 percent of the FY 2008 budget.



- ◆ In the last four years, the State has increased spending by about 36 percent on a per-pupil basis to meet the Standards of Quality (SOQ). (The number of pupils attending public schools is a factor in determining the funds needed.)



## PERFORMANCE SCORECARD

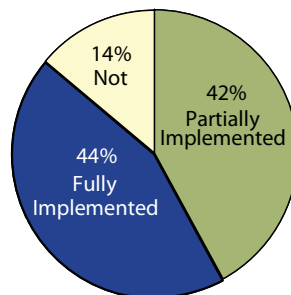
One way we gauge our effectiveness is by tracking our performance in five specific areas (see the scorecard below).

- ◆ We met the target for producing 100 percent of products on time.
- ◆ We did not meet the target of full implementation of 75 percent of recommendations made four years ago. (Four years allows time for progress to be made on implementing recommendations.) However, this measure depends largely on the operations and resources of the agencies and programs we review, and on policy decisions.
- ◆ Other measures are number of products (reports, briefings), which varies from year to year according to our workload, and the amount of savings realized by implementing our recommendations.

JLARC Performance Measure	Target	2009 Actual	2007 Actual
Number of products	--	71	89
Products on time	100%	100%	100%
Recommendations made four years ago that have been fully implemented	75%	44% * (2004 recommendations)	62% (2002 recommendations)
Savings / new revenue from implementation of recommendations over last four years	--	\$172 million	\$177.9 million
Cumulative savings (since 1975)	--	\$677 million	\$638.6 million

### \* Most 2004 Recommendations At Least Partially Implemented

As of June 2009, State agencies reported that 44 percent of the recommendations from JLARC reports in 2004 were fully implemented. Another 42 percent were “partially implemented,” meaning that actions are still in progress or part of the recommendation was implemented. (See the complete list of recommendations at <http://jlarc.virginia.gov>)



## RECENT STUDIES FOCUSED ON EDUCATION, HUMAN SERVICES, AND THE ENVIRONMENT

Studies completed in the last biennium came about because of concerns that a State program might not be accomplishing its objective or complying with legislation, or that State funds were not being used effectively or efficiently. There were also two special investigative reports: a review of the award of an undergraduate degree to the former City of Richmond police chief by Virginia Commonwealth University and an evaluation of concerns about Virginia's voter registration system.

Actions by State agencies and by the General Assembly in response to these studies are summarized on the following pages. Agencies reported their actions to JLARC in the spring of 2009.

### KEY

- ✓ A significant action by the General Assembly or an agency
- \$ An action that led to a savings
- × A key recommendation that has not been implemented

### State Agency Acronyms

Department of Health (VDH)  
Department of Education (DOE)  
Department of Rehabilitative Services (DRS)  
Department of Veterans Services (DVS)  
Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS)\*  
Office of Comprehensive Services (OCS)  
Department of Juvenile Justice (DJJ)  
Department of Social Services (DSS)  
Department of Medical Assistance Services (DMAS)  
Department of Criminal Justice Services (DCJS)  
Department of Corrections (DOC)  
Department of Environmental Quality (DEQ)  
State Board of Elections (SBE)  
Virginia Commonwealth University (VCU)

\* On July 1, 2009, DMHMRSAS was renamed the Department of Behavioral Health and Developmental Services .



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Report: ***Performance and Oversight of Virginia's Small Community Drinking Water Systems (2006)***

Agency: VDH

Approximately 1,100 small community water systems serve customers living primarily in rural areas of Virginia. JLARC was asked to assess the regulatory framework that oversees the quality and cost of drinking water from those systems.

We found that most customers of small community water systems responding to our survey were satisfied and that VDH's Office of Drinking Water (ODW) provided good technical assistance to those systems. However, a few small systems had a history of noncompliance with water-quality standards, and operators of some systems were not licensed. Some operators responding to our survey reported having difficulty properly maintaining their systems.

We recommended that VDH take steps to identify and eliminate chronically noncompliant community water systems and that the State consider encouraging the consolidation of noncompliant systems with successful waterworks. We also recommended that ODW conduct some inspections of waterworks on an unannounced basis and assure that deficiencies are corrected in a timely manner.

- ✓ The 2007 General Assembly passed legislation that defined "chronically noncompliant waterworks" and directed the Board of Health to promulgate regulations to implement a program for their elimination. The legislation also enhanced the ability of localities to acquire noncompliant waterworks.
- ✓ ODW and the Board of Health have taken some actions toward regulatory changes. ODW adopted new regulations requiring emergency management plans for small waterworks. In July of 2009, proposed regulations were submitted to the Board to enable it to eliminate chronically noncompliant waterworks. With regard to the problem of unlicensed operators, ODW plans to file a Notice of Intended Regulatory Action "in the next two years" to require owners to regularly update names and addresses of waterworks operators.
- × Unannounced inspections of waterworks are still not taking place. VDH reports it is "working on a plan to conduct a limited number of unannounced inspections" and that an update of its drinking water information database (scheduled for 2010) will include a module for tracking deficiencies and scheduling corrective action.

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Report: **Virginia Preschool Initiative (VPI): Current Implementation and Potential Changes (2007)**

Agency: DOE

The VPI program, begun in the 1990s, provides free preschool for four-year-old at-risk children who are not served by Head Start. Program costs are shared by State and local governments. The program had never been assessed statewide, so JLARC was directed to provide such an assessment. In addition, we were asked to study the concept of universal preschool.



We concluded that VPI is a quality program which helps at-risk children get ready for elementary school. VPI graduates do well on pre-K and kindergarten literacy tests, and teachers and principals report that they perform well in early grades. However, the long-term success of VPI graduates could not be determined because of data limitations.

- ✓ DOE now can track the performance of VPI graduates on Virginia's Standards of Learning (SOL) tests. It expects to have reliable data on how those students perform on the 2011-12 third-grade SOLs.

We found that some localities do not participate in VPI or do not fill all available VPI slots because of limited classroom space and funding. According to our estimates, the per-pupil cost for quality preschool in urban and suburban school divisions was about \$1,000 greater than the \$5,700 set by the State.

- ✓ The State budget for the current biennium increases the per-pupil amount for VPI to \$6,000 and caps the required local share at 50 percent in FY 2010. By FY 2010, the State will fund its share of almost 4,700 more VPI slots (compared to slots available in FY 2008).

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Report: **Access to State-Funded Brain Injury Services in Virginia (2007)**

Agencies: DRS, DVS, VDH, DMHMRSAS

State funding for services for persons with brain injuries had recently increased and there were attempts to increase it further. JLARC was asked to evaluate these services and their oversight by DRS.

We found that community-based services, such as clubhouses or day programs, appeared to benefit persons with brain injuries, and these services cost much less than providing services in a skilled nursing facility. However, few community-based services were available in some areas of Virginia. For persons with severe neurobehavioral disorders, there were only 20 beds available statewide.

There were concerns that services could be strained further if veterans with traumatic brain injury (TBI), the “signature wound” of the Iraq and Afghanistan wars, sought community-based rehabilitative services. We recommended that the responsible State agencies, including DRS, DVS, and DMHMRSAS, develop a plan for coordinating and improving access to those services for returning veterans.

- ✓ The Virginia Wounded Warrior Program was established by the General Assembly and appropriated about \$4.7 million for 2009-10. More than \$1.7 million in grants to regional community services boards were awarded in 2009.



*“We used the language from the JLARC report on TBI to justify the original Virginia Wounded Warrior Program concept paper.” Steve Combs, DVS*

The program aims to provide a safety net of supplemental behavioral health and rehabilitation services to Virginia’s veterans, National Guard and Armed Forces Reserves not in active federal service, and their families. For example, a grant went to the Hampton-Newport News Community Services

Board to hire additional case managers, establish a program that focuses on treatment of stress disorders and TBIs, and develop an outreach and training curriculum that can be replicated statewide.

We also found that the DRS brain injury registry was not operating effectively. Not all persons diagnosed with a TBI were being reported to the registry—several major trauma facilities had stopped reporting, and some hospitals were filing duplicate reports to DRS and the VDH Statewide Trauma Registry. Attempts to link the two registries had failed.

- § The General Assembly eliminated the requirement that hospitals report brain injuries to DRS. Hospitals must continue to report injuries to the VDH Trauma Registry, and VDH must provide that information to DRS.

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Reports: ***Evaluation of Children's Residential Services Delivered Through the Comprehensive Services Act (Dec. 2006)***  
***Follow-up Report: Custody Relinquishment and the Comprehensive Services Act (2007)***

Agencies: OCS, DMHMRSAS, DJJ, DSS, DOE

The 1992 Comprehensive Services Act (CSA) targets children with serious emotional and behavioral problems. The CSA program promotes agency coordination and the delivery of services that are community based, child- and family-centered, and cost effective. To pay for CSA services, State and local funds from different sources are pooled; federal funds (Medicaid and Title IV-E) also are used. The majority of CSA funds are used for services at children's residential facilities (CRFs). These facilities cost the State about \$194 million in 2005.

Concerns about rising program costs and the health and safety of children served through CSA in CRFs prompted this JLARC review. A follow-up study on custody relinquishment was also conducted.

Our review revealed that concerns about children's health and safety in CRFs were valid. We found that inspections were not always frequent or thorough enough, formal enforcement actions were not always occurring even when critical standards were violated, and minimum licensing requirements were too low in several areas critical to preserving children's health and safety. In a five-year period, 12 children died while in the custody of these facilities.

- ✓ New regulations governing CRFs were adopted that strengthen staff-to-child ratios, increase requirements for staff qualifications, and require evaluation of programs by providers of residential services.
- ✓ CRFs now must be licensed and regulated by the responsible agencies, and DOE, which had been the primary regulatory agency in residential schools, will oversee only their educational components. Application or licensing fees for these facilities are now earmarked for a training fund for residential providers.

We also found that some children were being placed in CRFs inappropriately because of a lack of community-based services and foster families.

- ✓ The basic stipend for regular foster families was increased more than 23 percent between 2007 and 2009.
- ✓ DSS is implementing a standardized system, or rate structure, for determining "additional daily supervision" (ADS) stipends to pay foster families based

on a child's special needs. This change will allow Virginia to claim a greater share of federal funds for ADS stipends and adoption assistance payments.

- ✓ New legislation established minimum training requirements for local DSS foster care and adoption workers.
- ✓ DSS developed a Resource Family Unit (RFU)—six individuals stationed throughout the State—to help local departments recruit, retain, and support foster families. A pilot program was tested in Richmond City and led to positive results. The RFU will attempt to replicate these best practices at other local departments.

*The pilot program in Richmond City resulted in a “35% increase in potential foster families attending initial orientation sessions, an increase in the number of foster families in one year, with a resulting decrease in the number of youth placed in congregate care settings.” (DSS)*

We found that services provided in CRFs produced mixed outcomes. Outcomes were difficult to assess, however, because of data limitations. There were no standard outcome measures, and data on outcomes were sometimes inaccurate or incomplete. And there was no central-

ized, reliable source of information on CRFs—their compliance with regulations, their rates, or whether their services were effective.

- ✓ A new standardized instrument—the Child and Adolescent Needs and Strengths (CANS)—is being used to evaluate children who receive CSA services, and training of case managers and local staff on its use has been enhanced.
- ✓ The CSA dataset was modified so that it captures data on when children begin and end with specific services/providers, who the vendors are, and why services were terminated and the child was discharged from CSA. These data improve the ability to measure child outcomes at the State and local levels.
- ✓ The DSS Division of Licensing Programs Help and Information Network (DOLPHIN) database now captures compliance data on CRFs, and this information is posted on a public website.
- ✗ DJJ and DMHMRSAS have not yet made their data on inspections and compliance of CRFs publicly available.

Our follow-up review of custody relinquishment found that State policy was restricting services received by children who were at risk of foster care placement, limiting residential care or services to no more than six months. The policy violated Virginia law and also meant that some parents had to place their children in foster care in order for them to receive services. In addition, we found that some localities were not using Foster Care Prevention CSA funding to serve these children.

- ✓ The Governor repealed the old policy and the Secretary of Health and Human Resources issued guidelines on foster care services funded through CSA that brought policy into compliance with State law. As a result, more children in Virginia have access to needed services without their families having to place them in foster care.

*“96 children are believed to have entered foster care for the sole purpose of obtaining mental health services in 2006.” (reported to JLARC staff by DSS)*

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## Report: **Availability and Cost of Licensed Psychiatric Services in Virginia (2007)**

Agencies: DMHMRSAS; DMAS

The success of Virginia’s efforts to transform its mental health system depends in part upon there being enough beds available for patients with mental illness who require hospitalization. Concerns about bed availability and the adequacy of reimbursements to hospitals for providing psychiatric services led to this JLARC review.

We found that the overall number of psychiatric beds appears adequate although denials of admission to State hospitals was not being tracked, so the extent of demand for these beds could not be determined. However, persons with behavioral problems have difficulty accessing beds, more beds are needed in certain areas, and there is a shortage of psychiatrists in Virginia.

- ✓ DMHMRSAS reports that the General Assembly made additional funds available for residential crisis stabilization and mobile crisis intervention teams. But assertive community treatment (ACT) services were not increased, though the “need for additional funding for ACT and other crisis services remains large.”
- × The General Assembly did not direct nor fund DMAS to provide inflation adjustments for professional psychiatric services.
- × Although DMHMRSAS reports that a new online discharge planning system in all State facilities “is improving efficiency of the [community service] boards to document their case management activities,” the General Assembly did not make the recommended statutory change requiring records to include “all requests for admission which were denied and the reasons for their denial.”
- × The Board of Medical Assistance Services has not used the regulatory process to establish “a reasonable rate per day for payments from the Involuntary Mental Commitment Fund for services rendered during temporary detention orders,” as required by the *Code of Virginia*.

We found that Virginia's teaching and general hospitals with licensed psychiatric beds had substantial unreimbursed costs (\$70 million in 2005) while the freestanding, for-profit psychiatric hospitals were fully reimbursed for providing psychiatric services.

§ In 2009, DMAS was authorized to rebase freestanding psychiatric hospital rates, limiting reimbursement just to cost. Rebasing has resulted in lower reimbursement rates.

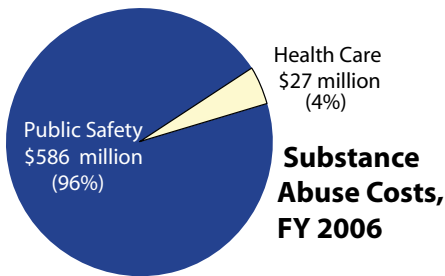
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Report: **Mitigating the Costs of Substance Abuse in Virginia (2008)**

Agencies: DMHMRSAS; DJJ; DCJS; DOC; DOE; DMAS

Concerns about the adverse societal effects of substance abuse, the costs to State and local governments, and the availability of substance abuse services led to this review. A legislative subcommittee chaired by Senator Hanger was also established in 2008 to further examine these issues and consider the findings and potential solutions contained in our report. In 2009, the General Assembly extended this subcommittee's work by one year.

We estimated Virginia's costs from adverse effects of substance abuse to be at least \$613 million in 2006, with another \$102 million being spent on substance abuse services. As shown on the pie chart, the fiscal impact is borne primarily by public safety agencies.



We found that most individuals who completed substance abuse treatment imposed lower net costs on the State and localities, and the majority had better outcomes. Still, most of these individuals go untreated. Substance abuse services are plagued by insufficient capacity and service gaps. In addition, available services often do not use proven practices.

✓ The 2009 General Assembly allocated \$1.5 million for pretrial services to DCJS, allowing the department to hire and train more pretrial staff. DCJS reports that adding these services will generate savings (though amounts could not be estimated) through reduced jail costs. In addition, the department believes that pretrial counseling and drug testing "will encourage some defendants to address their substance abuse problems in advance of returning to court."

We also found that State agencies were not conducting comprehensive evaluations of whether their treatment programs were effective.

- ✓ DMHMRSAS modified its performance contracts with CSBs to include more specific program outcomes. DOC and DJJ are working to improve evaluations of their substance abuse treatment programs. Once fully implemented, DOC's Offender Management System (CORIS) will allow the department to better track and evaluate treatment program participants. DJJ's Juvenile Tracking System database was modified to capture relevant data on treatment program participants at the juvenile correctional centers, which will allow for evaluation of recidivism rates, employment and educational status, and use of illegal substances.

We noted that the costs of substance abuse could be reduced by ensuring that existing services are effective and then making them available to unserved individuals, starting with offenders. A potential funding source for this effort is the general fund deposit made by the Department of Alcoholic Beverage Control to defray treatment costs for alcoholics. In FY 2006, nearly \$18 million of these funds were used for other purposes.

- × DMHMRSAS reported it took steps to implement several recommendations in the JLARC report, including developing training for judges on substance abuse effects and treatment, but also indicated that staff reductions and State budget constraints made further progress impossible.
- × DJJ reported that it would need additional appropriations to meet the recommendation to perform substance abuse screenings and assessments at its court service units. Thirty-five grant-funded substance abuse counselors were terminated in 2002, and the estimated cost to restore those positions is about \$2 million.
- × DOC reported that it supports the recommendation, but was not provided funding, to add prison-based transition specialists to facilitate inmates' return into the community.

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Report: ***Waste Reduction Efforts in Virginia (2008)***

Agencies: DEQ; DOE

Virginia's stated policy for waste management favors waste reduction; however, in practice, more waste is disposed of than is recycled or otherwise diverted from landfills. JLARC was asked to review the State's waste reduction programs and recommend long-term goals for the State.

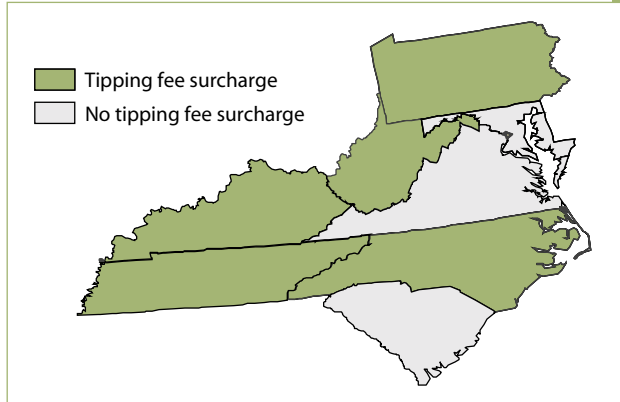
We found that mandated recycling rates were being met or exceeded in most areas, but that limited resources within DEQ hindered the State's financial and technical assistance to localities in developing and



implementing their waste reduction programs, particularly with regard to finding markets for materials being recycled.

State assistance with developing recycling markets was recommended, along with better coordination of State and local waste reduction activities and enhanced public outreach and education. To fund these efforts, the General Assembly was asked to consider levying a surcharge on tipping fees at municipal solid waste facilities.

As shown on the map, Pennsylvania, West Virginia, Kentucky, Tennessee, and North Carolina levy a surcharge on tipping fees. These states use a portion of the surcharge to fund their waste reduction efforts.



- ✓ DEQ used its 2009 recycling workshop to provide information to stakeholders about practices that have been successful at increasing waste reduction in Virginia and elsewhere.
- ✓ In accordance with its statutory responsibility, DOE is drafting recycling and waste reduction guidelines for Virginia public schools.
- × Additional funding dedicated to waste reduction efforts was not provided by the General Assembly.

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### Special Report: *VCU Degree Award (2008)*

Agency: VCU

At the request of the Commission, JLARC staff examined the awarding of an undergraduate degree to the former City of Richmond police chief by VCU.

We found that VCU administrators intentionally circumvented policies and requirements in awarding the degree and, in doing so, afforded the student preferential treatment. However, the decision not to revoke the student's degree was reasonable. We concluded that the university needed to adopt a policy that would enable it to revoke degrees that have

been improperly awarded and put in place controls to reduce the possibility of similar situations in the future.

- ✓ In November 2008, VCU adopted a policy that allows for any degree to be revoked “for cause” and not just for academic misconduct. Efforts to communicate to students their own responsibility for understanding and satisfying graduation requirements were strengthened. To further reduce the possibility that a student will be awarded an unearned degree, the graduation application was revised to ensure that the student advisor, department chair, and dean all attest to fulfillment of the degree requirements. The registrar’s role in verifying the completion of graduation requirements also was increased.

*“We will be working over the summer to assure that faculty and departmental recordkeepers understand requirements and maintain adequate systems that could affect the awarding of degrees.” (May 8, 2009 letter to JLARC from Stephen D. Gottfredson, Ph.D., VCU Provost and Vice President for Academic Affairs)*

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### Special Report: **Review of Selected Issues in the Virginia Election and Registration Information System (2008)**

Agency: SBE

The chair of the House Appropriations Committee requested JLARC staff to review concerns expressed by the Voter Registrars Association of Virginia with the State’s voter registration system, VERIS. Those concerns involved (1) errors in the U.S. Postal Service’s address database used to verify addresses in VERIS; (2) duplicate Social Security numbers that are allowed in VERIS; and (3) a perceived over-reliance on decision-making by local staff instead of increased automation.

We found that instances of voter fraud or disenfranchisement could occur because of problems identified by the registrars. We recommended that SBE address these concerns by making modifications to VERIS, improving training of registrars and other VERIS users, and recommending to the General Assembly changes in statutory language to clarify when a provisional ballot can be used.

- ✓ SBE reports it improved processes for identifying and reconciling possible duplicate voters. It also provided training to registrars on using tools to standardize addresses and correcting address issues with local postal officials.
- × Recommendations to modify VERIS to enforce the uniqueness of each Social Security number or to increase the level of automatic decision-making were deemed “cost prohibitive” because of budget constraints.

## 2009 SAVINGS REPORT

Three State agencies reported actual or estimated savings related to implementing a JLARC recommendation.

Description	Amount Saved
Savings Reported Through 2007	<b>\$638,617,000</b>
DRS Brain Injury Registry eliminated	\$104,232
Lower reimbursement rates paid to freestanding psychiatric hospitals as a result of rebasing of Medicaid rates (reported by DMAS)	\$597,958
Medicaid reimbursements to school divisions for school-based health services (amounts for FYs 2007-09 reported by DOE) *	\$37,700,000
Savings Since 2007	<b>\$38,402,190</b>
<b>Total Savings Since 1975</b>	<b>\$677,019,190</b>
* Recommendation was made in 2003. Savings accrue to State and local governments.	

## FOLLOW-UP ON EARLIER REPORTS

We continue to follow up on actions related to findings and recommendations from earlier reports:

- ✓ DSS continues to report taking steps to address problems highlighted in the 2005 review, *Operation and Performance of Virginia's Social Services System*. In response to the recommendation to help local departments with critical human resources issues, for example, DSS reports assigning consultants to each region to help local departments with compensation/classification, recruitment/retention and employee relations issues. Reported improvements include decreased time needed to screen applicants for vacant positions.
- ✓ The Office of Commonwealth Preparedness adopted a risk-based methodology for allocating homeland security funds to localities, as was recommended in the 2005 *Review of Homeland Security Funding and Preparedness in Virginia*. In addition, a committee was created to encourage State agencies to share information on all grants received that have a security dimension.
- ✓ As was recommended in the 2006 report *Evaluation of Underground Electric Transmission Lines*, and required by legislation passed in 2007, the State Corporation Commission (SCC) now ensures that public utilities seeking approval for a new transmission line provide a digital GIS map of the location of the proposed line. The SCC makes the maps publicly available on its website.
- ✓ The Chesapeake Bay Bridge-Tunnel District continues to implement recommendations related to capital improvements recommended in the 2002 report *The Future of the Chesapeake Bay Bridge-Tunnel*. Tunnel interiors have

undergone major renovations and bridge pilings have been repaired. In addition, electronic toll collection has been fully implemented.



## HIGHLIGHTS OF MOST RECENT STUDIES

Key findings of studies completed in the fall of 2008 are summarized below. Actions taken by the legislature or affected agencies will be discussed in the 2011 *Report to the General Assembly*.

### ***Comprehensive Review of State Employee Total Compensation***

***Identified Options to Potentially Avoid Excessive Costs:*** Options were identified which potentially would better achieve the goals of compensation and reduce the level of associated financial risk. To provide a framework for further consideration by the General Assembly, two groupings of options were identified that include changes to salaries and to retirement, health insurance, and leave benefits. Implementing both groupings for State employees and teachers (which are the largest single retirement plan managed by the Virginia Retirement System) could eventually result in cost avoidance of nearly \$250 million for the State and about \$330 million for local school divisions.

### ***Initial Higher Education Management Agreements Appear to Be***

***Working Well:*** The management agreements between the State and the University of Virginia, Virginia Tech, and William & Mary have caused some concerns at DGS and VITA over the institutions' autonomy under the agreements, but the universities themselves are generally satisfied and have achieved their performance benchmarks and complied with the agreements' terms. Virginia Commonwealth University also is now covered by a management agreement, and the agreements may be extended to more institutions in the future, which increases the need for effective State oversight. An expanded leadership role for the State Council for Higher Education for Virginia or a more formal oversight structure, such as a restructuring advisory committee, may be warranted.

***Budget Review in Virginia Could Be Improved:*** Legislative oversight of the budget process could be improved by holding more agency-focused budget hearings, ensuring legislative access to newly developed budget systems, and improving budget documentation. Other constraints on legislative oversight are the short legislative sessions and the relatively low number of legislative fiscal staff.

## AWARDS AND RECOGNITION

In 2008, two JLARC reports were recognized by the National Legislative Program Evaluation Society, a section of the National Conference of State Legislatures:

- ◆ *Interim Review of the Results of Abusive Driver Fees in Virginia and Other States* (prepared for the Joint Commission on Transportation Accountability) received an Impact Award for its impact on public policy.
- ◆ *Virginia Preschool Initiative (VPI): Current Implementation and Potential Changes* received an Excellence in Research Methods Award for its “exceptional breadth, depth and scope of fieldwork.”

The *Richmond Times-Dispatch* noted in a 2009 editorial that “JLARC enjoys a reputation for solid research and sound advice” and that its recommendations “command respect.”

## JLARC STAFF

The Commission's full-time staff have varied education, training, and professional experience. Most have backgrounds in public policy or administration; some staff have advanced degrees in urban planning, English, anthropology, or social work.

Philip A. Leone, Director  
Glen S. Tittermary, Deputy Director  
Robert B. Rotz, Senior Division Chief  
Harold E. Greer III, Division Chief

### **Section Managers**

Paula C. Lambert, Fiscal & Admin.  
Gregory J. Rest, Research Methods  
Walter L. Smiley, Fiscal Analysis

### **Project Leaders**

Aris W. Bearse  
Justin C. Brown  
Ashley S. Colvin  
Martha L. Erwin  
Eric H. Messick  
Nathalie Molliet-Ribet  
Kimberly A. Sarte

### **Project Staff**

Janice G. Baab  
Jamie S. Bitz  
Jennifer K. Breidenbaugh  
Mark R. Gribbin  
Bradley B. Marsh  
Ellen J. Miller  
Stefanie R. Papps  
David A. Reynolds  
Tracey R. Smith  
Shannon M. White  
Massey S. J. Whorley  
Christine D. Wolfe

### **Administrative/Research Support**

Joan M. Irby  
Betsy M. Jackson

*A complete list of recommendations and their implementation status from JLARC reports since 2002 is available at [jlarc.virginia.gov](http://jlarc.virginia.gov)*



Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Capitol Square Richmond VA 23219  
804-786-1258 Fax: 804-371-0101  
<http://jlarc.virginia.gov>