

NLPES Excellence in Evaluation Award Submission

Virginia Joint Legislative Audit and Review Commission

Virginia’s General Assembly has increasingly relied on the rigorous research of the Joint Legislative Audit and Review Commission (JLARC) to ensure that Virginia’s state agencies and programs are efficient and effective. This is evident through both JLARC’s increased workload in recent years, and the General Assembly’s implementation of its legislative and policy recommendations. For studies issued between 2016 and 2018, 77 percent of JLARC’s 319 recommendations were fully or partially implemented by the General Assembly and affected state agencies, a higher rate than previous years. (Implementation results for 2019 are not yet complete.) These evaluations have led to major changes, including the overhaul of Virginia’s foster-care system and economic development authority. In addition to these one-time evaluations, the agency’s ongoing oversight responsibilities have grown dramatically and include several of the largest state programs. From 2016 to 2018, JLARC’s implemented recommendations saved Virginia an estimated \$104 million. (Estimates for 2019 are not yet available.)

The Virginia General Assembly established JLARC in 1973 to provide program evaluation and oversight and ensure accountability in state government. Fourteen legislators—nine from the House of Delegates and five from the Senate—make up the Commission itself. As of July 1, 2019, 30 professional staff carry out the Commission’s research and oversight responsibilities, including 26 research staff, a publications editor, a graphics editor, a business manager, and an administrative staff person (Attachment A, org chart).

The agency’s core principles in conducting research are integrity, rigor, objectivity, and nonpartisanship. JLARC staff are committed to maintaining the agency’s long-standing reputation for producing high quality, unbiased research to make Virginia’s government work better for its residents. All studies are meticulously reviewed by JLARC’s senior staff: the director, three associate directors, and the research methodologist, who each have 20 or more years of program evaluation experience. More than 90 percent of JLARC’s research is conducted by its own staff. The agency uses contractors when specialized technical expertise is needed, chiefly for actuarial analysis and economic impact modeling.

Body of work

Since its inception, the core of JLARC’s work has been in-depth program evaluations of all areas of state government, with topics selected annually by the General Assembly. JLARC also conducts program evaluations on a continuous basis for major programs. The third major area of staff work is fiscal analysis reports. Attachment B lists all JLARC products from 2016–2019, including 86 formal presentations. Presentations clearly and concisely summarize findings of in-depth research on complicated topics and recommended actions. Staff formally present all reports to JLARC members at meetings in the summer and fall and present to many other legislative committees on request.

Program evaluations

From 2016 to 2019 JLARC staff completed 27 in-depth program evaluation reports addressing major state government areas, such as health and human services, education, and natural resources. Because

requests by General Assembly members for JLARC studies exceed staff capacity, JLARC members changed the study selection process in 2017, appointing a subcommittee to recommend study topics for approval by the full commission. Most program evaluations are conducted by a team leader and two to four research analysts, who work exclusively on the study for 9 to 12 months. All evaluations blend extensive qualitative and quantitative analysis.

Ongoing evaluation and oversight reports

JLARC staff also produced 17 in-depth evaluation reports for its areas of ongoing oversight responsibility, including: the actuarial soundness, investment practices, and management of the \$80 billion Virginia Retirement System and the Virginia College Savings (529) Plan; Medicaid and other state agencies and programs under the Secretary of Health and Human Resources; all state economic development incentives; and VITA, the state agency that provides centralized IT services to all executive branch agencies.

JLARC's ongoing oversight responsibilities greatly expanded between 2016 and 2019. In 2016 JLARC was directed to evaluate the state's economic development incentives on a continuing basis. These evaluations cover 79 incentives that awarded \$285 million to businesses in FY18. JLARC staff contract with the University of Virginia's Weldon Cooper Center for Public Service to perform the economic impact modeling (using REMI software). JLARC staff are heavily involved in the research process and have primary responsibility for developing the evaluation reports. (See Attachment C for an example of the reports.) In 2018 JLARC was directed to evaluate the agencies and programs under the Secretary of Health and Human Resources (HHR) on a continuous basis, spurred in part by concerns over the implementation of Medicaid expansion and underperforming programs for mental and behavioral health services. The HHR evaluations cover 10 state agencies that received more than \$15 billion in appropriations, collectively, in FY19.

Fiscal analysis reports

JLARC staff produced 13 annual fiscal reports on: state spending and trends for every agency and program; state spending on the standards of quality for K–12 education; and spending, financial, and other characteristics of Virginia compared with other states. In addition, committee chairs regularly ask JLARC staff to provide second opinions on fiscal impacts of legislation developed by executive branch agencies. JLARC staff produced 34 fiscal impact reviews between 2016 and 2019. Because the fiscal analysis reports have been heavily used by legislative members, lobbyists, and the public, in 2017 JLARC staff began providing much of this information on its website in customizable and interactive tables and graphics using Tableau software. Information from the annual *Virginia Compared with the Other States* and the *State Spending on the K-12 Standards of Quality* reports are now available interactively.

Impact

Two key measures of JLARC's overall impact are the number of its recommendations that have been implemented and the resulting cost savings. For studies released between 2016 and 2018, 77 percent of JLARC's 319 recommendations were partially or fully implemented by the General Assembly (Attachment D; results for 2019 are not yet complete). That is substantially greater than the number of recommendations (179) and their implementation rate (61 percent) for the preceding three-year period

(2013–2015). Savings realized between 2016 and 2018 from recommendations are conservatively estimated at \$104 million, and savings from all recommendations since 1979—when JLARC began to track savings—are estimated at more than \$1.2 billion.

The General Assembly has sufficient trust in the objective, non-partisan, and rigorous research conducted by JLARC staff that it asks the agency to evaluate and recommend changes to the most important, complex, and challenged programs affecting Virginians. Several reports exemplify JLARC’s impact on improving the efficiency and effectiveness of state government.

[Improving Virginia’s Foster Care System \(2018\)](#). In fall 2017, JLARC members directed staff to conduct a comprehensive study of Virginia’s foster care system. A federal review indicated Virginia was not adequately ensuring the safety and well-being of children in foster care, reunifying them with their birth parents, or finding relative or adoptive families to permanently care for them. Virginia has been among the three states with the highest rates of children aging out of foster care without a permanent family every year since 2007. JLARC staff conducted extensive research involving: 150 structured interviews with key stakeholders; surveys of 850 staff of local departments of social services and more than 100 foster parents; analyses of child-level data for over 2 million children who entered foster care in all 50 states between 2007 and 2016; and spans-of-control analyses to calculate the number of children in Virginia affected by high caseloads.

In response to the JLARC report, the General Assembly **unanimously** passed a bill in 2019 to implement 22 of JLARC’s 34 recommendations, resulting in a major overhaul of Virginia’s foster care system. Legislation was passed in 2020 to implement seven additional JLARC recommendations. Changes following JLARC’s report include establishing limits on foster care caseloads (and providing funding for additional caseworkers); implementing systematic processes to reduce the number of children in group homes and facilities and to increase the number of children placed in the care of relatives; and expanding the authority and capacity of the state department of social services to intervene when local departments are unable to ensure the safety or well-being of children in foster care. As one state senator said: “The problems with Virginia’s foster care system are largely fixable. We are determined to fix them. The Joint Legislative Audit and Review Commission staff provided us the impetus and guidance we need.” An editorial in the *Virginian-Pilot* newspaper described JLARC’s study and the legislative response as “the way government ought to work”. The report received an NLPES Certificate of Impact award in 2019.

[Management and Accountability of the Virginia Economic Development Partnership \(2016\)](#). In 2016, the General Assembly directed JLARC to evaluate the state’s economic development authority (VEDP) because of concerns that the agency was not managed well and was operating with little oversight and accountability. JLARC staff interviewed nearly 50 VEDP staff and members of the board of directors and more than 50 other stakeholders; surveyed all VEDP staff and national corporate site selection consultants; and conducted various analyses of VEDP data to assess the performance of the agency’s marketing, international trade, and incentive grant programs.

The legislature took a series of swift and sweeping actions to address JLARC staff’s findings. The General Assembly implemented 31 of the report’s 35 recommendations, resulting in comprehensive improvements to both the management and accountability of the agency. Examples of legislative

changes include: creating a separate division within the agency to administer incentive grants; improving the governing and oversight capacity of the VEDP board of directors; and creating an internal audit division that reports directly to the board. The legislature also followed a JLARC recommendation to withhold \$1.5 million in VEDP funding pending progress toward implementing the other JLARC recommendations.

JLARC's report generated substantial public interest. More than 90 news reports mentioned the study, including TV newscasts, radio, and newspapers (including *The Washington Post*). Two years after JLARC's report was released, VEDP was a key player in Amazon's decision to establish an East Coast headquarters (with at least 25,000 jobs) in Arlington, Virginia. According to Chris Jones, then the Chairman of Virginia's House Appropriations Committee, Virginia "could never have competed" for the Amazon project if not for the restructuring that resulted from JLARC's report. The report received an NLPES Certificate of Impact award in 2017.

[Operations and Performance of the Virginia Community College System \(2017\)](#). The General Assembly asked JLARC to determine whether the state's community colleges have served as a low-cost entry point to a bachelor's degree. JLARC also examined whether students can reduce the cost of a bachelor's degree by taking dual enrollment courses in high school, earning college credit. JLARC's study involved visits to nearly half of the state's community colleges; interviews with more than 140 staff at community colleges, four-year institutions, and high schools, as well as other experts; four surveys of community college staff, dual enrollment coordinators, and the state's community college system staff; and longitudinal analysis of several million course-level student records to assess time to credential attainment, credits earned, and debt levels for all students in every community college and public four-year institution in Virginia over an eight-year period.

JLARC staff found that the state's dual enrollment and transfer agreement policies are not consistently reducing the time or cost it takes to earn a bachelor's degree because four-year institutions regard dual enrollment courses as insufficiently rigorous and often do not accept them for credit. In addition, transfer agreements between Virginia's community colleges and four-year institutions are difficult for students to access and understand, and many are out of date. JLARC staff made 21 recommendations to address these and related issues, of which 18 have been fully or partially implemented. The General Assembly enacted legislation to improve and ensure the quality, rigor, and transferability of Virginia's dual enrollment courses, and to improve the accessibility and effectiveness of transfer agreements. The report received an NLPES Certificate of Impact award in 2018.

[Managing Spending in Virginia's Medicaid Program \(2016\)](#). The General Assembly asked JLARC to conduct a detailed examination of Medicaid spending and identify ways to reduce spending growth for Virginia's then \$9 billion Medicaid program, which has outpaced total state budget growth over the past two decades. JLARC staff conducted 60 structured interviews with state and local agency staff, 33 interviews with Medicaid staff in 18 states, 14 interviews with national Medicaid experts, and 10 different analyses of granular spending and claims-level data. This research led to 35 recommendations to address spending growth, all of which have been fully or partially implemented. Specific changes address inefficient spending by managed care organizations (saving as much as \$35 million per year), restricting the generous profit cap for managed care organizations to be more in line with other states (saving up to \$14 million annually), and fixing an unreliable screening process to determine

eligibility for long-term services and supports. As one legislator said, “This report will guide the General Assembly’s deliberations on how to reform Virginia’s Medicaid program.”

More recently, the legislative session ending in March 2020 produced action on several recommendations from JLARC evaluations released in fall 2019, including:

- The Office of the State Inspector General. Prioritizing the most serious allegations of waste, fraud, and abuse; improving investigative processes; and ensuring more rigorous oversight of operations in state health and behavioral facilities housing vulnerable individuals.
- State oversight of local and regional jails. Creating a staff unit to support the state board tasked with jail oversight and requiring increased public transparency about the results of jail death investigations.
- Casino gaming. Establishing a licensing structure for casino developers and a dedicated funding source for problem gambling prevention and treatment, a necessary step toward expanding the state’s inadequate problem gambling initiatives.
- Workers’ compensation. Adding certain cancers to those presumed to have been caused by firefighting based on the best available scientific research on occupational diseases and reducing the service length requirement for firefighters’ eligibility for disease presumptions.

Furthering the field of legislative evaluation

JLARC staff actively participate in sharing knowledge and best practices about legislative program evaluation nationally, and even internationally. A member of JLARC’s leadership team served as NLPES Executive Committee Chair in 2016, and JLARC’s methodologist currently serves on the Executive Committee. In recent years JLARC staff have served as NLPES judges (2016 research methods award), presented at Professional Development Seminars (2016, 2018, and 2019), participated in a peer review (2016), contributed articles to the NLPES newsletter (2016, 2018, and 2019), and received impact (2017, 2018, 2019) and research methods awards (2019). In addition, all new hires attend the annual PDS as part of their training.

JLARC staff regularly present to—and participate in—various organizations, including NCSL (Prenatal to Three Legislative Advisory Group, 2018–19), the American Society for Public Administration (members of the Richmond council), the Association for Public Policy Analysis and Management, the American Tax Policy Institute, and the Association of Government Accountants (presentations to the Richmond chapter). Since 2016, JLARC staff have actively participated in the Pew Charitable Trust’s project on Economic Development Tax Incentives. In 2018 JLARC hosted 20 senior auditors from 15 countries for a daylong training as part of the U.S. Government Accountability Office’s International Auditor Fellowship Program.

JLARC staff regularly engage with undergraduate and master’s degree students to encourage interest in legislative program evaluation as a career. JLARC staff teach and serve as guest lecturers at Virginia Commonwealth University and participate in career seminars at other institutions within and outside Virginia. JLARC has also served every year as a capstone project client for public policy students at the College of William & Mary and the University of Virginia. In 2019 JLARC staff participated in a public policy “boot camp” sponsored by APPAM at the University of Maryland, intended to encourage diversity in the field of public policy analysis.