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# VIRGINIA STATE BUDGET

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2001 Special Session I

## Budget Bill - HB3 (Introduced)

Bill Order » Legislative Department » Item 20

Joint Legislative Audit and Review Commission

Item 20	First Year - FY2001	Second Year - FY2002
<b>Legislative Evaluation and Review (78300)</b>	<b>\$2,822,376</b> <b>\$2,806,752</b>	<b>\$2,823,975</b> <b>\$2,761,475</b>
Performance Audits and Evaluation (78303)	\$2,822,376 \$2,806,752	\$2,823,975 \$2,761,475
Fund Sources:		
General	\$2,726,241 \$2,710,617	\$2,727,797 \$2,665,297
Trust and Agency	\$96,135	\$96,178

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Authority: Title 30, Chapters 7 and 8, Code of Virginia.

A. Out of the amounts for Performance Audits and Evaluation shall be paid the annual salary of the Director, Joint Legislative Audit and Review Commission (JLARC), \$131,054 from July 1, 2000, to November 24, 2000, \$135,313 from November 25, 2000, to November 24, 2001, and ~~\$135,313~~ \$140,049 from November 25, 2001, to June 30, 2002.

B. JLARC, upon request of the Department of Planning and Budget and approval of the Chairman, shall review and provide comments to the Department on its use of performance measures in the State budget process. The Commission staff shall review the methodology and proposed uses of such performance measures and provide periodic status reports to the Commission.

C. Expenses associated with the oversight responsibility of the Virginia Retirement System by JLARC and the House Appropriations and Senate Finance Committees shall be reimbursed by the Virginia Retirement System upon documentation by the Director of JLARC of the expenses incurred.

D. Out of this appropriation, funds are provided to expand the technical support staff of the Joint Legislative Audit and Review Commission, in order to assist with legislative fiscal impact analysis when an impact statement is referred from the Chairman of a standing committee of the House or Senate, and to conduct oversight of the expenditure forecasting process. Pursuant to existing statutory authority, all agencies of the Commonwealth shall provide access to information necessary to accomplish these duties.

E. Pursuant to House Joint Resolution 137 from the 1998 Regular Session, the Joint Legislative Audit and Review Commission shall examine (i) cross-cutting or client-based issues within the Health and Human Resources Secretariat and (ii) the organization, management and performance of the Department of Health, including a review of the Department's monitoring of health maintenance organizations. The review of cross-cutting or client-based issues shall address study resolutions directed to the Joint Legislative Audit and Review Commission by the 1999 General Assembly that relate to services provided by agencies of the Health and Human Resources Secretariat. As resources are available, the review of cross-cutting or client-based issues shall also include issues that are relevant to multiple agencies in the secretariat, such as potential overlap or duplication of services. The Commission shall complete its work and submit its findings to the Governor and the General Assembly no later than the 2001 Session.

F. The Joint Legislative Audit and Review Commission shall conduct an annual follow-up review, beginning in FY 2000, of the labor market experiences and welfare participation rates for welfare recipients, using the sample of individuals that was selected in 1998 for its study of welfare reform. This review shall include an analysis of the participant wage files maintained by the Virginia Employment Commission, and the welfare benefit files and VIEW program files maintained by the Department of Social Services.

G. The Joint Legislative Audit and Review Commission shall study the distribution of food and other products from the Virginia Distribution Center to state agencies and political subdivisions. The study shall include, but not be limited to: (i) an evaluation of current operations and financing of the Virginia Distribution Center; (ii) the adequacy of the Center's services and products for customers; (iii) the applicability of industry best practices to the Center's operations to improve services and reduce costs; (iv) the appropriateness of mandated sources, and the impact of such mandates on costs and quality of service; (v) alternatives for the distribution of food and other products to state and local government agencies, including the feasibility and advisability of privatizing distribution services; and (vi) the feasibility of expanding distribution services to additional state and local agencies and nonprofit organizations in the Commonwealth. In completing this study, the Commission shall consider the findings and recommendations of the Task Force Study on the Food Delivery System for the Prisons and Mental Health Hospitals in Virginia. The Commonwealth Competition Council, the Department of Corrections, the Department of General Services, the Department of Mental Health, Mental Retardation and Substance Abuse Services, and all other agencies and institutions of the Commonwealth shall provide assistance to the Commission, upon request. The Commission shall complete its study prior to the 2001 Session of the General Assembly.

**I VETO THIS ITEM. /s/ James S. Gilmore, III (4/9/00) (Vetoed item includes language enclosed in brackets.)**

[ H. The staff of the Joint Legislative Audit and Review Commission shall study the financing of highway maintenance and construction by the Department of Transportation. The study shall include, but not be limited to, a review of (i) the adequacy of funding for highway maintenance and construction activities; (ii) the adequacy of planning, programming, scheduling, and construction of highways, bridges, and tunnels; (iii) the equity of funding provided among the Interstate, primary, secondary, and urban highway systems; (iv) the adequacy of the Department's management of highway construction and maintenance funds; (v) the potential benefits and drawbacks of funding land acquisitions for highway purposes from general fund appropriations, rather than from revenues currently dedicated to highway construction purposes; (vi) the adequacy of the Department's staffing and other resources to carry out highway construction and maintenance activities; (vii) the degree of coordination between the Department and local governments; (viii) the Department's compliance with the environmental impact statement process; and (ix) the need for, responsibilities of, and budget for an Office of Public-Private Partnership within the Department's organizational structure. The staff shall submit an interim report to the 2001 Session of the General Assembly and to subsequent Sessions as necessary. All agencies of the Commonwealth shall provide assistance for this study. ]

I. The Joint Legislative Audit and Review Commission shall conduct a review of the formula used to allocate state aid to local libraries to ensure that the formula provides an equitable distribution of aid among public libraries in Virginia. The review should recognize and consider changes in funding patterns among local governments, the ability of local communities to fund library services, and collaborative efforts among local libraries and government entities. It also should address the impact of technological changes on library services, including, but not limited to, "Infopowering the Commonwealth," the strategic technology plan for public libraries. The review also should consider current population and expenditure caps used in the formula and their impact and whether a library construction component should be included in the state aid formula. The Commission shall report its findings and recommendations to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees by July 1, 2001.

**I VETO THIS ITEM. /s/ James S. Gilmore, III (4/9/00) (Vetoed item includes language enclosed in brackets.)**

[ J. The Joint Legislative Audit and Review Commission shall study the funding of the Standards of Quality (SOQ) and prevailing school division practices for elementary and secondary education in the Commonwealth. The study shall include, but not be limited to, a review of (i) current statutory and budget provisions governing the

calculation of SOQ costs and funding; (ii) the practices of local school divisions that exceed the Standards of Quality and that are not currently funded by the Standards of Quality, including the costs for technology; (iii) potential enhancements to the methodology for calculating the costs of the Standards of Quality, and potential methods for calculating the costs of other prevailing school division practices; (iv) the extent to which school division practices which exceed the Standards of Quality are associated with local ability-to-pay; (v) the Department of Education's processes and procedures for calculating and distributing state funds based on the current funding methodology; and (vi) the extent to which the state distribution of funding for elementary and secondary education, through the Standards of Quality or other means, is based on local ability-to-pay. The Commission shall submit an interim report to the 2001 Session of the General Assembly and a final report by June 1, 2001. ]

K. The Joint Legislative Audit and Review Commission shall examine the Virginia Medicaid program's methodology for determining hospital inpatient rates. The review shall consider past General Assembly intent and direction concerning the implementation of a prospective hospital payment system and the extent to which it is reflected in the current reimbursement system. The review also shall include (i) a comparison of Virginia's reimbursement for hospital inpatient care with other states and other payors; (ii) the accuracy of the Department of Medical Assistance Services' claims data base; (iii) the appropriateness of the Department's rate setting and rebasing processes and the cost settlement of the 1997 and 1998 cost reports; (iv) the application of retroactive changes in reimbursement for services rendered during fiscal years 1998, 1999, and 2000, and options for addressing them, if warranted; (v) a comparison of Diagnosis Related Groupings rates applied to hospital payments during fiscal years 1998, 1999, and 2000; (vi) the adequacy of current hospital rates, including whether they afford hospitals a reasonable opportunity to recover their costs; and (vii) other issues as may seem appropriate. The Department shall cooperate fully as requested by JLARC and its staff. The Commission shall report its findings and recommendations to the Chairmen of the Senate Finance and House Appropriations Committees by November 15, 2000.