



Encouraging Local Collaboration Through State Incentives



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Report No. 433

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COMMONWEALTH of VIRGINIA

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February 26, 2013

The Honorable John M. O'Bannon III
Chair
Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia 23219

Dear Delegate O'Bannon:

House Joint Resolution 570 of the 2011 Session directed the Joint Legislative Audit and Review Commission (JLARC) to study the costs and benefits to the Commonwealth of providing financial and other incentives to localities that collaborate on capital facility construction projects and other operating services.

The final report was briefed to the Commission and authorized for printing on December 10, 2012. On behalf of the Commission staff, I would like to thank the staff at the Department of Criminal Justice Services, the Department of Education, the Department of Housing and Community Development, the Department of Social Services, the Compensation Board, the Commonwealth Interoperability Coordinator's Office, the Virginia Information Technologies Agency, the Virginia Office of Comprehensive Services, and the Virginia Resources Authority for their assistance during this review.

Sincerely,

A handwritten signature in black ink that reads "Glen S. Tittermary".

Glen S. Tittermary
Director

GST/mle

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ABBREVIATIONS USED IN THIS REPORT

Abbreviation	
AESA	Association of Educational Service Agencies
APHSA	American Public Human Services Association
CSA	Comprehensive Services Act
CTE	Career and Technical Education
DEQ	Department of Environmental Quality
DHCD	Department of Housing and Community Development
DOE	Department of Education
DOJ	Department of Justice
EMD	Emergency Medical Dispatcher
LDSS	Local Department of Social Services
LGIF	Local Government Innovation Fund
OCS	Office of Comprehensive Services
NACO	National Association of Counties
PDC	Planning District Commission
RCP	Regional Competitiveness Program
SOQ	Standards of Quality
SCIP	Statewide Communications Interoperability Plans
STEM	Science, Technology, Engineering, and Math
TFC	Therapeutic Foster Care
TICR	Tobacco Indemnification and Community Revitalization Commission
VPFP	Virginia Pooled Financing Program
VRA	Virginia Resources Authority

JLARC Report Summary:

Encouraging Local Collaboration Through State Incentives

Key Findings

- There are 13 specific opportunities for local collaboration the State could facilitate through targeted incentives. Nine opportunities are in the two local functions that consume the bulk of State and local spending—K-12 education and public safety. All 13 of these collaboration opportunities would likely benefit residents, local governments, and to varying degrees, the State. (Chapters 2-4)
 - School divisions and local governments expressed interest in pursuing opportunities for collaboration if the State would provide financial incentives to help them plan for, manage, and fund the associated capital and operating costs. For most opportunities, the majority of divisions and local governments are interested and many are in the same region of the State and share a local boundary. (Chapters 2-4)
 - The State could encourage localities to capitalize on opportunities for collaboration using several types of incentives, all of which the State has previously provided. The exact costs and benefits of providing these incentives would depend on the amount of the incentive, total number of localities that participate, and other State and local factors. (Chapter 5)
 - The State could incentivize regional collaboration on foster care services, K-12 special education, pretrial services, and career-oriented K-12 education programs, which are opportunities that would be more likely to result in State savings—or produce other benefits for the State—over time. (Chapter 5)
-

House Joint Resolution (HJR) 570 from the 2011 General Assembly Session directs the Joint Legislative Audit and Review Commission (JLARC) to study the costs and benefits to the Commonwealth of providing incentives to localities that collaborate on capital construction projects or operating services (Appendix A). This report identifies opportunities for the State to encourage multi-jurisdictional collaboration on local government functions, including school division functions. JLARC staff assessed the potential cost efficiencies and service improvements associated with these collaboration opportunities and identified appropriate incentives that could be provided by the State.

REGIONAL COLLABORATION CAN RESULT IN IMPROVED SERVICES AND COST EFFICIENCIES, BUT IT IS CHALLENGING TO INITIATE AND SUSTAIN

Localities can collaborate on local government functions in a variety of ways, such as sharing staff to perform similar functions, jointly operating a program or service, jointly procuring goods or services, partnering on the construction of new buildings or infrastructure, or consolidating similar functions. Localities that have collaborated to deliver services or undertake projects on a regional basis have in many cases achieved cost savings, used public funds more efficiently, and expanded or improved the services available to residents. Localities have developed new regional programs that would be more difficult or impractical to implement independently, and they have been able to maintain services or programs that have become too costly to operate on their own. Examples of regional efforts include the consolidation of emergency dispatch centers, the merging of water supply and wastewater treatment functions, sharing teachers and support staff across school divisions, purchasing goods and services, and developing regional K-12 education programs, such as the State's 19 regional Governor's schools.

The State's regional jails program is a prominent example of a State effort to produce cost efficiencies by encouraging regional efforts. Under this program, the State reimburses 50 percent of a locality's costs for the construction or renovation of a regional jail facility. To provide an incentive to collaborate, this is twice the reimbursement provided if localities act independently. In FY 2010, the average operating cost per inmate per day in a regional jail was \$59 versus \$82 in a local jail. Additionally, these jails are of a higher structural and design quality than many local jails and have better security technology.

Even when localities have a shared mutual interest that could be achieved through collaboration, several challenges make collaboration difficult to initiate and sustain.

Even when localities have a shared mutual interest that could be achieved through collaboration, several challenges make collaboration difficult to initiate and sustain. Virginia's local government structure in which cities are independent from their surrounding counties in their governance and receipt of State funding creates a strong incentive for localities to operate independently. Additional challenges to collaboration include a lack of resources to plan or initiate a collaborative effort, logistical challenges associated with merging or coordinating functions across jurisdictions, and a lack of local leadership or community support.

STATE GIVES LOCAL GOVERNMENTS BROAD AUTHORITY TO COLLABORATE AND HAS ENCOURAGED COLLABORATION THROUGH INCENTIVES

In recognition of the potential benefits of collaboration, the State gives local governments broad authority to collaborate. Several provisions in the *Code of Virginia* authorize two or more localities to collaborate on local government functions. The broadest of these provisions is in §15.2-1300, which allows local governments to jointly perform any activity that they have the authority to perform on their own. This provision is commonly referred to as the “joint exercise of powers authority.” Other sections of the *Code* authorize localities to jointly perform specific services.

The State has also previously encouraged regional collaboration by providing financial incentives to regional efforts, such as the regional jails program. State incentives have taken the form of planning grants for regional programs or projects, capital funding assistance prioritized for regional projects, additional operating funds for regional programs, and “hold harmless” provisions that prevent a reduction in State funding to localities that choose to consolidate some or all of their functions.

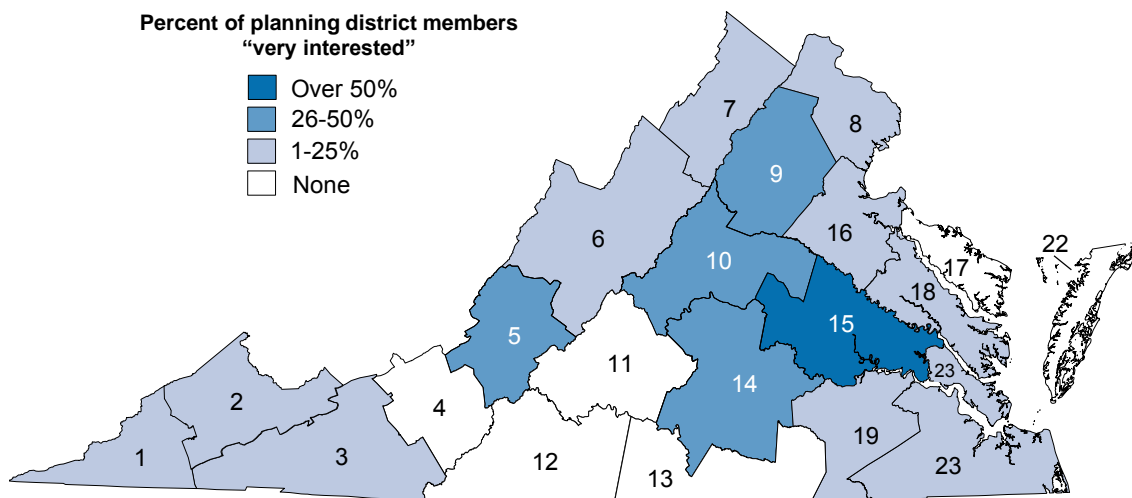
The recent recession has increased local interest in collaboration, and local government leaders statewide expressed interest in pursuing numerous collaboration opportunities. The directors of Virginia’s 21 planning district commissions—who are charged by statute with identifying opportunities for regional collaboration—reported that opportunities for collaboration exist statewide and in several local government functions.

COLLABORATION AMONG SCHOOL DIVISIONS COULD IMPROVE EDUCATIONAL SERVICES AND, IN SOME CASES, REDUCE COSTS

JLARC staff have identified five collaboration opportunities in K-12 education. Based on existing examples of collaboration on school functions, these opportunities could reduce spending, make more efficient use of funds, or improve the array of courses and services provided in Virginia’s public schools. The State and school divisions collectively spent \$13.2 billion on K-12 education in FY 2011, the most of all local functions.

For example, about half of Virginia’s school divisions currently participate in a regional special education program, and 73 divisions expressed interest in either expanding existing regional special education programs or developing new ones. Sixty-six of these interested divisions share a local boundary. The figure on the next page shows the greatest concentrations of “very interested” school divisions by planning district. State incentives could be used to en-

School Divisions That Are Very Interested in Joining a Regional Special Education Program Are Mainly Concentrated in Central Virginia Planning Districts



Note: Percentages were calculated based on the total school divisions in the planning district and assuming non-responding school divisions are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses from a survey of school division superintendents, 2012.

courage the development of regional special education programs that reduce the cost of special education services by \$6,500 to \$13,500 per student. Both the State and local governments would benefit from these cost savings, and this type of collaboration has also improved student access to specialized services. This collaboration could be incentivized with planning grants as well as State funds for capital and operating costs.

Many school divisions also expressed interest in expanding career-oriented education programs. State incentives could be used to encourage school divisions to collaborate on the expansion of career-oriented education programs that support the State's workforce development goals. These programs help prepare Virginia's public school students for high-demand, technical jobs. Many divisions already collaborate on these programs, and those that do offer an average of eight more courses than divisions that do not. The State could also provide planning grants to incentivize these regional programs.

REGIONAL COLLABORATION ON PUBLIC SAFETY FUNCTIONS IN FOUR PROGRAMS COULD REDUCE COSTS AND IMPROVE SERVICES

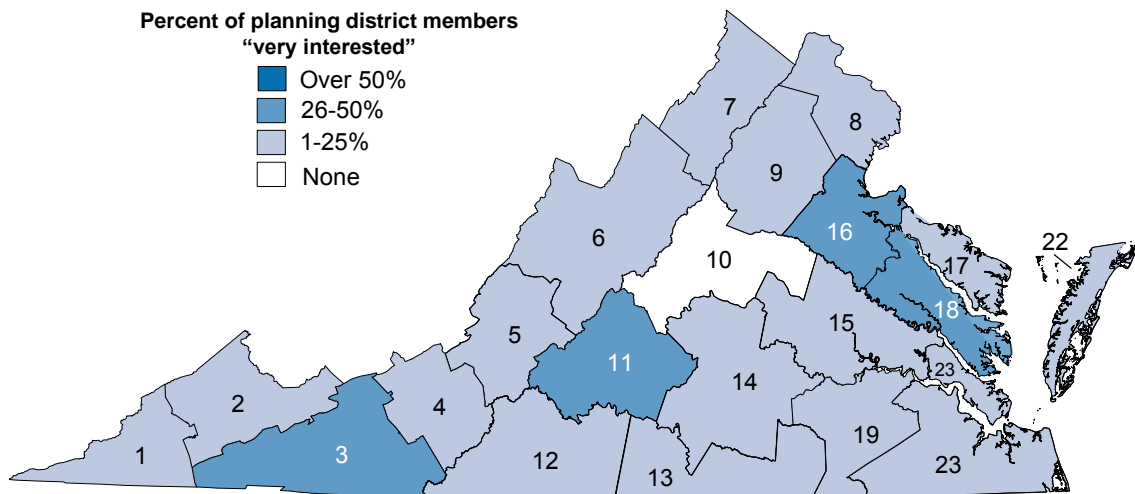
JLARC staff have identified four specific collaboration opportunities in public safety and the administration of justice. Based on existing examples of collaboration on public safety and administration of justice, these opportunities could reduce spending, make

more efficient use of funds, improve local governments' ability to respond to emergency situations, and better manage jail populations. After K-12 public education, public safety represents the second largest functional area in terms of combined State and local spending each year. The State and localities collectively spent \$4 billion on public safety in FY 2011. An additional \$400 million was spent on administering the judicial function.

Localities have already demonstrated that regional radio networks are a cost-effective way to develop, operate, and maintain interoperable systems and improve radio coverage. Ninety-four localities expressed an interest in collaborating to develop regional emergency communications networks. Of the 59 counties and cities that expressed interest in this opportunity, 53 share a border with another interested locality. In addition, 14 of the 35 towns that indicated that they are interested are located in a county that also expressed interest in this opportunity. The figure below shows the greatest concentrations of "very interested" localities by planning district.

Localities have also demonstrated that joint emergency dispatch centers can more efficiently use infrastructure, equipment, and personnel, as well provide greater access to professional staff. Seventy-five local governments expressed interest in developing or expanding joint emergency dispatch centers. Of the 52 interested counties and cities, 45 share a border with another interested

More Than 25 Percent of Localities in Four Planning Districts Are Very Interested in Joint Emergency Communications Systems



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

locality. Additionally, 11 of the 23 towns that indicated they are interested are located in a county that also expressed interest in this opportunity.

Regional emergency communications networks and joint emergency dispatch centers have saved participating localities as much as \$8 million. Collaboration on both functions could be incentivized with planning grants as well as State funds for the capital costs of regional projects.

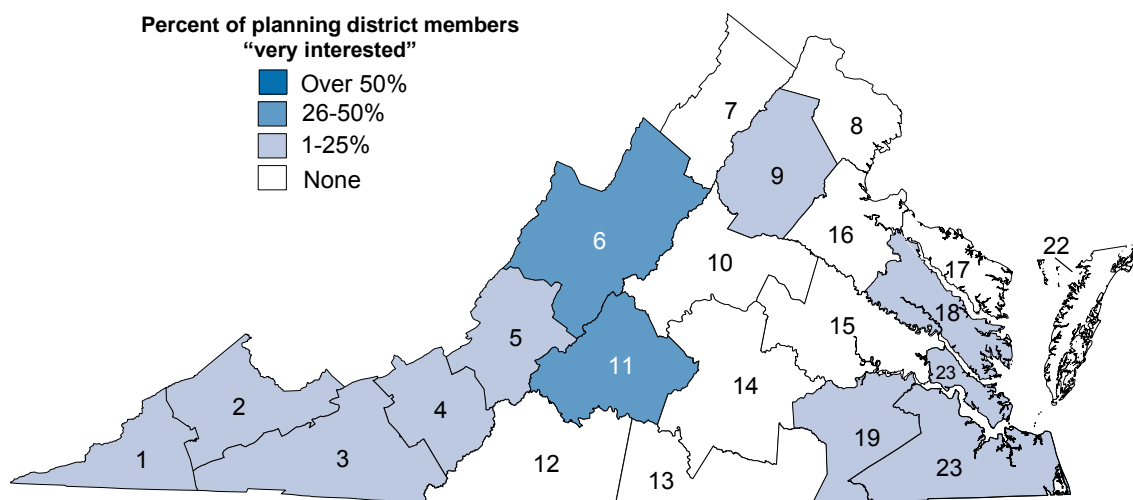
State incentives could also be used to encourage localities to collaborate on the administration of justice. For example, localities could be encouraged to develop joint courthouses. Localities that pursued joint courthouses several years ago demonstrated that joint courthouses could reduce construction costs by between 16 and 44 percent. Additionally, the State could incentivize localities to develop regional pretrial services programs, which help manage jail populations. Pretrial services could lower public safety costs by \$65 per person per day by allowing individuals awaiting trial to be transferred from jail detention to less expensive community release.

REGIONAL COLLABORATION COULD OCCUR WITHIN FOUR OTHER LOCAL GOVERNMENT FUNCTIONS

JLARC staff have also identified opportunities for the State to incentivize regional collaboration on four other local government functions in addition to K-12 education and public safety. Specifically, State incentives to encourage two or more local departments of social services to share staff to recruit and support foster families could help increase the number of available foster families. Localities that have used such a regional approach have increased their use of foster families as an alternative to more costly private-sector services. These localities have reduced their foster care costs by as much as \$629,000 per year. The figure on the next page shows the greatest concentration of “very interested” localities by planning district.

Additionally, State incentives could be provided to encourage localities to regionally operate certain public utilities. There are examples of localities’ avoiding infrastructure investments of \$40 million and achieving operational savings of \$1 million to \$2 million per year.

More Than 25 Percent of Localities in Two Planning Districts Are Very Interested in Regional Foster Family Recruitment and Retention



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

Finally, the State could encourage more localities and school divisions to enter into cooperative procurement arrangements. Localities that have used cooperative procurement have demonstrated that the costs of purchasing goods and services can be lowered by five to ten percent through the greater purchasing power of a regional consortium.

STATE COULD ENCOURAGE MOST OPPORTUNITIES WITH PLANNING GRANTS OR LOW-INTEREST LOANS

The State could offer several types of incentives to encourage localities to further collaborate. These incentives would be provided to encourage voluntary local collaboration. The cost to the State of incentivizing the collaboration opportunities identified will depend on (1) the amount of the incentive necessary to encourage localities to participate and (2) the number of localities that receive the incentive. Interest in collaboration is likely to change with a number of factors that are difficult to predict accurately, such as local economic circumstances. The precise benefits of each collaboration opportunity are also uncertain and are highly dependent upon the scale and specific parameters of each collaborative endeavor.

To minimize the State's costs for any incentive program, planning grants and low-interest loans could be offered that would encourage localities to voluntarily pursue collaboration. Planning grants could be used to determine the feasibility and potential costs and benefits of collaboration. The State could encourage most of the

identified collaboration opportunities by funding planning grants of up to \$100,000 per regional partnership. The table below summarizes the opportunities for which planning grants could be most effective.

Capital funding could also be provided through zero- or low-interest loans through the Virginia Resources Authority. Such

State Could Encourage Collaboration on Most Opportunities Identified by Issuing Individual Planning Grants of up to \$100,000

Collaboration opportunity	Number of possible partnerships ^a	Potential cost to State ^b	Potential benefits
K-12 education opportunities			
Regional science, technology, engineering, and math academies	1-36	\$100,000 – \$3,600,000	More career-oriented course offerings
Regional special education programs	1-33	\$100,000 – \$3,300,000	Lower costs Expanded services
Regional career/technical education	1-28	\$100,000 – \$2,800,000	More career-oriented course offerings
Shared K-12 instructional and support staff	1-29	\$50,000 – \$1,450,000	Maintained or improved instructional support services
Public safety and administration of justice opportunities			
Regional emergency communications equipment	1-34	\$100,000 – \$3,400,000	Reduced equipment costs Improved interoperability Improved radio coverage
Joint courthouse construction	1-15	\$100,000 – \$1,500,000	Lower construction costs
Regional dispatch centers	1-23	\$100,000 – \$2,300,000	Reduced equipment, infrastructure and operating costs Faster response times
Collaboration opportunities in other local government functions			
Regional solid waste operations	1-28	\$100,000 – \$2,800,000	Reduced infrastructure and equipment costs Reduced permitting and inspection costs
Regional water and wastewater operations	1-25	\$100,000 – \$2,500,000	Reduced infrastructure costs Improved infrastructure maintenance Reduced permitting and inspection costs

^a Estimates based on number of “somewhat” and “very” interested neighboring school divisions and local governments. Assumes that only those school divisions and local governments that expressed interest would participate.

^b JLARC staff assumed a \$100,000 planning grant for all opportunities with the exception of shared K-12 instructional support staff, for which a \$50,000 planning grant was assumed. These amounts are based on previous State appropriations for these purposes, as well as input from State agency staff and regional program participants.

Source: JLARC staff surveys of Virginia school division superintendents and city, county, and town managers and interviews with State, regional, and local agency staff, 2012.

loans are a more financially prudent approach to assisting regional partnerships with capital costs than grants for such projects, particularly given the current fiscal climate.

STATE COULD PRIORITIZE INCENTIVES FOR COLLABORATION OPPORTUNITIES THAT ARE MOST LIKELY TO BENEFIT BOTH THE STATE AND LOCALITIES

The State could also prioritize incentives for encouraging collaboration in those instances where collaboration would most likely result in State savings. Specifically, potential collaborative initiatives on foster care and special education services could improve the public sector's ability to serve Virginia's youth at a lower cost than private sector alternatives, and collaboration to expand pre-trial services programs could reduce jail costs.

Because the State provides substantial funding for foster care, special education services, and jails, cost reductions achieved through collaboration in these areas would likely reduce State spending. For example, State spending on foster care services could be reduced by between \$14,000 and \$28,000 per child, annually. Special education spending could decrease by between \$4,000 and \$8,000 per child, annually. Finally, for each day that a defendant's jail time is reduced, the State could save between \$4 and \$12.

The State could also prioritize incentives for encouraging collaboration in instances where collaboration would advance State policy goals, particularly with respect to workforce development and public safety. Specifically, State incentives could be used to encourage localities to pursue the development of joint career and technical education centers; joint science, technology, engineering, and math academies; and regional radio communications systems. While these collaboration opportunities are unlikely to produce financial benefits for the State, they would provide financial benefits to localities and their citizens and potentially enable some localities to expand their workforce development and public safety services.

To facilitate local collaboration on programs that are most likely to produce benefits for both the State and localities, it is recommended that the General Assembly consider providing financial incentives to encourage local governments, including school divisions, to voluntarily pursue the opportunities discussed above. It is also recommended that the General Assembly require that the State agencies tasked with administering the incentives be responsible for providing necessary technical assistance, monitoring the implementation of collaborative projects, and evaluating the impacts of collaborative projects on State and local services and spending.

Collaboration on Local Government Functions Can Benefit the State and Localities, Despite Challenges

In Summary

Virginia's counties and cities are required to perform certain functions, many of which are similar. This creates an environment with many possible collaboration opportunities. Regional collaboration can result in service improvements and cost efficiencies. However, Virginia's local government structure, along with the inherent difficulties of collaborating across local boundaries, makes collaboration challenging to initiate and maintain over time. These difficulties may include resource constraints, logistical challenges, and a lack of support from local leaders or the community. In recognition of the potential benefits of collaboration, the State gives local governments broad authority to collaborate. The State has also in certain cases provided financial incentives or initiated programs to encourage localities to collaborate. The recent recession has increased local interest in collaboration, yet the State's funding to encourage collaboration has been reduced or eliminated in recent years.

House Joint Resolution (HJR) 570 from the 2011 General Assembly Session directs the Joint Legislative Audit and Review Commission (JLARC) to study the costs and benefits to the Commonwealth of providing incentives to localities that collaborate on capital construction projects or operating services (Appendix A). This report identifies opportunities for the State to encourage multi-jurisdictional collaboration on local government functions, including school division functions. The report assesses the potential cost efficiencies and service improvements associated with these collaboration opportunities and identifies appropriate incentives that could be provided by the State.

To identify and evaluate collaboration opportunities, JLARC staff collected information from local, regional, and State personnel. JLARC staff conducted more than 100 interviews and three online surveys. The three surveys were distributed to local government administrators (counties, cities, and towns), school division superintendents, and planning district commission (PDC) directors. A more comprehensive discussion of research methods is included in Appendix B.

For this study, collaboration is defined as two or more localities voluntarily working together to perform a government function. Therefore, only voluntary, multi-jurisdictional collaboration is discussed in the report. Collaboration between localities or school divisions can occur informally on an ad hoc basis, and this form of

Only voluntary, multi-jurisdictional collaboration is discussed in the report.

collaboration is common and widespread. Local governments and school divisions can also collaborate through formal written agreements or arrangements, which is less common.

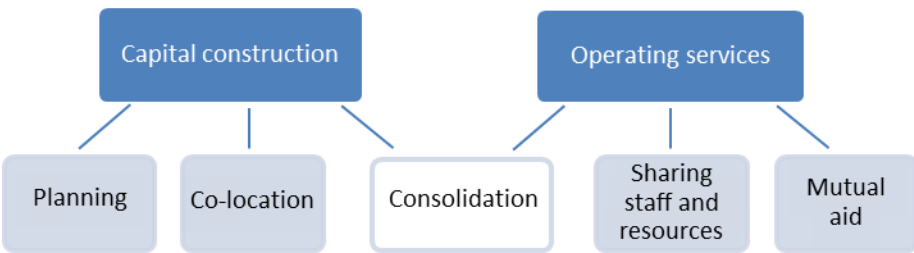
In addition to identifying potential opportunities for additional collaboration, the report discusses incentives the State could provide to promote these opportunities. The term “incentive” in this report includes a benefit granted by the State to localities or school divisions if they collaborate regionally on capital facility construction or on operating services.

REGIONAL COLLABORATION CAN RESULT IN IMPROVED SERVICES AND COST EFFICIENCIES

Localities can collaborate on local government functions in a variety of ways, such as sharing staff to perform similar functions, jointly operating a local government program or service, jointly procuring goods or services, partnering on the construction of new buildings or infrastructure, or consolidating similar functions (Figure 1). Collaboration can result in cost efficiencies, service improvements, or both. Cost efficiencies occur when localities, through collaboration, deliver services more efficiently and are typically achieved through greater economies of scale, consolidating duplicative services, or reaching the critical mass of participants needed to initiate and sustain a project. Because collaborative efforts have created cost efficiencies, localities have been able to develop new programs that would be more difficult or impractical to implement independently. Localities have also been able to maintain services or programs that have become too costly to operate on their own.

The State’s 21 regional jails are an example of regional efforts that have produced cost efficiencies. The State began the regional jails program in 1989 with the objective of encouraging the consolidation of small, independently run jails. Under this program, the State funds 50 percent of a locality’s costs for the construction or

Figure 1: Local Governments Collaborate in a Variety of Ways on Both Capital Projects and Operating Services

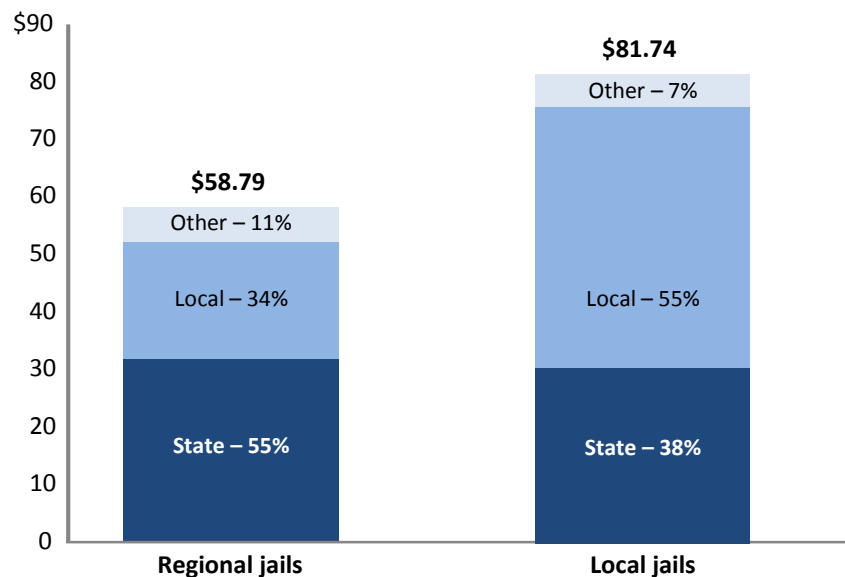


Source: JLARC staff analysis.

In FY 2010, the average operating cost per inmate in a regional jail was \$59/day versus \$82/day in a local jail.

renovation of a regional jail facility. To provide an incentive to collaborate, this is twice the reimbursement provided if localities act independently. According to several stakeholders, the regional jails program has resulted in the consolidation of small jails into larger, modernized regional jails with more efficient operations. In FY 2010, the average operating cost per inmate per day in a regional jail was \$59/day versus \$82/day in a local jail. Figure 2 illustrates the difference in operating costs between Virginia's 21 regional jails and its 45 local jails. Because these jails are among the newest in the State, they are not only of higher structural and design quality than many local jails, they also have improved technology that can contribute to enhanced security. Although the State has incurred a higher portion of the costs for regional jails, the overall cost of regional jails is less than for local jails.

Figure 2: Average Daily Costs Per Inmate for Regional Jails Are Less Than Daily Costs Per Inmate for Local Jails (FY 2010)



Note: "Other" sources of funding include federal funds for federally responsible inmates and income from revenue-generating activities inside the jails. On an annualized basis, regional jails cost \$21,458 per inmate per year in FY 2010 compared to \$29,835 for local jails.

Source: JLARC staff analysis of State Compensation Board FY 2010 Jail Cost Report.

An example of regional collaboration that has resulted in expanded services is Virginia's regional academic year Governor's schools. By pooling their divisions' resources and aggregating their student populations, school divisions are able to develop a critical mass of students and a resource base that can provide a program that would not be feasible for school divisions operating independently. Virginia has 19 regional academic year Governor's schools, and the program is considered a national model.

Additional examples of local collaboration that have resulted in cost efficiencies or improved services include the consolidation of emergency dispatch centers, merging of water and wastewater functions, sharing staff to develop regional water supply and natural hazard plans, sharing of teachers and support staff across school divisions, and regional approaches to purchasing goods and services. However, despite the apparent advantages that collaboration can produce for localities and their citizens, local governments still generally tend to operate independently rather than collaboratively.

VIRGINIA’S LOCAL GOVERNMENT STRUCTURE AND FUNDING EMPHASIZE AUTONOMY

Virginia’s local government structure is unique among the states. Article VII of the *Constitution of Virginia* establishes independent cities, counties, and towns as the entities of local government in the Commonwealth. Local officials are elected by, and are accountable to, citizens that live within the boundaries of their localities. Such independence has been viewed as one of the key challenges to regional collaboration in Virginia that does not exist in other states. According to the Council on Virginia’s Future, “By defining cities as independent, the Constitution [ensures] that every city in the commonwealth is a distinct political entity with its own population, tax base, geographic area, and is not part of any county.”

Under Virginia law, counties and cities are generally required to perform the same functions. Towns perform fewer functions than cities and counties because they are required to provide fewer services. These services include building code enforcement, solid waste management, and highway and street maintenance. Other services, such as law enforcement and wastewater treatment, are permitted, but not required to be provided by towns if the surrounding county or another local government provides the service. Table 1 provides a description of each type of local government, based on the *Code of Virginia* and *Constitution of Virginia*.

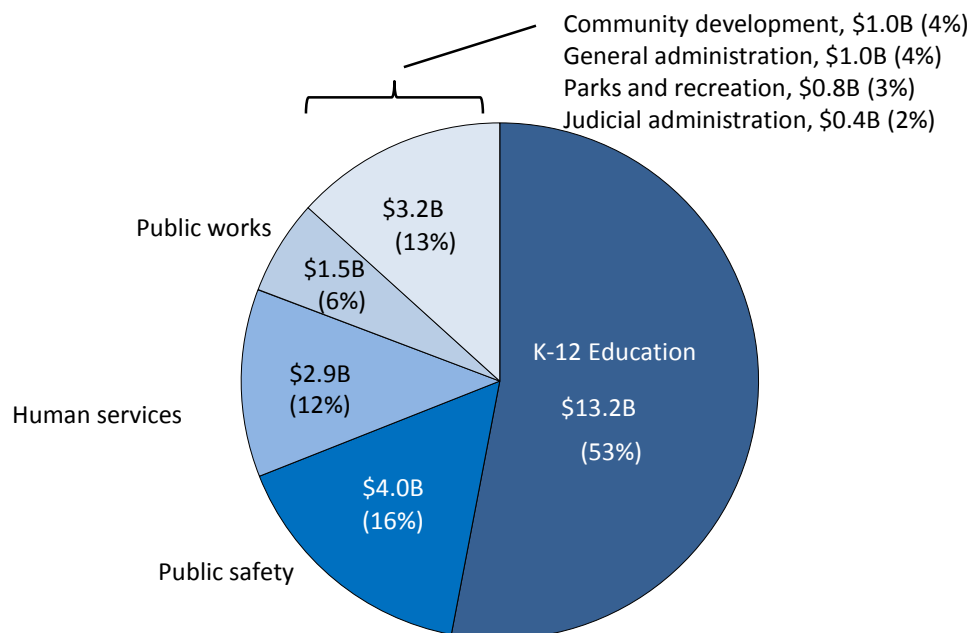
Table 1: Distinguishing Characteristics of Virginia Counties, Cities, and Towns			
Characteristic	Counties	Cities	Towns
Minimum population	No minimum	5,000	1,000
Governance	Boards of supervisors	City council	Town council
Debt issuance	May issue debt, if approved by legislature and by citizens via referendum	May issue debt without citizen or legislature approval	May issue debt without citizen or legislature approval
Current number (2012)	95	39	190

Source: *Code of Virginia*, *Constitution of Virginia*, and Commission on Local Government.

The State and localities spent approximately \$25 billion in fiscal year 2011 to carry out the functions of local government (Figure 3). The State provided about \$7.1 billion (or about 28 percent) of this funding. Most State funding was for operations. The State has provided very little capital funding in recent years. Some exceptions include State funding for the construction of regional jails and regional libraries. The bulk of State funding in FY 2011 was to support K-12 education, public safety, and human services.

The State's approach to providing financial support for local government functions provides little or no incentive to collaborate. In most cases, State funding is provided directly to each independent governmental unit, rather than distributed regionally. This not only encourages localities' independence, it may further complicate the already challenging logistics of regional collaboration.

Figure 3: State and Local Spending on Local Government Operations, FY 2011



FY 2011 state and local spending = \$25 Billion

Source: JLARC staff analysis of Auditor of Public Accounts data, FY 2011.

LOCALITIES HAVE EXPERIENCED CHALLENGES INITIATING AND SUSTAINING COLLABORATION

Collaboration is a challenging undertaking and is not always successful. In a JLARC staff survey, one-third of PDCs reported that localities sustained less than half of the collaboration efforts they initiated. The foremost challenges to successful collaboration in-

clude insufficient local resources to initiate and sustain collaborative projects, complex logistical details, and a lack of support from local leaders and community members. Factors that generally contribute to collaboration's success include a shared mutual interest by local governments and opportune timing.

Insufficient Resources and Logistical Challenges Can Hinder Attempts to Initiate Collaboration

Even when the potential benefits are apparent, localities have struggled to commit sufficient resources to initiate and sustain collaborative projects. For example, because additional personnel may be needed to initially explore or eventually manage the collaborative effort, the partnering localities may be unable to pay for staff to be responsible for these aspects of the project. Localities may also be unable to afford the upfront capital costs of a collaborative project. For example, the following collaborative projects have struggled due to insufficient up-front resources:

- Two localities in central Virginia explored coordinating their water supply operations, but reportedly abandoned this effort because of the project's up-front costs.
- In southwestern Virginia, a lack of planning resources has prevented a group of school divisions from establishing a regional career and technical education center.
- Localities in southwestern Virginia were unable to sustain a collaborative foster family recruitment and retention program due to insufficient funding for staff to administer the program, despite demonstrated savings on foster care costs.

Logistical complexities also deter localities from collaboration. Collaboration on operating services may require the coordination of operations, such as school schedules, transportation routes, or service eligibility requirements. It may also require coordinating functions that support those operations, such as aligning technology systems. For example, developing regional education programs requires resolving numerous administrative and logistical issues, such as developing governance structures, financing new buildings, and agreeing on course offerings. Such a program also requires coordinating students' daily school schedules, which can be especially difficult in more rural counties where lengthy travel times may be necessary. Lengthy travel times may result in added costs and could deter students from participating in regional programs.

Community members may especially oppose collaboration on functions that they perceive as contributing to local identity.

Lack of Support From Local Leaders or the Community Can Impede Collaboration, Even When Benefits Are Clear

Without the support of locally elected officials and residents, a collaborative initiative will struggle to get underway or to succeed over the long term. Community members may especially oppose collaboration on functions that they perceive as contributing to local identity. Examples of collaboration attempts that have not succeeded due to lack of community support include the following:

- Alleghany County and the City of Covington evaluated consolidating their high schools to reduce costs and improve course offerings, but residents were resistant and prevented the merger.
- Henry County voters rejected a proposal to have a joint courthouse in the City of Martinsville despite potential savings, deciding instead to build a new courthouse at their own local government center.

Local leaders or program administrators often also prefer to retain control of their operations to ensure accountability and maintenance of service. Local leaders may worry that once a function is regionalized, their ability to hold the local agency accountable for performance is diminished and service quality will decline. Smaller localities, such as towns, may also be hesitant to relinquish certain functions, such as water distribution, because these functions may be viewed as justification for the town's status as an incorporated local entity. Some collaboration attempts have not succeeded due, at least in part, to local officials' concerns about loss of control:

- One rural county reportedly has eight different public water providers and nine different wastewater providers. According to the PDC director for that region, consolidation of these systems could result in cost savings, but the small towns within the county operating these systems have not been willing to relinquish their control.
- Consolidation of some local departments of social services could have resulted in a reduction in the types of discretionary services offered. This is one factor that has reportedly deterred localities from pursuing social services consolidation.
- Several larger localities have withdrawn from regional law enforcement training academies and started their own individual academies to increase local control over training. These withdrawals have placed significant financial pressure on regional training academies and may put them at risk of closure, to the detriment of smaller localities that still rely on them.

STATE GIVES LOCAL GOVERNMENTS BROAD AUTHORITY TO COLLABORATE

The Dillon Rule

Virginia follows the Dillon Rule of state and local government relations, which holds that municipalities possess only those powers expressly granted to them by the state legislature and those that are essential to their existence and functioning.

In recognition of the potential benefits of collaboration, the State gives local governments broad authority to collaborate. Several provisions in the *Code of Virginia* authorize two or more localities to collaborate on local government functions. The broadest of these provisions is in §15.2-1300, which allows local governments to jointly perform any activity that they have the authority to perform on their own. This provision is commonly referred to as the “joint exercise of powers authority.” In a Dillon Rule state like Virginia, such a provision is helpful in minimizing misperceptions about the permissibility of collaborative arrangements.

Other sections of the *Code of Virginia* authorize localities to jointly perform specific services. Examples include regional jails, schools, libraries, social services, and law enforcement agencies (Table 2). The *Code* (§15.2-1300.1) also permits localities to provide aid to one another by ordinance or resolution. This provision was enacted by the 2011 General Assembly. Prior to this provision, the *Code* only expressly authorized localities to exchange aid during a local emergency.

Common Features of Authorities and Districts

Features of authorities generally include (1) governance by a body separate from that of localities, (2) ability to acquire property both inside and outside of jurisdiction, and (3) ability to generate revenue by charging fees or issuing revenue bonds.

Features of districts generally include (1) governance by one or more local governments and (2) ability to generate revenue by levying and collecting tax on property within the district, charging fees, and issuing both general obligation and revenue bonds.

The *Code of Virginia* also authorizes local governments to establish authorities and special districts that may extend into two or more jurisdictions. Localities may wish to establish an authority or special district to finance the infrastructure and operations of multi-jurisdictional services or to provide services that other levels of government either cannot or will not perform. The powers granted by the *Code* to each authority and special district vary. Authorities permitted by the *Code* include those for airports, parks, jails, public services, redevelopment and housing, and industrial development. Special districts authorized by *Code* include transportation, local transportation improvement, and sanitation districts.

STATE INCENTIVES HAVE BEEN STRUCTURED TO ADDRESS COLLABORATION CHALLENGES

Over the past several decades, the State has developed policies and programs to encourage collaboration through financial incentives (Table 3). If not for previous State incentives to encourage collaboration, localities may have been reluctant to undertake some of the more successful examples of collaboration that have occurred. Mostly, State financial incentives have focused on assisting localities with planning their approach to collaboration, investing in necessary capital improvements or equipment purchases, or funding the ongoing operations of a collaborative effort. In some cases, these incentives have been paired with technical assistance.

Table 2: Examples of Virginia’s Joint Services, Regional Authorities, and Special Districts

Code of Virginia Section	Joint service	Example
15.2-928	Solid waste and recycling	Cumberland Plateau Waste Management Authority
15.2-1726	Law enforcement	Central Virginia Regional Narcotics Task Force
15.2-1747	Criminal justice training	Piedmont Regional Criminal Justice Training
22.1-26	School or public charter schools	New Horizons Regional Education Center
37.2-500	Mental health services	Southside Community Services Board
42.1-37	Public libraries	Pamunkey Regional Library
44-146.20	Emergency services	Hampton Roads Emergency Management Committee
53.1-105	Jails	New River Valley Regional Jail
63.2-306	Social services	Henry County and Martinsville
Regional authority		
5.1-36	Airports	Roanoke Regional Airport Commission
15.2-4916	Industrial development	Wythe Joint Industrial Development Authority
15.2-5102	Public services	Appomattox River Water Authority
15.2-5200	Hospital or health commissions	Northern Virginia Health Center Commission
15.2-5403	Electric	Blue Ridge Power Agency
15.2-5702	Parks	Fredericksburg-Stafford Regional Park Authority
15.2-5602	Public recreational facilities	Hampton Roads Sports Authority
16.1-315	Juvenile detention commissions	Northwest Regional Juvenile Detention Center
36-24	Redevelopment and housing	Accomack-Northampton Housing Corporation
53.1-95.2	Jails	Riverside Regional Jail Authority
Special district		
15.2-4504	Transportation	Potomac and Rappahannock Transportation District
21-145	Sanitation	Hampton Roads Sanitation District Commission
33.1-410	Local transportation	Route 28 Improvement District

Source: JLARC staff review of the *Code of Virginia* and Commission on Local Government publications.

Table 3: State Has Provided Several Types of Incentives to Encourage Collaboration

Incentive type	Rationale	Example
Planning and start-up grants	Can be used to acquire resources to assist with planning and coordination	Financial assistance to school divisions for planning a regional academic year Governor’s school
Capital funding assistance	Allows localities to collaborate on new or specialized facilities and equipment	Reimbursement for half of localities’ costs of constructing a regional jail facility
Operating funding	May allow less affluent localities to provide new services and encourage more affluent localities to partner with them	Financial support for the operations of regional law enforcement training academies
Hold harmless provisions for State funding	Ensures that localities benefit from cost efficiencies they have achieved by preserving State funding levels provided through a formula	State funding for school divisions is preserved for 15 years in the case of school consolidation

Source: JLARC staff review of the *Code of Virginia* and interviews with State, regional, and local stakeholders.

State Has Provided Funding for the Up-Front Costs of Collaborative Projects

One of the key factors leading to successful collaboration is stakeholders' ability to evaluate the potential benefits and feasibility of collaboration before pursuing it. Such an evaluation can influence broader support for collaboration because it provides information to local leaders and to the community about the potential benefits of the project. Being able to conduct feasibility studies and preliminary planning activities can also help stakeholders identify the resources necessary to carry out a successful collaborative effort.

The State has in certain cases provided financial support to such efforts. For example, the Department of Education (DOE) requires that school divisions resolve major logistical challenges associated with a new Governor's school before it is approved, and DOE has made planning grants available to assist school divisions with this requirement. The State has also reimbursed localities for the costs of feasibility studies that have been conducted to evaluate the advantages and disadvantages of consolidated emergency dispatch operations.

In some cases, collaborative efforts also require localities to purchase buildings or equipment, or modify infrastructure, and the State has assisted with these capital costs. The most noteworthy example of a capital funding incentive developed to encourage collaboration is the regional jails incentive program.

State Has Also Encouraged Collaboration Through Assistance With Ongoing Operating Costs

Additional operating funds may be necessary to sustain collaboration, and the State has provided additional operating assistance to some regional efforts. For example, the State provides funding for regional law enforcement training academies that is not available to academies run by a single locality. The 2012 Appropriation Act provides \$4.29 million in general fund and non-general fund aid to regional training academies over the next two years. The State also provides additional operating funds to school divisions that operate regional Governor's schools.

The *Code of Virginia* also makes increased operating funds available to certain school divisions to encourage consolidation or sharing of "educational, administrative, or support services." The incentive is targeted at small school divisions (fewer than 1,100 students) with high composite indices (0.6 or greater) and allows for the participating school divisions to use the lower composite index of the two for the purpose of calculating State funding. Highland County and Rappahannock County are both eligible to benefit from this provision.

Composite Index

State funding to school divisions for delivering K-12 instruction is influenced by the locality's composite index, which measures each locality's ability to pay for the costs of K-12 education. A higher composite index indicates a greater ability to pay, which results in a lower level of State aid per student.

State Has Instituted “Hold Harmless” Provisions That Address Disincentives to Collaboration

One possible outcome of collaboration that may deter local governments is that their State funding may be reduced if they collaborate, due to the cost efficiencies achieved. To address this disincentive, the General Assembly has developed several “hold harmless” provisions in statute that preserve levels of State funding to consolidated governmental units. Section 15.2-1302 of the *Code of Virginia* guarantees that there will be no net loss of State financial assistance to consolidated local governments for 20 years after consolidation. The statute also preserves State funding for consolidated school divisions and constitutional officers for 15 years after consolidation. State assistance regarding other forms of local consolidation is preserved for five years.

These hold harmless provisions remove potential disincentives for localities to pursue consolidation of services or operations, but they do not address potential financial disincentives to collaborating in other ways, such as sharing staff. While some stakeholders raised the possibility of being inadvertently penalized through State funding formulas for their collaborative efforts, no specific examples were identified by stakeholders or JLARC staff.

Planning District Commissions Were Created to Support Regional Collaboration

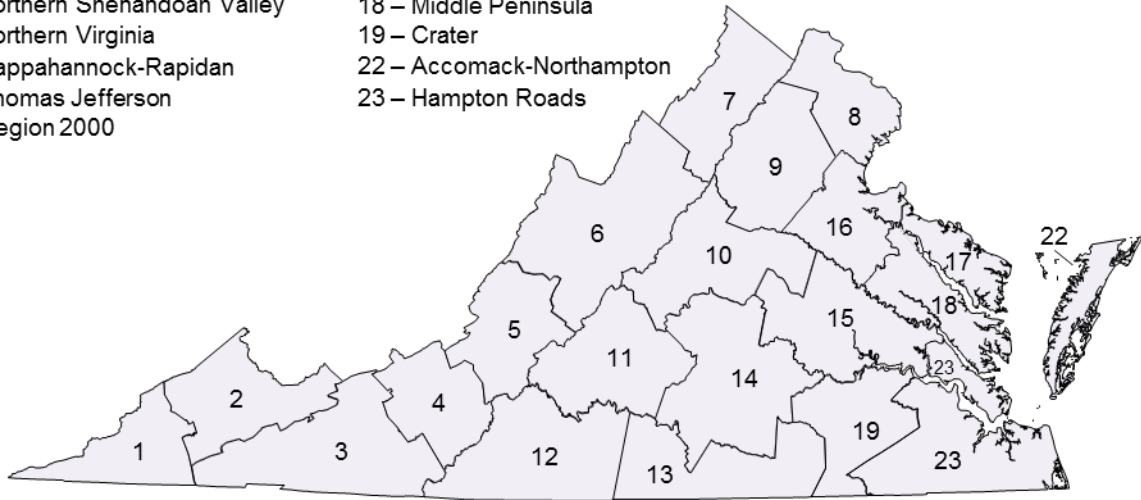
PDCs are regional associations of governments created in 1968 to provide a framework for addressing regional issues. Their principal goal is to encourage cooperation between their member governments. There are 21 PDCs in Virginia (Figure 4). PDCs serve as a liaison between localities and State agencies, identify and study collaboration opportunities, and conduct strategic planning for the region. For FY 2012, the 21 PDCs were appropriated \$1.79 million in State general funds. The PDCs also receive contributions from member localities and grant funding from State, federal, and local governments.

SEVERAL INCENTIVE PROGRAMS IN STATUTE HAVE NOT BEEN FUNDED, DESPITE HEIGHTENED INTEREST IN COLLABORATION

Given the fiscal challenges that localities have encountered during and after the 2007-2009 recession, collaboration may be a more appealing strategy to achieve cost efficiencies than in the past. The majority (76 percent) of PDC directors responding to a JLARC staff survey reported that local leaders’ interest in collaboration has increased since the most recent recession. Additionally, many school division superintendents and local government administrators responding to another JLARC staff survey indicated interest in spe-

Figure 4: Boundaries of the 21 Planning District Commissions

- | | |
|--------------------------------|---------------------------|
| 1 – Lenowisco | 12 – West Piedmont |
| 2 – Cumberland Plateau | 13 – Southside |
| 3 – Mount Rogers | 14 – Commonwealth |
| 4 – New River Valley | 15 – Richmond Regional |
| 5 – Roanoke Valley-Alleghany | 16 – George Washington |
| 6 – Central Shenandoah | 17 – Northern Neck |
| 7 – Northern Shenandoah Valley | 18 – Middle Peninsula |
| 8 – Northern Virginia | 19 – Crater |
| 9 – Rappahannock-Rapidan | 22 – Accomack-Northampton |
| 10 – Thomas Jefferson | 23 – Hampton Roads |
| 11 – Region 2000 | |



Note: Five counties are members of two planning districts. Franklin County is included in PDCs 5 and 12. Chesterfield County and Charles City County are included in PDCs 15 and 19. Surry County is included in PDCs 19 and 23. Gloucester County is included in PDCs 18 and 23. PDCs 20 and 21 merged to form PDC 23 in 1990.

Source: JLARC staff map based on data from Virginia Association of Planning District Commissions, 2012.

cific collaboration opportunities that could result in cost savings, even when the specific opportunity was thought to be difficult to achieve.

Despite this heightened level of interest in collaboration, the State's efforts to encourage such efforts have diminished. While the incentives discussed above are still in place, several other collaboration incentive programs have been created, but have either never been implemented or have been defunded. For example, the Regional Cooperation Fund (§15.2-4217 of the *Code of Virginia*) was created in 1995 to encourage "inter-local strategic and functional area planning and other regional cooperation activities." The act was amended in 2012 to include fostering and coordinating regional service delivery. However, funds have never been appropriated to this program. Similarly, no funds have been appropriated to the Broadband Infrastructure Loan Fund, which was created by the 2009 General Assembly to assist local governments with developing broadband communications technology. Statute specifies that funding would be prioritized for such projects that serve two or more local governments.

The most prominent example of a defunded State effort to encourage regional collaboration is the Regional Competitiveness Program (RCP), which encouraged regional collaboration to improve the economic competitiveness of the State's regions. Financial incentives were available through this program between 1996 and 2002, but no funds have been dedicated to the program for nearly ten years. Over seven years, the RCP awarded \$47.5 million in incentive grants to 19 regional partnerships throughout the State, and these partnerships implemented 69 joint activities. Additionally, according to an independent review of the program, regional partnerships were able to leverage more than \$700 million in additional public and private funds with the grants they received from the State. Examples of completed activities include workforce training centers, workforce development loan programs, regional industrial parks, distance learning centers, and regional telecommunication expansion projects.

Finally, although PDCs are charged with identifying opportunities for regional collaboration and assisting localities with those efforts, State funding for the PDCs has declined. A review of general fund appropriations for the PDCs indicates that State funding for PDCs declined by 27.5 percent in the past five years.

THIRTEEN OPPORTUNITIES FOR ADDITIONAL LOCAL COLLABORATION WERE IDENTIFIED

Local governments appear interested in pursuing new collaborative partnerships, and a wide variety of collaboration opportunities have been identified throughout the State. When asked to estimate the extent of collaboration in their regions, 17 of 21 PDC directors answered that localities have only realized some of the possible collaboration opportunities. PDCs, school divisions, and local governments have identified opportunities for collaboration in several functional areas of local government statewide, including K-12 education, emergency communications and preparedness, public utilities, and health and human services.

The research for this study focused on identifying the local government functions for which regional collaboration is most feasible, documenting existing examples of collaboration and the resulting cost and service benefits that localities have experienced, and assessing the extent of local government interest in further collaboration. The report describes 13 opportunities for regional collaboration, organized by government function, and includes

- rationales for the opportunities identified, using examples of collaboration in these functions of local government that have yielded benefits;

Identification of Collaboration Opportunities

JLARC staff relied on research on collaboration, interviews, surveys, and documentation of current examples of collaboration to identify potential collaboration opportunities. More information about this process is provided in Appendix B.

- a description of the feasibility of pursuing specific collaboration opportunities, with maps showing the magnitude and location of local government interest in collaboration, as well as a discussion of the challenges that will need to be addressed; and
- potential incentives the State could provide to encourage localities to collaborate.

This report does not, however, provide a comprehensive quantitative assessment of the financial costs and benefits of each collaboration opportunity, and therefore does not quantify the net benefits to the State of providing financial incentives. The net cost to the State of incentivizing the collaboration opportunities discussed in this report will depend on numerous factors that are unique to each type of collaboration, such as the number of participating localities, the manner in which collaboration is implemented, and the amount of the incentive necessary to encourage localities to participate, given their unique local circumstances and priorities.

Collaboration Among School Divisions Could Improve Education Services and, In Some Cases, Reduce Costs

In Summary

Spending on K-12 education accounts for the greatest portion of State and local spending on local government functions. The State could provide incentives for school divisions to collaborate in ways that reduce spending, make more efficient use of funds, or improve the array of courses and services provided in Virginia's public schools. For example, State incentives could be used to encourage development of regional special education programs that reduce the annual cost of providing services to a small portion of students by \$6,500 to \$13,500 per student. Both the State and local governments would benefit from these cost savings, and this type of collaboration has also improved students' access to specialized services. The incentives could also be used to encourage school divisions to collaborate on the expansion of career-oriented education programs that support the State's workforce development goal of preparing Virginia's public school students for high-demand, high-wage jobs. Divisions that collaborate on these programs offer an average of eight more courses than divisions that do not. Additionally, the State could incentivize school divisions to collaborate and make more efficient use of certain instructional, support, and administrative services.

As noted in Chapter 1, K-12 education represents the largest local government function in terms of combined State and local spending. According to data maintained by the Auditor of Public Accounts, the State and school divisions collectively spent \$13.2 billion on K-12 education in fiscal year 2011. School divisions are responsible for providing the infrastructure and staffing necessary to educate about 1.2 million students.

The necessity to transport students to school and the need for staff to be in the same physical location as students limit the degree to which school divisions can collaborate on certain functions. However, several opportunities were identified for increasing collaboration on K-12 instructional and support services. Some Virginia school divisions already collaborate with each other using one or more of these approaches, which demonstrates that collaboration is feasible and can yield benefits.

A substantial number of additional school divisions have also expressed interest in participating in regional approaches, and most of these are either in the same region of the State or share a border with a similarly interested school division. School superintendents were surveyed about their interest in 13 opportunities, and the five discussed in this chapter are those for which the greatest degree of

interest was expressed and which appear most feasible based on school divisions’ previous experience collaborating in these areas.

Potential incentives were identified that the State could offer to encourage school divisions to further collaborate. These incentives would be designed to address the potential barriers to collaboration that school divisions themselves identified and would be provided to encourage voluntary local collaboration.

Summary: Special Education		
<u>State benefit</u>	<u>Interested divisions</u>	<u>Potential incentives</u>
\$	73	P,C,O
<div> <div> \$=Potential savings NF=Non-financial </div> <div> P=Planning grant C=Capital assistance O=Operating funds </div> </div>		

SCHOOL DIVISIONS COULD COLLABORATE ON SPECIAL EDUCATION SERVICES AND REDUCE USE OF HIGHER COST ALTERNATIVES

Special education encompasses a wide range of services that school divisions provide to meet the needs of students with disabilities. A portion of students with disabilities require highly-specialized services that their school division may only be able to provide outside of the typical classroom setting. Regional special education programs can be—and have been—used to provide these highly-specialized services to students across multiple school divisions.

Regional special education programs deliver services to students either in the students’ home school, in a neighboring division’s school, or in separate schools managed by the program. There are 12 of these regional programs in operation throughout Virginia, and almost half of the State’s 132 school divisions participate in one. Virginia’s regional programs were created in the 1970s and 1980s in response to the federal Education for All Handicapped Children Act. The State’s direct aid to public education includes funding designated for these programs.

Regional programs have the potential to reduce State and local special education costs and improve the availability of specialized services for a small segment of children with disabilities in Virginia public schools. Although these programs may be challenging to implement, interviews with State and local officials, including school superintendents and special education directors, suggest that new or expanded programs could be encouraged by the State through a combination of planning and start-up grants and increasing the amount of State funds designated for regional program operations.

Rationale: Regional Special Education Programs Reduce the Need for Private Services, Providing State and Local Cost Savings While Improving Access to Some Services

In Virginia, special education services are provided primarily through public schools, but private sector providers are also used in some circumstances. The federal government requires that public schools provide all students who require special education ser-

Comprehensive Services Act of 1992

The Comprehensive Services Act (CSA) was intended to create a seamless approach to meeting the needs of children in Virginia with serious emotional and behavioral problems. Prior to the CSA, these children were served by multiple local agencies using eight different funding streams. CSA consolidated these streams into a single funding pool to provide communities with greater flexibility in the use of funds while increasing local responsibility and accountability for decision-making.

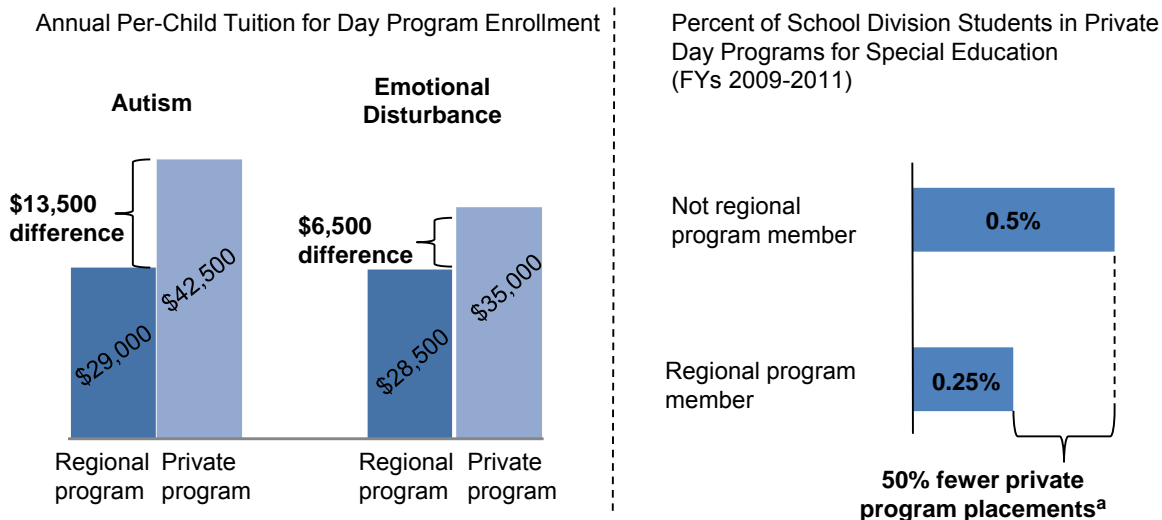
vices a “free and appropriate public education” to meet their unique needs. When a public school cannot meet this requirement, the law allows for the student to be served by a private provider. Private services include special education day schools which students attend in lieu of their public school. Students enrolled in private day schools receive instruction as well as specialized services, such as counseling and physical therapy. The cost of private services is borne by the State and localities primarily through the State’s Comprehensive Services Act (CSA) program.

Regional Special Education Programs Reduce Costs by Providing a Lower-Cost Alternative to Private Services. Regional special education programs in the public school system appear to provide services at a lower cost than private providers. A JLARC staff comparison of the annual tuition charged by regional programs and private providers serving students with autism or emotional disturbances found that the regional programs tended to have lower tuition rates. Regional programs in three areas of the State charged, on average, \$6,500 to \$13,500 less per year for full-day services than nearby private providers (Figure 5). These cost differences may be determined, at least in part, by the fact that private providers are in some cases able to provide a wider variety of services than their public sector counterparts. The majority of students enrolled in regional and private special education programs are students requiring services for one of these two disabilities.

School divisions that participate in regional special education programs are less reliant on private services, which appears to reduce the cost of meeting students’ needs. According to data provided by the Department of Education (DOE) and the Office of Comprehensive Services, which administers the CSA program, school divisions participating in regional programs had approximately 50 percent fewer students enrolled in private day programs than other school divisions (Figure 5). Superintendents and directors of special education from several school divisions indicated that they send students to regional programs instead of higher-cost private day or residential programs, reducing the cost of serving these students. JLARC staff’s analysis of tuition rates and enrollment trends confirms this assessment.

State and Local Governments Benefit From the Cost Savings Achieved Through Regional Special Education Programs. Regional special education programs provide both State and local governments with cost savings. The State provides additional funding for these programs, which increases State spending on direct aid to public education. However, by improving school divisions’ ability to serve students in the public school setting, thereby avoiding the

Figure 5: Regional Special Education Programs Can Serve as a Lower Cost Alternative to Acquiring Services Through Private Programs



^a Includes only students who have been enrolled in a private day program for a special education purpose using CSA funds.

Source: JLARC staff analysis of tuition reported by three regional special education programs, tuition rates reported by private special education providers to the Office of Comprehensive Services in those regions, and analysis of DOE and CSA spending and enrollment data for fiscal years 2009-2011.

need for more costly private sector services, the State and localities appear to have experienced reduced CSA expenditures. At the local level, localities must provide additional funds to their school divisions to support regional special education programs. However, these costs are offset by a reduction in the amount of CSA matching funds that localities are required to provide in support of students receiving private sector special education services.

Regional Programs Can Allow Some School Divisions to Provide Specialized Services to Students in Their Regular Schools, but Private Providers Are Still Needed to Serve Some Students. School divisions can also benefit from regional programs by experiencing improved access to specialized services, which can be delivered directly to students in their regular schools. Smaller school divisions typically have few students with low-incidence disabilities, such as vision or hearing impairments, who require specialized therapy services a few times a week. Superintendents and special education directors from several school divisions indicated they cannot afford to hire these specialists as permanent staff, and that it can be expensive to contract with private providers for these services. Regional programs, however, pool resources from multiple school divisions and hire full-time specialists to provide needed services to member divisions. For example, one regional program provides its members with psychological counseling, therapy, and vision orientation and mobility services on a fee-for-service basis. The

program's director indicated that the program's hourly rates for these services were \$10 to \$30 less than rates charged by private providers in the region.

Although regional special education programs can provide services comparable to private-sector counterparts, private providers are still an important component of the special education system. CSA data show that school divisions participating in regional programs continue to rely on private providers to serve some of their students. The directors of special education from some of these divisions, as well as regional program directors interviewed by JLARC staff, indicated that students who exhibit the most challenging behaviors or conditions may be more appropriately served by private providers. Additionally, regional programs may not have sufficient capacity to serve all students who require services. In these instances, private providers may be relied on to ensure children receive needed services.

Feasibility: Half of School Divisions Are Interested in Pursuing Regional Special Education Programs, but Concerns About Logistics and Accountability May Affect Implementation

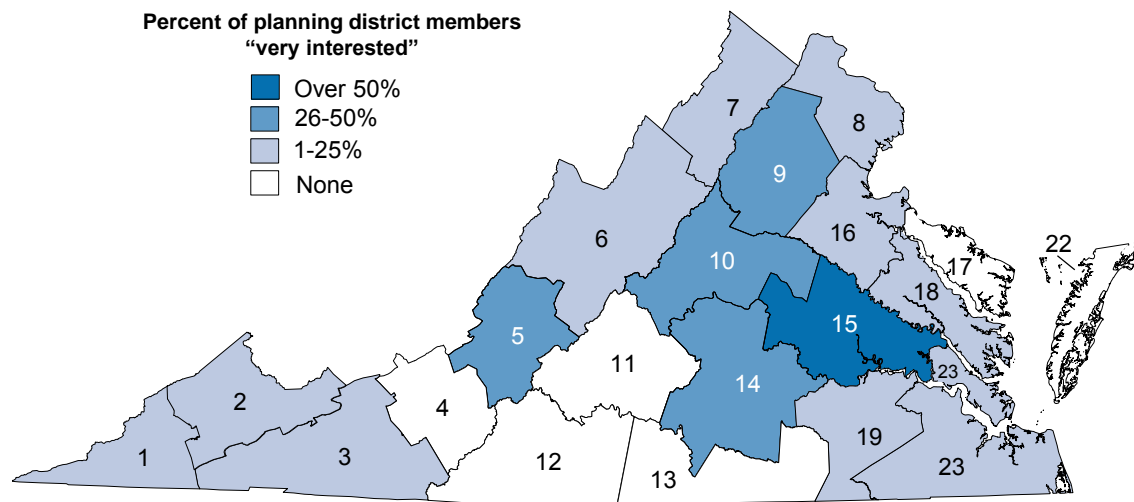
Even though regional special education programs are widely used in Virginia, there is still the potential to expand the use of these programs. Currently, 68 of the State's 132 school divisions do not participate in a regional program. Additionally, not all regional programs offer the same types of services, and some have few members. New programs can therefore be established, and some existing programs could be expanded to include new services or members.

School divisions appear to be interested in establishing or expanding regional special education programs. In a JLARC staff survey of school division superintendents, 73 divisions indicated some level of interest in collaborating on regional special education programs, including 24 that indicated they were "very interested" in implementing new or expanding existing programs. Additionally, 66 of the 73 divisions expressing interest in regional special education programs had a neighboring division that shared their interest, indicating that there are many potential new partnerships across the State. Finally, about half of the divisions reporting interest in new or expanded regional collaboration do not currently participate in such a program. Figure 6 shows the greatest concentrations of "very interested" school divisions by planning district.

66 of the 73 divisions expressing interest in regional special education programs had a neighboring division that shared their interest, indicating that there are many potential new partnerships across the State.

The primary challenges to successfully implementing regional special education programs are logistical complications and local concerns over program control and accountability. School divisions

Figure 6: School Divisions That Are Very Interested in Joining a Regional Special Education Program Are Concentrated in Central Virginia Planning Districts



Note: Percentages were calculated based on the total school divisions in the planning district and assuming non-responding school divisions are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses from a survey of school division superintendents, 2012.

that participate in regional programs may need to transport students over long distances, which reduces the amount of time these students spend in an instructional setting. A few divisions that are members of a large regional program indicated that travel time and associated costs limit their use of their program's central school. However, these divisions indicated that they also encounter the same challenges when sending students to attend private programs. Some school divisions that do not participate in regional programs raised concerns that participation in a program may reduce their control over the quality of services provided to students. However, all of the regional programs reviewed by JLARC staff are governed by boards composed of their member school divisions, and these divisions indicated that this structure provides them with the insight and input needed to ensure accountability.

The State's existing regional special education programs are evidence that such collaboration is feasible under the right circumstances. These programs have remained in operation for several decades. Additionally, superintendents and special education staff from school divisions that participate in these programs indicated that they are satisfied with the services they receive and expect to continue their participation for the foreseeable future. However, school divisions interested in regional special education programs expressed concern that collaboration on these programs would be challenging.

Potential Incentives: Planning Grants Could Be Used to Explore Opportunities for Regional Programs, and Expanding Available Operating Funds Could Encourage Further Implementation

Past State Grants for New Education and Community Services

The State has previously provided grants to help establish new programs intended to provide regional education services and reduce reliance on private providers for children's services. For example, the General Assembly appropriated \$200,000 for Governor's school planning grants for FYs 2013-2014. Additionally, \$1.25 million in community development grants were appropriated from 2007 to 2009 for localities to develop new services intended to keep children from being placed in residential care outside of their community.

The State could encourage interested school divisions to consider establishing or expanding regional special education programs by providing several incentives that would address the challenges noted by the divisions. School divisions indicated that planning grants would improve their ability to address the initial administrative and logistical challenges associated with establishing these programs. For example, planning grants could be used to hire consultants or staff to examine possible service areas where a group of divisions could collaborate. Planning grants could also be used to estimate the potential costs and benefits of implementing a regional program for identified services. As noted in Chapter 1, the State has provided similar grants to assist with planning and start-up of other regional programs in K-12 education, such as Governor's schools.

The State could also encourage divisions to follow through on planning activities by increasing the amount of funding available for regional special education programs. The State currently provides all Virginia school divisions with additional Standards of Quality (SOQ) funding to assist with the cost of providing special education services. While the amount of SOQ funding provided to each division is based on a formula, the State has created a separate funding mechanism for school divisions that participate in regional programs. These divisions receive reimbursement from the State for a portion of their tuition payments to regional programs. Because the amount of tuition reimbursement is based on actual costs incurred, these school divisions receive more funding under this mechanism than they would receive under the SOQ funding formula for special education. Currently, funding is only appropriated for existing regional programs. The State could further encourage the development of regional special education programs by appropriating additional funding specifically for new or expanded programs.

In some cases, State capital funding assistance could also be used to incentivize school divisions to pursue regional special education programs. Establishing new regional programs may require minor facility renovations or substantial construction projects, depending on how the program is to be structured and the facilities that are already available. For example, if the program involves establishing a self-contained classroom for students with multiple disabilities at an existing public school, minor renovations may be necessary to modify a classroom within the school to meet student needs. However, if the program involves establishing a separate

school for students with emotional disturbances, then construction of a new facility may be required.

Summary: Career-Oriented Programs

State benefit	Interested divisions	Potential incentives
NF	66 (CTE) 78(STEM)	P,C,O
\$=Potential savings NF=Non-financial	P=Planning grant C=Capital assistance O=Operating funds	

CTE Programs Expanded Under STEM Initiative

Vocational education, now referred to as career and technical education (CTE), has been offered in Virginia public schools since 1917. Traditionally these programs were designed to provide students with the skills and training necessary to enter directly into the workforce after graduating high school. These programs were subsequently expanded to include coursework for careers requiring post-secondary degrees or certificates. In 2007, the scope of CTE programs was again expanded to include science, technology, engineering, and math (STEM) oriented courses for a wider range of students. Some school divisions have also extended STEM offerings into their standard curricula.

WORKFORCE DEVELOPMENT COULD BE IMPROVED BY ENCOURAGING SCHOOL DIVISIONS TO COLLABORATE ON CAREER-ORIENTED EDUCATION PROGRAMS

The General Assembly and the Governor have recognized workforce development as a key priority, and school divisions could help improve the quality of Virginia’s workforce by expanding career-oriented education opportunities. In 2006, the General Assembly designated the Governor as the chief workforce development officer for the Commonwealth and tasked him with improving the quality of the State’s workforce development programs. In 2007, Governor Kaine launched an initiative to expand the scope of career and technical education (CTE) programs offered in Virginia’s public schools. The objective of this initiative was to improve student’s knowledge and skills in science, technology, engineering, and math (STEM) to better prepare graduates for careers in high-demand fields. Governor McDonnell has continued to emphasize expanding CTE programs to include more STEM-oriented opportunities. In 2010, the Governor’s Commission on Economic Development and Jobs Creation recommended that the State “support, promote and more widely implement programs that prepare students for higher academic success” in high-demand career fields.

Virginia public schools provide career-oriented education through their CTE programs. These programs are intended to provide students in Virginia public schools with the knowledge, skills, and qualifications necessary to pursue careers in specific fields or trades. Students who complete CTE coursework can earn industry certifications, occupational licenses, and college credits in one of several broad career fields. For example, CTE programs may include courses in information technology, health sciences, or manufacturing. School divisions work with local businesses to develop a CTE curriculum that includes training in career fields that are in demand in the local labor market. For example, school divisions in the Hampton Roads region offer welding certification programs to provide students with the skills needed to work in local shipyards. According to DOE staff, several school divisions have developed CTE programs where graduates are guaranteed interviews with local businesses. School divisions also partner with local universities and community colleges to design CTE program offerings that align with degree-granting programs.

School divisions can collaborate on CTE in several different ways. Some divisions have formed regional CTE centers to offer courses that they would not be able to provide individually, including new STEM-oriented options. These centers can also be used to provide

career-oriented education for the adult workforce. Other school divisions have partnered with neighbors through open enrollment agreements. Under this approach, one school division allows students from another division to enroll in its CTE courses in exchange for tuition payments or as part of a reciprocal arrangement. Each of these approaches has been shown to expand the array of career-oriented courses available to Virginia public school students, and further use of these approaches could be encouraged through State incentives. Collaboration on these programs is unlikely to reduce the State's K-12 education costs, but could enhance the ability of school divisions to advance the State's workforce development goals.

Rationale: School Divisions Have Already Used Collaborative Approaches to Improve Career-Oriented Education Programs

Some school divisions have expanded their career-oriented education offerings to better match the needs of the future labor market by establishing regional CTE centers. School superintendents indicated that for some high-demand career fields, students must be trained by certified instructors using the same kind of specialized equipment that is used in the workplace. Regional centers have allowed divisions to pool their resources to hire qualified instructors and purchase needed equipment.

On Average, School Divisions That Participate in Regional Centers Offer More Courses Than Divisions That Do Not. An analysis of CTE courses offered by all Virginia school divisions found that those that participated in regional centers offered an average of eight more courses than the divisions that did not. Superintendents from school divisions that participate in regional CTE centers indicated that their divisions would not be able to afford offering these courses individually, including many STEM-oriented courses. For example, superintendents from five school divisions that recently established a new regional center reported that they can now offer courses in six to seven high-demand career fields, including a pre-engineering technology STEM program, which they could not offer before.

Virginia school divisions that participated in regional centers offered an average of eight more courses than the divisions that did not.

In addition to providing new opportunities for high school students, regional CTE centers can be used to expand course offerings for the adult workforce. According to DOE, some regional centers have partnered with their local community colleges to provide CTE programs. Under these arrangements, adult students enroll in the community college, but attend classes at the regional center. Classes are held after the school day. These arrangements maximize use of the centers and also allow school division and higher education partners to share facility and equipment costs.

School Divisions Have Gained Access to Additional Course Offerings Through CTE Open Enrollment Agreements. Several superintendents indicated that they have used open enrollment arrangements to allow students to enroll in CTE courses offered by neighboring divisions. One division superintendent indicated that students from the division are allowed to enroll in a neighbor's agriculture and cosmetology courses. In exchange, students from the neighboring division are allowed to enroll in courses offered under the other division's culinary arts program. Similarly, several rural divisions in one region of the State indicated that they had arrangements to enroll students in a larger division's CTE courses in exchange for tuition.

Regional Approaches May Have Allowed Divisions to Make More Efficient Use of Their Funds. Regional approaches can make more cost-efficient use of CTE funds than individual approaches if school divisions consolidate similar courses and related facilities and equipment into one location. For example, school divisions across the State commonly offer automotive maintenance and repair courses. These courses require garages with specialized equipment, such as vehicle lifts and diagnostic computers. An analysis of CTE courses offered by Virginia school divisions found that most of the divisions that participate in regional centers have consolidated their automotive courses at the center. By consolidating automotive repair courses at one location, these school divisions have avoided buying and maintaining duplicative facilities and equipment.

Feasibility: Many School Divisions Are Interested in Collaborating on Career-Oriented Education, but Concerns About Planning and Long-Term Stability May Affect Implementation

The majority of Virginia school divisions do not currently collaborate on career-oriented education programs. As Table 4 indicates, only one-quarter of school divisions across the State participate in one of the State's ten regional CTE centers. The remaining school divisions have either established their own individual CTE centers or offer these courses at local high schools. Additionally, while several divisions responding to a JLARC staff survey indicated they have used open enrollment arrangements for CTE, the majority indicated they do not participate in these types of arrangements.

The State's emphasis on STEM programs, especially through creation of new Governor's STEM academies, provides an additional opportunity for collaboration. Approximately one-third of Virginia's school divisions participate in a Governor's STEM academy, indicating there is a substantial opportunity to use collaboration to expand these programs across the State.

Table 4: Majority of Virginia School Divisions Do Not Collaborate on Career-Oriented Education Programs

Type of collaboration	Collaborate	Do not collaborate
Regional CTE center	33	99
Regional STEM program	27 ^a	105
CTE open enrollment arrangement ^b	27	69

^a Includes divisions in programs that have been formally recognized by DOE or that have filed a form indicating their intent to establish a regional program for the 2012-2013 school year.

^b Counts only include the 96 school divisions responding to a JLARC staff survey.

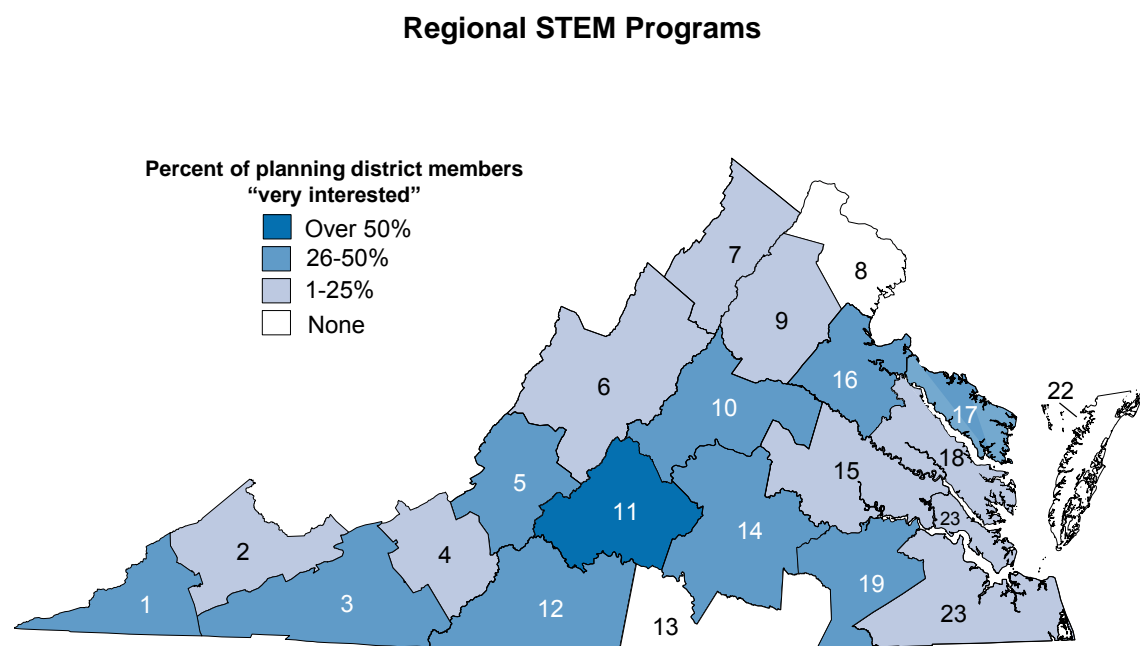
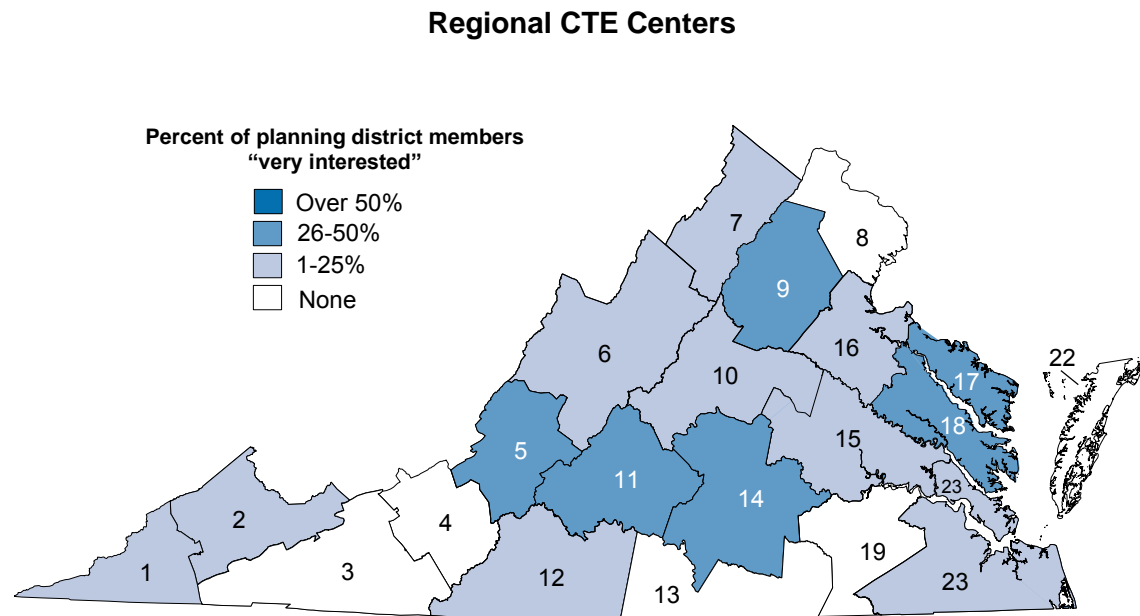
Source: DOE data on CTE centers and STEM programs, and JLARC staff survey of school division superintendents, 2012.

55 school divisions interested in regional CTE centers and 72 of the divisions interested in regional STEM programs had a neighbor that shared their interest.

Many school divisions appear to be interested in establishing or expanding collaboration on career-oriented education programs, especially through regional CTE centers and Governor’s STEM academies. A JLARC staff survey of school division superintendents found that 66 divisions had some level of interest in collaborating on regional CTE centers, including 25 that were “very interested.” Additionally, 78 divisions were interested in collaborating on STEM programs, including 35 which were “very interested.” Of the 66 divisions interested in regional CTE centers, 55 had a neighbor that shared their interest, indicating that there are many potential new partnerships across the State. Similarly, 72 of the divisions interested in regional STEM programs had a neighboring division that shared their interest. Survey respondents also expressed interest in CTE open enrollment arrangements, but the level of interest was lower than for regional CTE centers and STEM programs. Finally, about three-quarters of school divisions indicating an interest in these opportunities do not collaborate on these programs currently. Figure 7 shows the greatest concentrations of school divisions that indicated being “very interested” in regional CTE and STEM programs.

The major barriers to increasing collaboration on career-oriented education appear to be overcoming initial development challenges and securing adequate funding for new efforts. Staff from a school division that is considering establishing a regional CTE center said that they were unable to make progress on initial development activities, such as gaining partners and designing a curriculum, because they did not have sufficient resources to dedicate to planning and coordination. Superintendents from two other divisions that do not participate in regional programs said that they had also been unable to implement new CTE courses in engineering and health sciences due to a lack of resources for hiring instructors and buying equipment.

Figure 7: School Divisions That Are Very Interested in Collaborating on Career-Oriented Education Span the Central, Eastern, and Southwestern Planning Districts



Note: Percentages were calculated based on the total school divisions in the planning district and assuming non-responding school divisions are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses from a survey of school division superintendents, 2012.

School divisions have encountered similar challenges trying to implement STEM-oriented courses. For example, officials from one school division indicated they have been unable to implement the biotechnology curriculum planned for their STEM program because they do not have sufficient resources to develop the necessary laboratory facilities.

Once established, regional CTE partnerships may be at risk of dissolving if local support for them declines. For example, two CTE centers have ceased operating as regional entities since the 1990s. According to DOE staff, in both instances a superintendent for one of the participating school divisions withdrew from the regional partnership for non-financial reasons. Each of these regional centers included only four school divisions, and so the loss of just one key division led to their dissolution. Several school divisions also indicated that they had withdrawn from CTE open enrollment arrangements for a variety of reasons, including transportation challenges and a lack of input into course offerings.

Despite these challenges, existing regional programs demonstrate that further collaboration in this area may be promising if certain implementation challenges can be resolved. Nine of the State's ten regional CTE centers have operated since 1980 or earlier, and a new regional CTE center was established in 2012. Additionally, several divisions have or are attempting to establish regional STEM programs, often through an existing CTE center partnership. JLARC staff also identified several instances in which school divisions have succeeded in implementing open enrollment arrangements.

Potential Incentives: Financial Incentives Could Be Used to Encourage Collaboration on Career and Technical Education

The State could encourage interested school divisions to pursue regional career and technical education and STEM programs through incentives that address the challenges associated with planning and initiating a collaborative effort. Additionally, greater operating funds for regional CTE and STEM programs could not only encourage their development, but help ensure their long-term viability.

State Could Encourage Consideration of Regional CTE Approaches Through Planning Grants. School divisions indicated that planning grants would encourage consideration of CTE collaboration by improving their ability to address initial administrative and logistical challenges. Staff from school divisions that recently established a regional CTE center indicated that they had succeeded because they were able to dedicate staff to carry out planning and coordination and hire an architectural firm to estimate the cost of con-

structing the facility. These activities were partly paid for by a \$200,000 planning grant provided by the General Assembly in 2007.

Establishing Regional CTE Centers Requires Planning and Investment

A group of school divisions that recently established a regional CTE center indicated that their development activities included identifying potential partners, gaining local support for participation, deciding what courses should be offered, and developing a governance and funding structure for the center. Additionally, the divisions indicated that they had to secure sufficient funds to renovate a facility, purchase equipment, and hire new instructors qualified to teach the new courses that the center offers.

Start-Up Grants and Assistance With Capital Funding Could Also Be Used to Encourage Follow-Through on Regional CTE Planning Activities. State incentives that help school divisions pay for initial one-time costs could encourage collaboration on CTE centers. As previously noted, establishing a regional center may require constructing or renovating a facility. State capital funding assistance, such as low-interest loans, could help localities pay for these improvements. Centers would also have to be outfitted with appropriate equipment, such as medical training equipment for new health sciences courses. One-time start-up grants could be used to assist school divisions with these equipment purchases.

Planning and start-up grants could be targeted at promoting CTE collaboration that improves STEM course offerings. Several school divisions have or are considering establishing STEM programs through their existing regional CTE partnership. One of the first STEM programs established in Virginia was a collaborative effort that received a \$20,000 planning grant and an additional \$100,000 in funding to assist with start-up costs. DOE currently provides grants to school divisions for establishing STEM programs – either individually or in collaboration. However, due to funding limitations, the amount currently provided under these grants is only \$5,000.

Incentives That Provide Greater Operating Funds to Regional CTE and STEM Programs Could Help Ensure Long-Term Viability. The State could also encourage CTE collaboration by providing additional operating funds to support regional approaches, especially regional centers. School divisions indicated that additional operating funds would help cover the recurring costs of a regional center's faculty and transporting students to the center. The State currently provides school divisions with additional funds for Governor's schools for these purposes under an annual appropriation, including \$15 million per year for fiscal years 2013 and 2014. Additional funding for regional CTE centers could help pay for the cost of non-instructional positions at these centers that are not accounted for under the State's current funding formula. State funding may also help ensure that school divisions do not withdraw from regional partnerships.

An alternative to providing long-term operating funding for regional CTE centers would be for the State to provide short-term financial assistance. Staff from one school division suggested that the State could provide operating assistance under a grant program, whereby the annual amount of assistance provided would

The State could provide operating assistance under a grant program, whereby the annual amount of assistance provided would diminish . . . to allow school divisions to gradually absorb increases in operating costs associated with the establishment of a new regional center.

diminish over a pre-defined period of time. The division indicated that this approach would allow school divisions to gradually absorb increases in operating costs associated with the establishment of a new regional center.

Additional operating funding could also be an effective incentive for encouraging CTE open enrollment arrangements. One potential way to structure such an incentive would be for the State to provide tuition assistance payments to support open enrollment arrangements. These assistance payments could go to the locality that is sending a student to a neighboring CTE program to cover a portion of any tuition which that locality is charged. Alternatively, payments could go directly to the locality that is receiving students in its CTE program to encourage open enrollment.

STATE INCENTIVES MAY IMPROVE THE QUALITY AND COST EFFICIENCY OF CERTAIN SCHOOL DIVISION STAFFING FUNCTIONS

School divisions provide a variety of specialty instructional, support, and administrative services that involve relatively few staff or resources. For example, school divisions require fewer instructors for teaching elective courses than for teaching courses in the core curriculum. In some cases, individual school divisions may not have sufficient demand for these courses to maximize the use of instructors, which can make it expensive to maintain these elective offerings. Similarly, many school divisions do not have year-round internal professional development programs. In these cases, divisions may be unable to provide the same types of training opportunities that are available to school divisions with greater resources.

Summary: Shared Staff		
State benefit	Interested divisions	Potential incentives
--	64	P,O
\$=Potential savings P=Planning grant NF=Non-financial C=Capital assistance -- = None O=Operating funds		

Sharing Education Staff May Reduce Personnel Costs and Improve Access to Certain Instructional and Support Services

School divisions can partner to share the cost of providing certain support and specialized instructional services. For example, school divisions may offer specialized language courses that appeal to a small number of students. Because these courses have low enrollment, the cost of providing an instructor for these courses is relatively high when measured on a per-student basis. Similarly, school divisions typically must provide several support services for students, such as basic health and psychological counseling services. To better provide these types of services at a reduced cost, some school divisions have reached agreements to share staff.

School Divisions Can Maintain or Improve Certain Instructional and Support Services by Sharing Staff and Associated Costs. Shared staffing arrangements allow school divisions to improve or maintain access to services by maximizing service use while minimizing

costs. For example, staff from one school division indicated they were able to avoid eliminating a language course by entering into an agreement with a neighboring division to share the cost of the language instructor's compensation. This allowed the division to keep the course while providing the neighbor with a new language offering.

Superintendents of the two divisions that share school nurses indicated that they would not individually be able to afford maintaining their own full-time nursing staff.

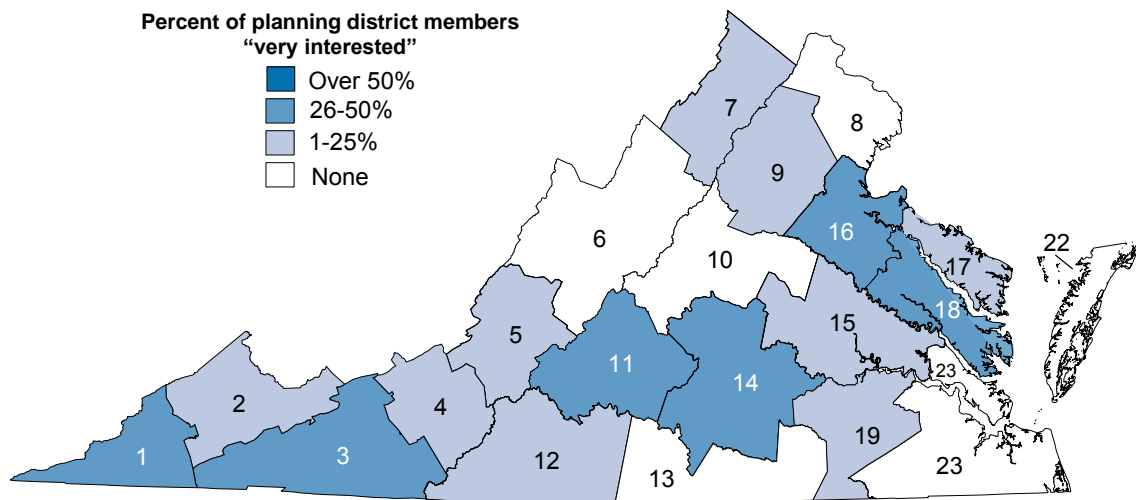
Similarly, two school divisions reported that they collaborate on a shared nursing program. The program is managed by a full-time nurse coordinator and a part-time administrative assistant. The cost of these positions is shared by the two divisions and a local non-profit foundation. Superintendents of the two divisions indicated that they would not individually be able to afford maintaining their own full-time nursing staff. The shared staff arrangement therefore appears to ensure the availability of basic health services available to students in these two divisions.

Few School Divisions Currently Share Staff, but Many Are Interested. Few school divisions currently share staff, and there is potential to expand these arrangements due to high levels of interest. In a JLARC survey of school division superintendents, only 12 divisions indicated that they currently share instructional staff. However, 64 divisions reported some level of interest in sharing faculty or staff, including 22 that indicated they were "very interested" in this type of collaboration. Additionally, 57 of the 64 school divisions reporting interest have a neighboring division that is also interested in pursuing a shared staff arrangement, indicating that there are many potential partnerships across the State. Finally, most divisions expressing an interest in sharing staff reported that they currently do not share staff with another division. The major barriers to increasing use of shared staff arrangements appear to be identifying where opportunities for sharing staff exist and effectively communicating these opportunities to potential partners. Figure 8 shows the greatest concentrations of school divisions that indicated being "very interested" in sharing staff.

64 divisions reported some level of interest in sharing faculty or staff, including 22 that indicated they were "very interested" in this type of collaboration.

The State Could Promote Shared Staff Arrangements Through Planning Grants and Operating Fund Incentives. Planning and start-up grants have been successfully used to implement shared staff arrangements. As previously noted, two school divisions have partnered together to share school nurses. This partnership was established through a planning and start-up grant provided by a local non-profit foundation. Superintendents for the two divisions indicated that this arrangement would not have been possible without the grant. However, the superintendents indicated that the initial grant alone was not sufficient for ensuring long-term success. Ongoing grant funding has been necessary to maintain the shared school nurse program.

Figure 8: School Divisions That Are Very Interested in Participating in Shared Staff Arrangements Are Concentrated in Six Planning Districts



Note: Percentages were calculated based on the total school divisions in the planning district and assuming non-responding school divisions are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses from a survey of school division superintendents, 2012.

Additional operating funds could also encourage resource sharing. For example, two Virginia school divisions currently benefit from a statutory incentive that allows them to receive increased levels of basic aid from the State in return for collaborating with a neighboring school division. Both of these divisions have elected to enter into shared staffing arrangements with a neighbor, including sharing special education and health services staff. The State could offer similar incentives to other localities to encourage resource sharing, and could scale the incentives so that the benefit provided is not disproportionately larger than the anticipated cost savings from these arrangements.

Summary: Recruitment and Training

State benefit	Interested divisions	Potential incentives
--	82	P,O
\$=Potential savings P=Planning grant NF=Non-financial C=Capital assistance -- = None O=Operating funds		

Regional Consortia May Be Used to Improve Recruitment and Training of Virginia's Public Education Workforce

School divisions attempt to maintain a high-quality workforce, which includes 130,000 employees in instructional positions and 55,000 in support positions, through effective recruitment and professional development. Although most school divisions maintain their own recruitment and training programs, some divisions have also formed regional public education consortia in order to improve their capabilities.

Regional Consortia May Improve School Division Training and Recruitment Efforts and Make More Efficient Use of Funds. Regional public education consortia benefit their members by improving access to professional development opportunities. For example, the

Public Education Consortia in Virginia

Four public education consortia are established under statute: (1) Southwest Virginia Public Education Consortium (§ 22.1-350), (2) Western Virginia Public Education Consortium (§ 22.1-354), (3) Northern Neck-Middle Peninsula Public Education Consortium (§ 22.1-354.6), and (4) The Hampton Roads Museum Consortium (§ 22.1-356).

These consortia were created in the 1990s and early 2000s, and the State initially provided funding for them under the annual Appropriations Act. However, only the first two consortia appear active and only the first consortium currently receives State funding.

Ninety-nine school divisions do not participate in an active regional consortium. However, 82 divisions indicated that they had some level of interest in collaborating on professional development.

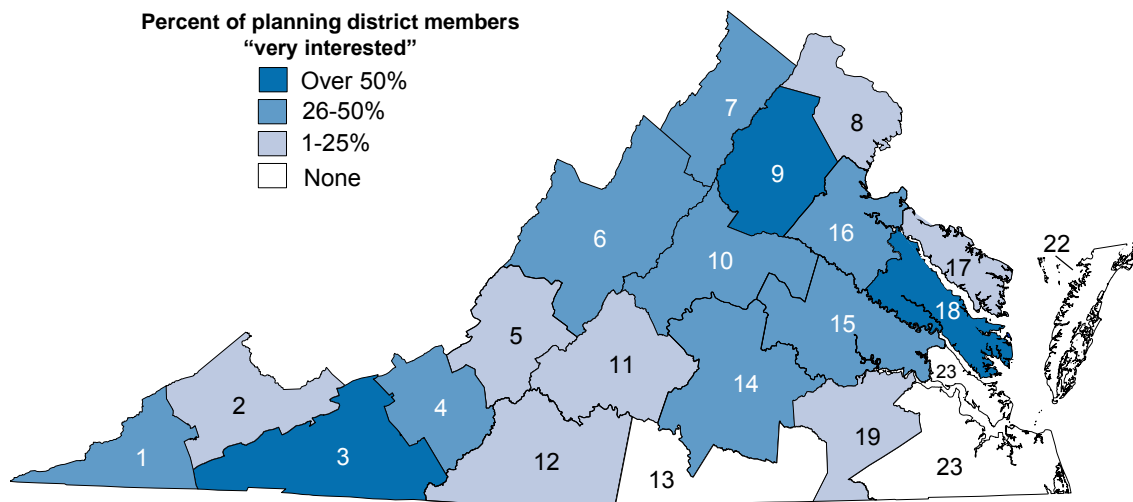
two regional consortia that are currently active in Virginia offer a series of conferences and workshops on topics of interest to their members, such as how teachers can adapt their curricula to account for changes in the Standards of Learning requirements. Depending on the topic, member divisions may send a handful of administrators to a workshop or dozens of teachers to a training conference. Most of the school divisions that participate in these consortia are small divisions, which may have difficulty organizing large training events or hiring speakers. The consortia therefore provide their members with professional development opportunities to which they may not otherwise have access. Additionally, because these training opportunities are provided at a location within the region, consortia directors indicated that member school divisions can send more employees than they would if they had to attend programs in distant parts of the State.

Regional public education consortia can also be used to improve employee recruitment. For example, the State's two active regional consortia hold annual job fairs to attract candidates for instructional and support positions within their member school divisions. The consortia directors said that these large-scale job fairs improve recruitment because they draw a larger pool of candidates than an individual division could attract, including candidates from across Virginia and neighboring states. In contrast, most of the consortia's members are small divisions that would have difficulty attracting candidates from beyond the immediate region.

Many School Divisions Indicated Interest in Collaborating on Professional Development and Recruitment. Few school divisions currently participate in regional public education consortia, and there is potential to expand these arrangements because many school divisions appear interested in collaborating on professional development and recruitment. Ninety-nine school divisions do not participate in an active regional consortium. However, in a JLARC survey of school division superintendents, 82 divisions indicated that they had some level of interest in collaborating on professional development, including half that indicated they were "very interested" in collaboration. Additionally, 77 divisions reporting interest in collaborating on professional development have a neighboring division that shares their interest, indicating that there are many potential partnerships across the State. Finally, nearly three-quarters of school divisions expressing interest in collaborating on professional development and recruitment reported that they do not currently collaborate with other divisions in this manner.

Figure 9 shows that the greatest concentrations of school divisions that indicated being "very interested" in sharing staff are located in the northern, central and southwestern regions of the State.

Figure 9: School Divisions That Are Very Interested in Collaborating on Professional Development Are in 11 Planning Districts



Note: Percentages were calculated based on the total school divisions in the planning district and assuming non-responding school divisions are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses from a survey of school division superintendents, 2012.

School divisions were not surveyed about collaboration on recruitment, but several superintendents indicated in interviews that recruitment was an area in which collaboration could be beneficial.

The major barrier to increasing regional consortia to improve recruitment and professional development appears to be a lack of funding to cover the administrative cost of these programs. Four public education consortia have been established in Virginia, and all initially received State funds. However, State funding for three of these consortia was withdrawn in the early 2000s. Two of the consortia that had their funding withdrawn appear to have dissolved shortly afterwards. The third consortium is still operating, but its director indicated that the absence of State funding has made the consortium less financially secure, especially at a time when school divisions are experiencing budget constraints and looking for ways to reduce their expenditures.

The State Could Encourage Regional Consortia by Providing Limited Funding to Assist With Administrative Costs. The State could most effectively encourage new regional consortia by providing funds to help pay for operating costs. Directors of the two active regional consortia both indicated that ongoing State funding would be essential to promoting the establishment of new programs. As noted above, one of these consortia receives State funding, and the director of this consortium indicated that these funds are essential to the viability of her organization.

The amount of annual State funding needed to help sustain a regional consortium appears to be relatively low compared to the cost of funding other operations. For example, the State has appropriated \$124,011 per year to one regional consortium for fiscal years 2013 and 2014. The three other regional consortia were provided with annual appropriations ranging from \$55,000 to \$75,000 per year from fiscal years 2001 to 2003. Directors of the two remaining active regional consortia indicated that State funds have been used to assist with administrative costs, which largely consist of compensation for one or two staff members, and expenses associated with event hosting.

Table 5 summarizes the collaboration opportunities described in this chapter.

Table 5: School Divisions Expressed Greatest Interest in Collaborating on Five K-12 Programs or Functions

Potential opportunities	Potential benefits	Number of interested divisions			Potential incentives
		Total	With an interested neighbor ^a	Currently not collaborating ^b	
Regional special education programs	Lower cost than other alternatives, improved access to specialized services	73	66	38	P,C,O
Career-oriented education	Increased career-oriented course offerings for K-12 and adults, more efficient use of resources	66	55	49	P,C,O
- CTE centers		78	72	61	P,O
- STEM programs					
Other functions	Maintained or improved instructional or support services, more efficient use of funds	64	57	54	P,O
- Shared staff		82	77	59	O
- Public education consortia					

Note: P = planning grant incentive C = capital assistance incentive O = operating funds incentive

^a Includes all instances where a school division and at least one contiguous neighbor indicated they were “somewhat” or “very” interested in collaborating on this opportunity.

^b Based on a combination of school division survey responses and analysis of DOE data.

Source: JLARC staff analysis of interviews with staff at DOE, school divisions, and regional education programs, JLARC staff survey of school division superintendents in 2012, and State agency data.

Collaboration on Public Safety and Administration of Justice Could Improve Public Safety and Reduce Costs

In Summary

Spending on public safety and administration of justice functions represents a substantial portion of State and local spending on local government operations. The State could provide incentives for localities to collaborate on these functions in ways that could reduce spending, make more efficient use of funds, improve local governments' ability to respond to emergency situations, and better manage jail populations. For example, State incentives could be used to encourage the development of regional emergency communications networks and dispatch centers, which have saved participating localities as much as \$8 million. Some localities have already demonstrated that regional networks are a cost-effective way to develop, operate, and maintain radio networks that are fully interoperable and provide improved radio coverage. Localities have also demonstrated that joint emergency dispatch centers can more efficiently use infrastructure, equipment, and personnel, as well as provide citizens with greater access to professional staff during emergencies. In addition, incentives could be used to encourage localities to develop joint courthouses, which could reduce construction costs by \$2.5 to \$7.5 million. Finally, the State could incentivize localities to develop regional pretrial services or join existing regional community corrections programs. Pretrial services lower public safety costs by up to \$65 per person per day by allowing individuals awaiting trial to be transferred from jail detention to less expensive community corrections programs.

As noted in Chapter 1, public safety represents the second largest functional area in terms of combined State and local spending each year. According to data maintained by the Auditor of Public Accounts, the State and localities collectively spent \$4 billion on public safety in fiscal year (FY) 2011. An additional \$400 million was spent on administering the judicial function. Localities and the State are responsible for the infrastructure and staffing necessary to collectively protect and ensure the safety of about eight million Virginians.

The necessity of being in close proximity to the residents served by public safety agencies limits the degree to which localities can collaborate on infrastructure and staffing in this area. However, JLARC staff have identified several public safety and administration of justice activities that could be further regionalized. There are already successful examples of regional collaboration on these same activities, which demonstrate that collaboration is feasible and can yield benefits.

A substantial number of additional localities have expressed interest in also participating in a regional approach, and many of these localities are either in the same region of the State or share a local

boundary. Local government administrators were surveyed about their interest in 12 public safety and administration of justice opportunities, and the four discussed in this chapter were those for which the greatest degree of interest was expressed and which appear most feasible based on local governments' previous experience collaborating in these areas.

JLARC staff have also identified several possible incentives that the State could offer to encourage localities to further collaborate. Consistent with the study mandate, these incentives would be provided to encourage voluntary local collaboration.

Summary: Emergency Communications		
State benefit	Interested localities	Potential incentives
NF	94	P,C
P=Planning grant C=Capital assistance NF=Non-financial O=Operating funds		

STATE COULD PROVIDE INCENTIVES FOR REGIONAL EMERGENCY COMMUNICATIONS SYSTEMS THAT REDUCE CAPITAL COSTS AND IMPROVE SYSTEM QUALITY

To respond in a timely manner to emergency situations, localities' first responder personnel rely on specialized communication equipment and infrastructure to receive and relay important information. While localities have the necessary equipment to enable emergency communications, the type and technological sophistication of this equipment varies from one locality to another. This variability limits the extent to which first responders can communicate, and thus respond to, emergency situations that simultaneously impact multiple localities.

State Has Promoted Radio Interoperability

The Commonwealth Interoperability Coordinator's Office was established to ensure the implementation of the Statewide Communication Interoperability Plan and coordinate major interoperability efforts across the State.

The State defines interoperability as the ability for public safety personnel to communicate quickly and seamlessly between jurisdictions and agencies whenever necessary. This is achieved by developing compatible radio systems.

When local agencies are able to communicate with one another to respond to an emergency situation, their communications systems are considered to be "interoperable." Regional interoperability improves a region's capacity to respond effectively to emergencies and reduces the costs that individual localities incur to achieve this capability.

Interoperability became a federal and State policy goal after the 2001 terrorist attacks demonstrated its importance to timely and effective emergency response. Since 2001, the State and localities have invested more than \$650 million in infrastructure and equipment to increase the functionality, and in particular the interoperability, of their emergency communications systems.

Joint radio systems are one of the most effective ways to facilitate interoperability in a cost-efficient manner. Some localities have already taken a regional approach to developing emergency communications infrastructure by sharing radio towers and other equipment, and these localities have realized cost savings and service improvements. The complexities of regional communications projects, coupled with the expense of new equipment and infrastructure, make it challenging for other localities to participate in these regional efforts. However, State incentives that address these chal-

lenges could be effective at encouraging regional projects and could include planning grants or assistance with financing capital costs.

The State is unlikely to benefit financially from such collaboration because funding for local radio equipment comes primarily from the local and federal governments. However, should the State choose to supplant diminishing federal funding for local emergency communications with general funds, State funding could be more efficiently used if it is distributed among regional efforts in the future.

Rationale: Sharing Infrastructure and Cooperative Procurement of Radios Lowers the Cost of Upgrading and Maintaining Communications Systems

Regional emergency communications systems allow localities to improve their operations and achieve interoperability in a more cost-efficient way than they could on their own. Regional projects reduce costs by achieving economies of scale, reducing redundant infrastructure, and streamlining maintenance and operations.

York, James City, and Gloucester Counties Developed a Regional System That Fulfilled a State Mandate, Reduced Costs, and Improved Functionality. Regional emergency communications systems have been a cost-effective way for localities to fulfill State and federal mandates. The federal government has encouraged each state to create a Statewide Interoperability Coordinator position and to develop Statewide Communications Interoperability Plans (SCIP) using grant funding. According to Virginia's SCIP, all local, regional, and State public safety agencies are mandated to be interoperable by July 1, 2015. Failure to comply with the SCIP makes public safety agencies ineligible for additional federal grants.

Localities that share infrastructure and standardized equipment through a joint system have been better positioned to have interoperable radio communications. For example, York, James City, and Gloucester Counties have developed a regional radio system that is fully interoperable. Representatives of the joint radio system reported that collaboration allowed the localities to collectively save between \$5 and \$7 million. Moreover, the counties allow the cities of Williamsburg and Poquoson, as well as other public entities such as the College of William and Mary and the Colonial National Park Service, to also have access to the radio system for a monthly fee. The fees paid are used to offset operations and maintenance costs, and all users of the network are fully interoperable.

The localities jointly procured their equipment, such as portable and mobile radio units, through a single contract. The cost of

radios ranges from \$500 to nearly \$8,000 depending on the technical sophistication of the devices. By cooperatively procuring radios, the localities have been able to achieve more competitive prices than if they had purchased the equipment independently. In fact, through joint procurement efforts totaling \$60 million, the localities have access to more competitive prices than through the State's contracts.

The joint emergency communications system has also improved the localities' radio coverage. While the regional system resulted in fewer total radio towers, localities participating in the joint radio systems have had increased radio coverage. The overlapping signals available to the participating localities has improved radio coverage in buildings and outside of their jurisdictions.

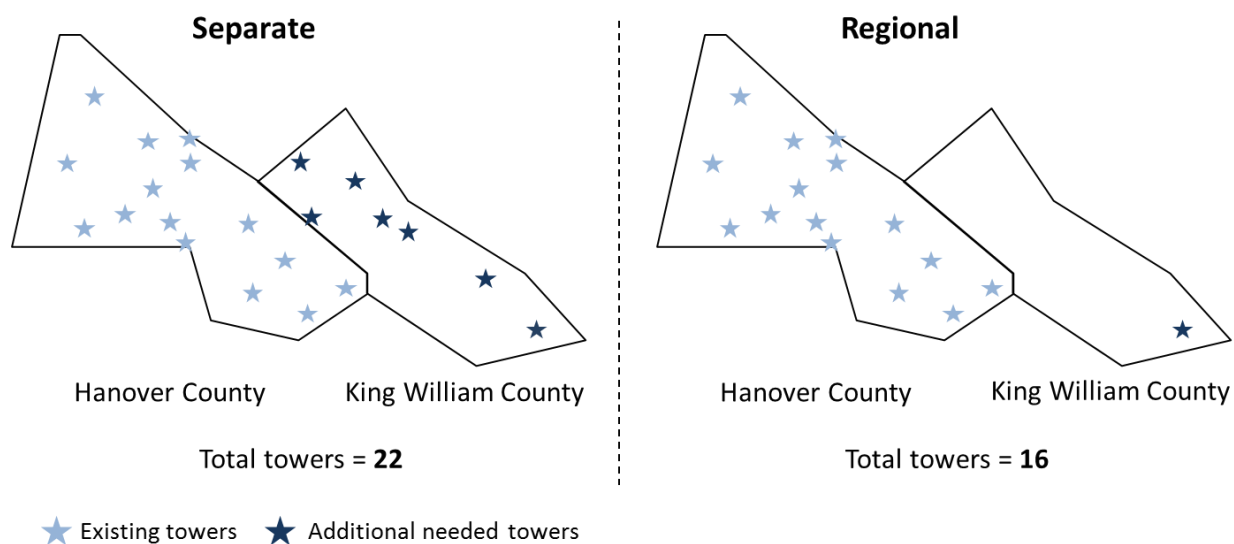
King William County Was Able to Forgo Building Six New Radio Towers, Saving Approximately \$8 Million. Joint radio systems have also allowed localities to share infrastructure, such as radio towers, which can cost between \$500,000 and \$1.5 million each. Reducing the total number of towers lowers the amount of upfront capital, maintenance, and replacement costs associated with establishing a radio system. For example, King William County would have had to build seven radio towers for its new, federally compliant radio system. Instead, King William is going to rent access to Hanover County's radio system, which provides adequate coverage to most of King William. As a result, King William will only need to build one new tower, avoiding costs of approximately \$8 million. Hanover also receives the benefit of an expanded network and additional funding to support the operations and maintenance of the system. Figure 10 illustrates how this collaborative project is able to reduce the localities' costs.

Feasibility: Ninety-Four Localities Across the State Expressed Interest in Collaboration on Regional Radio Systems

Regional radio systems are already used in Virginia, but only by a minority of localities. Seventy local government administrators responding to the JLARC staff survey reported that their localities currently collaborate with other localities on radio infrastructure.

Localities statewide have expressed interest in expanding existing, or developing new, regional emergency communications systems to reduce costs and improve services. Where localities are already participating in joint emergency communications systems, there are opportunities to expand membership to neighboring localities. In areas without an existing regional network, localities could collaborate on developing joint systems more cost efficiently. Ninety-four local government administrators responding to the JLARC

Figure 10: Collaboration Between Hanover and King William Counties Eliminated the Need for Six New Radio Towers



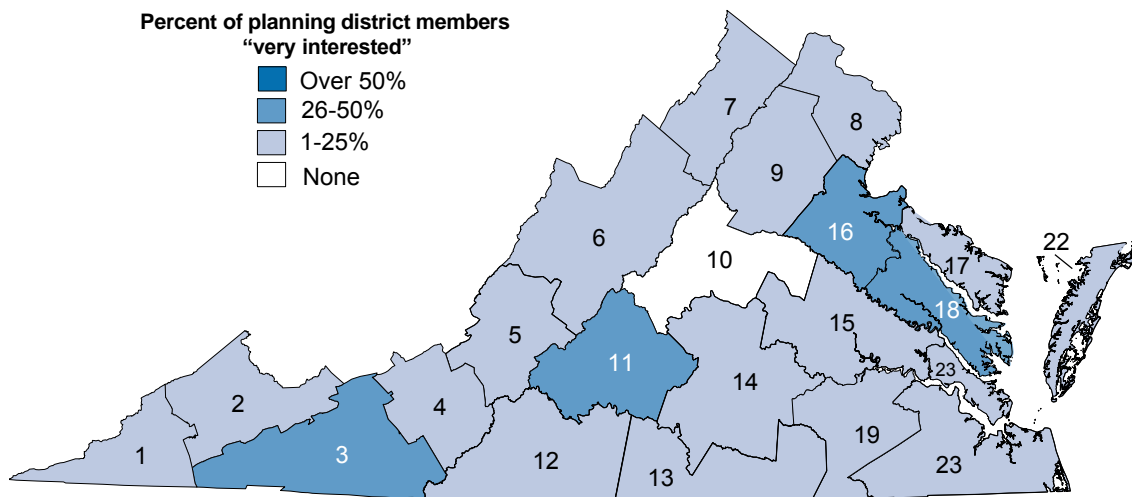
Source: JLARC staff analysis of Hanover County and King William County radio tower placement plans, 2012.

staff survey expressed interest in developing or expanding regional radio systems, including 48 that are “very interested.” Of the interested localities, approximately one-third reported not currently collaborating in this manner. Of the 59 counties and cities that expressed interest, 53 share a border with another interested locality. Fourteen of the 35 towns that expressed interest are located in a county that also expressed interest in this opportunity. Statewide, 20 of the 21 planning district commissions (PDCs) had two or more localities express interest in this opportunity, including four PDCs that had 25 percent or more of localities that are “very interested” (Figure 11).

The primary challenges to developing a regional emergency communications network are the capital costs and timing of developing a new system. Purchasing the equipment and building the infrastructure for a new radio system can cost \$30 million or more, depending on the size and complexity of the network. This initial cost may prevent or deter some localities from pursuing a joint system. Additionally, localities must periodically modernize their radio systems because of failing equipment, significant technological improvements, or federal mandates. The timing of these modernization efforts is critical to the success of a joint emergency communications system. If one locality recently invested in equipment and technology upgrades, it may not benefit from a regional system despite a neighboring locality’s interest in such a project.

The timing of these modernization efforts is critical to the success of a joint emergency communications system.

Figure 11: More Than 25 Percent of Localities in Four Planning Districts Are Very Interested in Joint Emergency Communications Systems



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

Potential Incentives: State Assistance With Capital Costs Is Likely to Be Most Effective Incentive

Due to the costs of the equipment and infrastructure necessary to develop a regional emergency communications system, capital funding is likely to be the most effective incentive to encourage collaboration. Local stakeholders also indicated that funding for upfront planning activities, such as feasibility studies, related to implementing regional networks could be an effective incentive.

The State, using federal funds, already provides financial support for localities' communications systems and could begin placing a higher priority on regional systems. Since 2003, the Commonwealth Interoperability Coordinator's Office has distributed approximately \$83 million in federal grants to increase the interoperability of local public safety radio communications. State and local officials report that the grants have been instrumental in developing regional emergency communications networks. However, while grant applications must demonstrate that the proposed project would promote regional cooperation, the grants are not necessarily targeted at regional efforts. Further, federal funding for interoperable radio communications has declined in recent years, which heightens the importance of more cost-efficient collaborative efforts.

To encourage regional collaboration, the State could offer grants to supplement the declining federal funds for local emergency com-

The State grants could place a higher priority on funding regional projects that would result in interoperability across two or more localities.

munications systems. The State grants could place a higher priority on funding regional projects that would result in interoperability across two or more localities. The complexity of these systems requires significant upfront planning, so grants for planning and technical assistance could be effective at encouraging collaboration. However, larger incentives focused on capital needs are likely to be most effective.

Localities also indicated that the State could encourage the development of regional emergency communications systems by expressly allowing regional radio authorities. Localities do not have express authority to develop regional entities that could raise and expend funds to develop a joint radio system. For example, localities in Region 2000 were interested in developing a joint radio system; however, the localities determined that they needed the legislature’s approval to form a regional radio authority. Instead, the start-up costs were financed through the PDC. While other localities could also use their PDCs, expressly allowing localities to form regional radio authorities could remove one of the reported challenges to developing a joint system.

Summary: Dispatch Centers		
State benefit	Interested localities	Potential incentives
--	75	P,C
\$=Potential savings P=Planning grant		
NF=Non-financial C=Capital assistance		
-- = None O=Operating funds		

JOINT EMERGENCY DISPATCH CENTERS WOULD REDUCE OPERATING EXPENSES AND IMPROVE RESPONSE CAPABILITIES

Central to a locality’s emergency communications operations is a “public safety answering point,” commonly referred to as a PSAP or emergency dispatch center. PSAPs include emergency call taking and first responder radio dispatching. Because dispatch centers require significant investment in buildings, infrastructure, and equipment, replacing or modernizing these centers is costly.

Several localities have established regional dispatch centers that serve multiple localities. Because of the economies of scale created by these multi-locality partnerships, these localities spent less than they would have independently on new construction and equipment. These localities were also able to more efficiently use personnel and equipment, reducing operating costs.

By developing additional regional dispatch centers or participating in existing regional efforts, more localities could reduce their spending for these critical services, but still maintain or improve service quality. Collaboration on emergency dispatch operations is currently encouraged through State planning grants and capital funding, yet full consolidation has occurred in only a few instances. To be more effective, existing financial incentives could be expanded and paired with State technical assistance. The State is unlikely to benefit financially from such collaboration because the State

does not provide substantial funding for the construction or renovation of dispatch centers.

Rationale: Consolidating Emergency Dispatch Has Reduced Local Costs and Enhanced Services

Consolidated emergency dispatch centers have allowed localities to reduce costs through more efficient use of resources. By consolidating emergency dispatch operations, localities have jointly purchased equipment that they would otherwise have to buy on their own. Co-location has also reduced ongoing operations and maintenance costs by reducing the amount of infrastructure, utilities, and equipment used.

Each of the three localities, like many other localities, only requires two or three dispatchers at a time, although standard equipment accommodates ten dispatchers.

York County and the Cities of Poquoson and Williamsburg consolidated their operations into a single facility operated by York, in part to avoid independently purchasing new equipment, which would have cost an estimated \$750,000 for Poquoson alone. Each of the three localities, like many other localities, only requires two or three dispatchers at a time, although standard equipment accommodates ten dispatchers. The capacity of this equipment is therefore maximized through consolidation, whereas if each locality had individually purchased the equipment, there would be excess capacity. By consolidating PSAPs and sharing this equipment, these localities not only avoided costs associated with new equipment, but also made more efficient ongoing use of the equipment.

Localities that have recently consolidated their emergency dispatch centers also expect to realize ongoing savings. The costs for infrastructure to support the basic operations of a PSAP, including telephone, internet, electricity, and water and sewer, were reduced by consolidating operations into one building. Williamsburg saves approximately \$200,000 per year through its consolidation with York and Poquoson. York also benefits from the consolidation because Poquoson and Williamsburg pay the county for maintaining and operating the PSAP. In FY 2011, Poquoson and Williamsburg paid York nearly \$800,000 to operate the joint PSAP, which represented 30 percent of its total operating budget.

Developing Joint Emergency Dispatch Centers Has Also Improved the Quality of Emergency Communications Services Provided.

Forming the regional system gave Poquoson, a smaller locality, access to professional and physical resources that it did not previously have. Specifically, Poquoson struggled to have emergency medical dispatchers (EMDs) on duty for every shift. EMDs are trained to provide basic medical instructions to callers while they are waiting for medical care to arrive. Because of the size of the regional center and partnership with Williamsburg, the joint PSAP is able to have EMDs on duty for the participating localities.

Consolidated Emergency Dispatch Operations Have Coordinated and Improved Localities' Responses to Cross-Jurisdictional Emergencies. By having cross-trained dispatchers that can dispatch public safety officials to neighboring localities, York, Poquoson, and Williamsburg can also quickly execute mutual aid agreements, decreasing response times. Due to the configuration of these localities, it is possible that first responders from a neighboring locality could reach an accident sooner than the locality in which the accident occurred. Having joint emergency dispatching allows the dispatchers to reduce response times, which can improve outcomes for emergency situations.

Feasibility: Seventy-Five Localities Are Interested in Dispatch Center Consolidation

Several localities across the State are in the process of consolidating their emergency communications systems and there is substantial interest in further collaboration. Since 2007, 11 localities have initiated consolidation of their emergency dispatch operations. Additional regional PSAPs could be established, either through the development of new dispatch centers or expansion of existing ones.

Localities throughout the State expressed interest in collaborating on emergency dispatch centers. Seventy-five local government administrators responding to the JLARC staff survey expressed interest in developing or expanding joint emergency dispatch centers, including 36 that are “very interested.” Approximately half of the interested localities are currently not participating in a joint dispatch center. Forty-five of the 52 interested counties and cities share a border with another interested locality. Eleven of the 23 towns that indicated that they are interested reside in a county that also expressed interest in this opportunity. While no planning districts had more than 25 percent of their members “very interested” in consolidated dispatch centers, all but three planning districts had at least one member locality expressing this level of interest.

The challenges that localities have faced in consolidating emergency dispatch operations include the desire for local control, capital costs, technical complexity, and logistics of building a new facility that meets the needs of multiple localities within a mutually convenient timeframe. For most of the localities that have worked on consolidating PSAPs since 2007, the consolidation has required the construction of a new facility and the purchase of new equipment, which can be a challenge. For example, the consolidation of Alleghany County and the City of Covington’s emergency dispatch centers has been delayed several years because of an inability to secure local funding and agree on a site for the consolidated center.

The timing of dispatch center consolidation is critical because localities that recently invested in new equipment are less likely to benefit from a regional center. As with radio equipment, localities need to periodically modernize their call taking and dispatch equipment because of aging components and improvements in technology. Several localities have expressed that consolidation with neighboring localities is unlikely because they have different timelines for updating their infrastructure and technology. One of the localities indicated that delaying the modernization of their equipment to wait for a potential consolidation could result in substantially diminished dispatch capacity in the interim period.

Potential Incentives: Expanding Existing Incentives Could Increase Regional Collaboration on Emergency Dispatch

Modifying the existing State consolidation grant for emergency dispatch equipment could make it more effective at encouraging additional localities to consider consolidation. The State's E-911 Services Board has encouraged localities to consolidate emergency dispatch centers through the PSAP Grant Program, which provides State funds to support local dispatch centers. In order to qualify for a consolidation grant, localities must have performed a feasibility study. The cost of feasibility studies can range from \$50,000 to \$100,000 depending on the number of localities involved. In some instances, the E-911 Services Board has provided funding for the studies, but some localities have had to pay the full cost. Providing additional funding for feasibility studies could encourage more localities to initiate the process of consolidation.

Allowing the grant funds to be used for the construction of new infrastructure could make it more attractive to localities.

Expanding the potential uses of the consolidation grant and increasing its size could also make it more effective. While the PSAP consolidation grant can be used for equipment purchases, it cannot be used for “bricks and mortar” expenses such as building construction. Allowing the grant funds to be used for the construction of new infrastructure could make it more attractive to localities. Additionally, increasing the maximum grant amount could make these grants more effective because consolidations typically cost more than the current limit of \$500,000. An alternative could be to limit the maximum grant to the greater of \$500,000 or some percent of the cost of the project. Determining the grant amount as a percent of the project budget is similar to the approach used by the State for determining the amount of financial assistance to provide for regional jail construction and would ensure that localities continue to contribute a share of the costs for consolidation.

Summary: Joint Courthouses		
State benefit	Interested localities	Potential incentives
--	32	P,C
\$=Potential savings P=Planning grant NF=Non-financial C=Capital assistance -- = None O=Operating funds		

REGIONAL CONSOLIDATION OF COURT FACILITIES COULD REDUCE CONSTRUCTION COSTS

Joint courthouses house court operations and judicial offices for two or more jurisdictions. There are currently 14 joint courthouses in Virginia in which two or more localities have jointly located their circuit or district court operations. Most of these joint courthouses are the product of circuit court mergers in 1973. The primary benefit of a joint courthouse is the potential to reduce construction or renovation costs for localities with court facilities that need replacement. Although the number of potential opportunities for constructing joint courthouses is limited by such factors as the number of localities in need of new facilities and their location with respect to each other, State incentives may help encourage localities to pursue this option where it is viable. The State is unlikely to benefit financially from such collaboration, because it currently does not provide funding for courthouse construction.

Rationale: Localities Have Reduced the Cost of Courthouse Construction by Partnering on Joint Facilities

Localities have realized capital cost savings by partnering to construct shared courthouses instead of separate facilities. The cost of constructing a single shared facility is lower than for separate facilities because of the economies of scale that can be achieved by having, for example, a single architect and builder. As a result of lower capital costs, localities issue less debt to finance joint courthouse construction and thereby reduce their long-term debt service obligations. JLARC staff identified two instances in which Virginia localities either considered or successfully constructed joint courthouses instead of separate facilities. In these instances, collaboration on joint courthouses was estimated to reduce construction costs for one or both localities by 16 to 44 percent.

Two Virginia Localities Lowered Construction Costs by \$1.3 Million to \$3.3 Million by Partnering on a Joint Courthouse. In 1984, Frederick County and the City of Winchester finished construction of a joint judicial facility to house all of their circuit and district court operations. According to the circuit court clerks for these localities, the cost of the joint facility was \$6.7 million, which was less than the estimated \$8 to \$10 million required to build two separate courthouses at that time. The localities estimated that partnering reduced their combined construction costs by \$1.3 million to \$3.3 million, or 16 to 33 percent, not accounting for inflation. Although the two localities share a single courthouse, they continue to maintain separate circuit courts. The circuit court clerks from these localities indicated that they are satisfied with this arrangement, and that it has facilitated the pursuit of additional collaboration. For example, after construction of the joint courthouse the two localities partnered to digitize their paper court records.

Virginia's Court System

Three types of courts serve Virginia cities and counties: circuit courts, general district courts, and juvenile and domestic relations district courts. Circuit courts have jurisdiction over civil actions, criminal cases, and appeals from district courts or administrative agencies. General district courts have jurisdiction over misdemeanor criminal cases and violations of local ordinances. Juvenile and domestic relations district courts have jurisdiction over non-criminal proceedings in these areas. The two types of district courts are often combined, and are frequently co-located with circuit courts.

A 1992 proposal for a joint courthouse would have reduced Henry County's construction cost by \$3.4 million, or 44 percent, not accounting for inflation.

One Virginia Locality Could Have Reduced Construction Costs by Up To \$3.35 million by Partnering on a Joint Courthouse. In 1992, two other Virginia localities considered a joint courthouse. At the time, Henry County was planning to replace its historic courthouse in the City of Martinsville by constructing a new facility at the county's administrative center. The cost of the new courthouse was expected to be at least \$7.7 million in 1992 dollars. Martinsville, which wanted to keep the Henry courthouse within city limits, proposed partnering with the county on a joint judicial center instead. The estimated cost of the joint facility was \$8.7 million, and under the proposal each locality would have contributed \$4.4 million. This proposal would have reduced Henry County's construction cost by \$3.4 million, or 44 percent, not accounting for inflation. Martinsville did not need to construct a courthouse at this time, and so would not have realized cost savings from the arrangement. However, city officials indicated that they would have received economic benefits by keeping the Henry courthouse from moving outside the city. Even though the joint facility would have likely reduced Henry County's capital costs, the proposal was ultimately rejected in a county referendum.

Collaboration on Joint Projects Could Reduce Average Courthouse Construction Costs. Courthouse construction and renovation is costly, indicating that collaboration could potentially provide local governments with millions of dollars in cost savings. The 2009 JLARC report *Operational and Capital Funding for District and Circuit Courts* found that courthouse construction costs appear to be, on a per square foot basis, 30 to 40 percent higher than standard commercial building costs. The report also found that localities were either planning or had undertaken 43 courthouse projects from 2005 to 2009 with an estimated cost of \$726 million. The average cost for the identified courthouse projects was \$16.9 million. Assuming that collaboration on joint courthouses provides 16 to 44 percent cost savings, based on the examples described above, the average project cost could potentially have been reduced by \$2.5 to \$7.5 million per locality in cases where consolidation would have been a viable option. Because this estimate is based only on two previous examples pursued in 1984 and 1992, it should be viewed as illustrative rather than a precise estimate of potential cost reductions for future projects.

Feasibility: Some Neighboring Localities Are Interested in Pursuing Joint Courthouses, but Collaboration Requires Community Support and Potential Changes to Statute

Few Virginia localities currently share courthouses, and there is potential for expanding their use. JLARC's 2009 report estimated that only 14 of the 170 courthouses in Virginia are joint facilities. The report also found that many local courthouses do not ade-

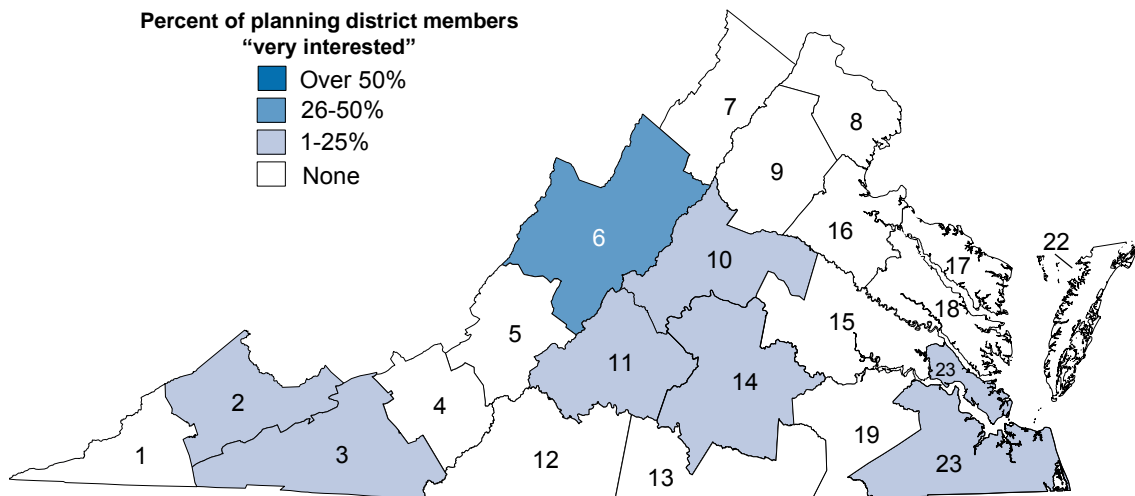
quately meet the court systems' needs. In a JLARC staff survey of circuit court clerks conducted in 2009, a majority reported deficiencies in key courthouse features, most notably inadequate records storage space, office space, and security features. Additionally, the 2009 study found that the Department of General Services had certified safety and security problems at courthouses in 54 localities. These findings indicate that there may be a need for many localities to undertake courthouse construction or renovation projects.

Some localities are interested in the prospect of joint courthouses. A JLARC staff survey of city and county administrators found that 32 localities have some level of interest in joint courthouses, including ten that indicated they are "very interested" in this type of collaboration. Of the interested localities, 27 do not currently utilize a joint court facility with another locality. Additionally, 29 of the 32 localities expressing interest in joint courthouses had a contiguous neighbor that shared their interest, indicating that there are potential partnerships throughout the State. Figure 12 shows the greatest concentrations of localities that indicated being "very interested" in the construction of a joint courthouse.

Collaboration on courthouse construction is challenging because it requires at least two neighboring localities to recognize a need to improve or replace their existing courthouses. The local community

29 of the 32 localities expressing interest in joint courthouses had a contiguous neighbor that shared their interest, indicating that there are potential partnerships throughout the State.

Figure 12: Localities That Are Very Interested in Collaborating on Courthouses Are Concentrated in the Northwestern Region of the State



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

must also be supportive of the concept of a joint courthouse. Community support is needed because §15.2-1646 of the *Code of Virginia* requires voter approval if a courthouse is to be relocated outside its home jurisdiction. Voter approval may also be required for the locality to issue bonds to pay for construction, depending on the type of bond issued and the amount to be raised.

Even with community support, some localities may still be unable to pursue joint courthouses due to other statutory restrictions. Section 15.2-1638 of the *Code of Virginia* states, “The governing body of every county and city shall provide courthouses” and that “the fee simple of the lands and of the buildings and improvements thereon utilized for such courthouses shall be in the county or city.” This language appears to limit the ability of counties or cities to participate in joint courthouse projects where the new facility is located outside of their own jurisdiction. Changes to the *Code* may therefore be required to allow collaboration on joint courthouses.

Potential Incentives: Joint Courthouses Could Be Promoted Through State Assistance With Capital Construction Costs and by Clarifying Existing Statute to Allow These Partnerships

Capital funding assistance appears to be the incentive that is most likely to encourage joint courthouses. Capital funding assistance would be effective because courthouse projects entail major capital costs, with recent projects in Virginia ranging from \$3.9 to \$135 million. The 2009 JLARC report found that a lack of sufficient capital is a major reason why courthouse projects are delayed. State capital funding assistance has proven effective in encouraging other joint facilities, in particular regional jails.

... paying for even a small percentage of construction costs could effectively encourage collaboration.

Capital assistance incentives could take one of two forms. One approach would be for the State to pay for a percentage of regional courthouse construction, similar to how it funds regional jail construction. The State does not currently contribute any funds to courthouse construction, and so paying for even a small percentage of construction costs could effectively encourage collaboration. Funds could be provided through the Virginia Public Building Authority, which is the approach currently used by the State for assisting localities with the cost of constructing local and regional jails. A second option would be for the State to provide localities with low-interest loans for regional courthouse construction. For example, the State could provide seed money to establish a revolving loan fund for this purpose under the Virginia Resources Authority, which the State currently uses to support capital investments across a broad range of areas.

Planning grants could also help localities examine the feasibility of joint courthouses. Grants would provide the resources needed to

assess the needs of potential partners and develop a proposed solution that satisfies all parties. For example, planning grants could be used to hire architects to design a proposed courthouse facility and estimate its cost. Detailed proposals provide local governments and their constituents with the information needed to make an informed decision about potential costs and benefits of collaboration versus individual action. However, as the previously discussed example involving Martinsville and Henry County illustrated, even if the proposed project appears likely to cost less, it still needs public approval.

Virginia law regarding where courthouses may be placed may still restrict collaboration in some instances, and it may be necessary to ease these restrictions to ensure the effectiveness of incentives that promote joint courthouses. As previously noted, §15.2-1638 of the *Code of Virginia* appears to limit the ability of a locality to place its courthouse outside of its jurisdiction. The *Code* could be amended to allow for exceptions to this rule in cases where localities are partnering on a joint courthouse. There is precedent for allowing localities to have courthouses located outside their jurisdiction. Currently, 18 localities are served by a circuit court located in a courthouse outside of their jurisdiction, either because they have merged their circuit court functions or because a county continues to use a courthouse located in its former county seat.

Summary: Pretrial Programs		
<u>State benefit</u>	<u>Interested localities</u>	<u>Potential incentives</u>
\$	48	O
<div> <div> \$=Potential savings NF=Non-financial </div> <div> P=Planning grant C=Capital assistance O=Operating funds </div> </div>		

PRETRIAL SERVICES CAN REDUCE PUBLIC SAFETY COSTS AND COULD BE EXPANDED TO OTHER PARTS OF THE STATE THROUGH REGIONAL APPROACHES

Community corrections programs are used by most Virginia localities as an alternative to detaining individuals in local or regional jails. Twenty-six of the State’s 37 community corrections programs are regional. Community corrections programs include either pretrial services for managing individuals awaiting trial, probation services for supervising individuals who have been convicted of crimes, or both. Almost all Virginia localities have instituted probation services, but one-fourth of localities lack pretrial services programs.

Pretrial services are a strategy that local governments across the country use to reduce their jail populations and their costs for jail operations. These services provide better information for judicial officers to consider when determining if an individual accused of crimes should be held in jail or released pending trial. Pretrial services also provide judicial officers with the option of placing individuals under supervision following release to reduce the risk that they will commit a new offense prior to the trial or fail to appear in court.

Individuals Under Authority of Local Corrections

Localities are responsible for the custody and supervision of persons who are awaiting trial as well as persons who have been convicted of certain misdemeanors or non-violent felonies carrying sentences of 12 months or less. Depending on the circumstances, these individuals can be detained in jail, released under a community corrections program, or released without supervision.

The average cost of supervising an individual under pretrial release in Virginia is \$7 per day compared to \$72 per day for detaining an individual in jail.

Expanding pretrial services to more localities has the potential to reduce State and local public safety costs, and could best be accomplished through regional collaboration. The State is likely to benefit financially from expanded pretrial services programs because the State pays a portion of jail operating costs. Additionally, the State provides operating funding for pretrial services programs, and this funding could be used more efficiently to create multi-jurisdictional as opposed to single-locality programs. The State could encourage the expansion of pretrial services by providing additional funds to localities that establish new, multi-jurisdictional pretrial services or which join an existing single-locality or multi-jurisdictional regional program.

Rationale: Regional Pretrial Services Help Localities Manage Jail Populations and Lower Public Safety Costs

Pretrial services appear to help localities manage local and regional jail populations, reduce the cost of jail operations, and potentially avoid or delay costly expansions. Regional pretrial services offer additional advantages over individually provided services, including more cost-efficient administration and improved coordination with the State's system of regional jails.

Pretrial Services Lower Public Safety Costs. Pretrial services lower overall public safety costs because they allow for a portion of individuals awaiting trial to be transferred out of jails and into lower or no-cost community release. Research conducted by the Department of Justice in 2001 and the National Association of Counties (NACO) in 2009 found that pretrial services allow detained persons who cannot afford to post bail to be released under supervision. The NACO report cited a regional pretrial services program in Virginia as a model for success, noting that “the central Virginia counties [participating in the pretrial program] saved hundreds of jailbed days, their most expensive criminal justice resource.” Studies in other states have reached similar conclusions.

The average cost of supervising an individual under pretrial release in Virginia is \$7 per day compared to \$72 per day for detaining an individual in jail. This allows savings of \$65 for each day that an individual is under pretrial supervision instead of detained in jail.

By reducing jail populations, pretrial services also can help avoid or delay costly jail expansions. The State directly benefits from avoided or delayed expansions because it provides funding for both jail operations and construction.

- The State Compensation Board estimated that five jail projects completed in FY 2009 would result in annual operating cost increases of \$8.1 million to the State alone.
- The State, which pays for 25 to 50 percent of construction costs, approved \$161 million in capital funding for jail projects in the 2013-2014 budget.

Under Certain Circumstances, Regional Pretrial Services Are More Efficient Than Single-Locality Programs.

Regional pretrial services allow localities to pool resources and share costs. Smaller localities in particular may not have enough defendants awaiting trial to justify the cost of maintaining a pretrial program. For example, the director of a regional community corrections program in Northern Virginia indicated that it would be cost-prohibitive for two of the three localities that participate in the program to provide pretrial services individually. The director of a nine-member program in central Virginia indicated that the majority of its members were likely too small to individually provide pretrial services in a cost-efficient manner. However, by partnering together, localities in these two regional programs collectively have enough individuals awaiting trial for a pretrial program to become cost efficient.

By partnering together, localities in these two regional programs collectively have enough individuals awaiting trial for a pretrial program to become cost efficient.

In Virginia, regional pretrial services are also better able to coordinate with the regional jails across much of the State. Most Virginia localities participate in a regional jail and have structured their community corrections programs to serve the same jurisdictions served by the jail. These arrangements allow for localities to efficiently coordinate their public safety operations and funding on a regional basis. For example, pretrial investigators in one regional community corrections program work with authorities from two regional jails to coordinate interviews with defendants awaiting trial in all of the program's member jurisdictions. The program's director indicated that this approach is more efficient than having pretrial investigators from each locality attempting to arrange and conduct interviews.

Feasibility: Many Localities Lacking Pretrial Services Expressed Interest in Regional Collaboration

Even though pretrial services have been widely implemented in Virginia, there is potential to expand these services to other parts of the State. Currently, 36 localities do not provide pretrial services, and six of these localities do not have a community corrections program. Existing pretrial programs could be expanded to offer new services designed to reduce re-arrest and help assure that defendants appear at trial, such as expediting treatment for individuals with mental health or substance abuse issues, or electronic monitoring for certain individuals.

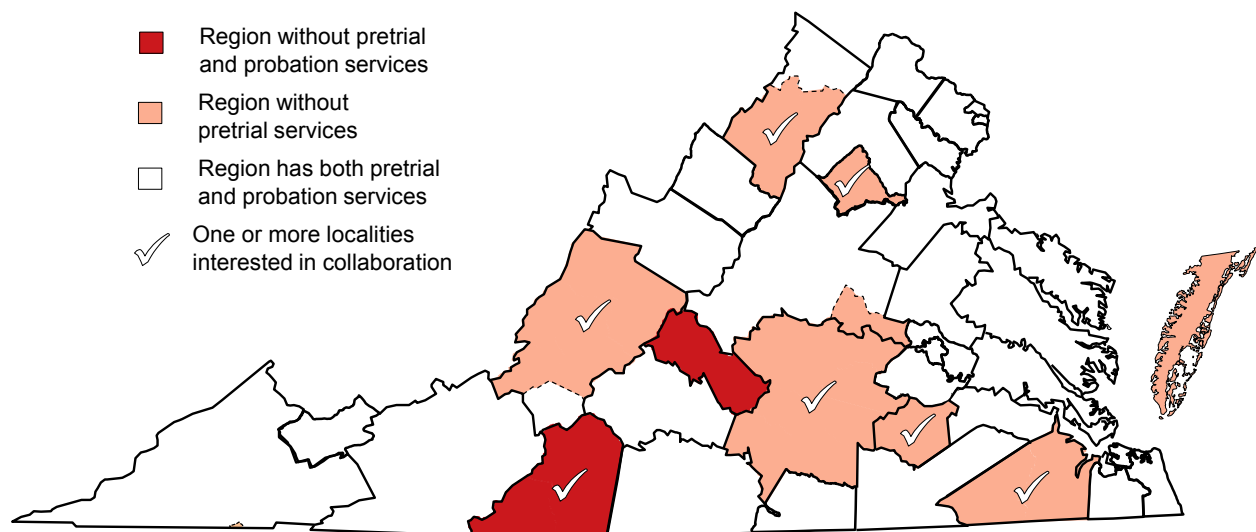
State Jail Funding

The State provided 27 percent of operating funds for local and regional jails in FY 2010, including \$136 million for staff salaries and grants and \$61 million in per-diems. The State provides localities with \$4 per day for local-responsible individuals held in jail and \$12 per day for State-responsible individuals.

Many localities are interested in establishing or expanding pretrial programs using collaborative approaches. Forty-eight city and county administrators responding to a JLARC staff survey indicated some level of interest in collaborating on community corrections programs, such as pretrial services, including 22 that indicated they were “very interested” in collaboration. As shown in Figure 13, localities that do not have pretrial programs are generally clustered into regions, and most of these localities already collaborate on probation programs. Because these localities already have a regional administrative structure for their probation programs, they appear well-positioned to implement regional pretrial programs. One or more localities in each of the seven community corrections regions that lack pretrial services indicated an interest in increasing collaboration.

According to Department of Criminal Justice Services (DCJS) staff, the major barrier to implementing new pretrial programs is funding. Currently, all localities receive funds for jail operations, but not pretrial programs. This discrepancy may create a disincentive to the establishment of new programs. For example, if a locality implemented a new pretrial program, the amount of per-diem funding they receive from the State for jail operations may be reduced due to a decrease in their jail population. At the same time, the locality’s community corrections costs would increase without any State assistance to help offset the increase.

Figure 13: Localities That Are Interested in Collaborating Include Those in Community Corrections Regions That Lack Pretrial Services



Source: JLARC staff analysis of Department of Criminal Justice Services’ information on localities served by community-based probation and pretrial services and responses to JLARC staff surveys of county, city, and town administrators, 2012.

Potential Incentives: Pretrial Services Could Be Encouraged by Providing Operating Funds for Localities to Implement or Join Regional Pretrial Programs

The State could most effectively incentivize expansion of pretrial services by providing additional funding for localities to establish or join regional programs. Currently, the State provides funding for all local community corrections through the Comprehensive Community Corrections Act and Pretrial Services Act grant program, and most grant recipients already participate in regional probation programs.

The State could encourage the expansion of pretrial services by providing additional funding to the 30 localities that participate in regional probation programs, but not pretrial programs. Incentive funding could be designed to help these localities establish new regional pretrial programs or to encourage them to join an existing, nearby regional program. The State could also consider funding incentives to encourage localities that do not have either pretrial or probation services to establish new regional programs or join existing ones. The General Assembly recently provided \$800,000 in community corrections funding for fiscal years 2013 and 2014 to help establish a new regional pretrial program for ten localities in southwest Virginia.

Table 6 (next page) summarizes the collaboration opportunities described in this chapter.

Table 6: Localities Expressed Greatest Interest in Collaborating on Four Public Safety Functions or Programs

Potential opportunities	Potential benefits	Number of interested localities			Potential incentives
		Total	With an interested neighbor ^a	Not currently collaborating ^b	
Emergency communications systems	Reduced system construction, equipment and operating costs and improved system quality and coverage	94	67	33	P,C
Emergency dispatch centers	Reduced center construction, equipment and operating costs and improved staff professionalism and coordination across jurisdictions	75	56	37	P,C
Joint courthouses	Reduced courthouse construction costs and increased opportunities for additional collaboration	32	29	27	P,C
Pretrial programs	Reduced or avoided increases in public safety costs and better informed jail release decisions	48 ^c	43	15 ^d	O

Note: P = planning grant incentive C = capital assistance incentive O = operating funds incentive

^a Includes all instances where a locality and at least one contiguous neighbor indicated they were “somewhat” or “very” interested in collaborating on this opportunity.

^b Based on a combination of local government survey responses and analysis of State agency data.

^c Includes those cities and counties responding to the survey that indicated interest in collaborating on community corrections, including but not limited to pretrial services.

^d Twelve of these do not currently have a pretrial services program.

Source: JLARC staff analysis of interviews with State, regional, and local stakeholders, data provided by localities currently collaborating in these areas, JLARC staff surveys of city, county, and town administrators in 2012, and State agency data.

Collaboration on Foster Care, Utilities, and Procurement Could Improve Services and Reduce Costs

In Summary

The State could provide incentives for localities to collaborate on foster care services, public utilities operations, and cooperative procurement. State incentives to encourage two or more local departments of social services to share staff to recruit and support foster families could help increase the number of available foster families. Localities that have used such a regional approach have reduced their foster care costs by as much as \$629,000 per year by increasing their use of foster families as opposed to more costly services. Collaboration in this area could also reduce State costs. Additionally, State incentives could be provided to encourage localities to regionally operate certain public utilities, and there are examples of localities' avoiding infrastructure investments of up to \$40 million and achieving operational savings of \$1 million to \$2 million per year. Localities that have operated regional public utilities have also seen service improvements. Finally, the State could encourage more localities and school divisions to enter into cooperative procurement arrangements. Localities that have used cooperative procurement have demonstrated that the costs of purchasing goods and services can be lowered by five to ten percent through greater purchasing power.

There are opportunities for the State to incentivize regional collaboration on several functions of local government outside of K-12 education and public safety. Specifically, collaboration across local departments of social services (LDSS) could improve local departments' ability to recruit and support foster families. Additionally, localities' experiences collaborating on joint public utilities operations indicate that cost savings could be achieved through additional collaboration. Localities and school divisions could also be encouraged to expand their use of cooperative procurement practices, which has been shown to produce cost savings.

There are already examples of regional collaboration on these same activities, which demonstrate that collaboration is feasible and can yield benefits. A substantial number of additional localities have expressed interest in also participating in a regional approach, and many of these localities that expressed interest are either in the same region of the State or share a local boundary.

A variety of possible incentives were identified that the State could offer to encourage localities to further collaborate. These incentives would be provided to encourage voluntary local collaboration.

Summary: Foster Care Recruitment and Support		
State benefit	Interested localities	Potential incentives
\$	50	P,O
P=Planning grant C=Capital assistance NF=Non-financial O=Operating funds		

REGIONAL FOSTER FAMILY RECRUITMENT, TRAINING, AND SUPPORT COULD REDUCE STATE AND LOCAL COSTS

In fiscal year (FY) 2011, the State, federal, and local governments spent \$216.7 million to fund services and support for Virginia children in foster care. A portion of these expenditures may be the result of children being placed in service arrangements that are more costly than necessary.

A major goal of the 2007 State Children’s Services System Transformation was to reduce the total number of children in foster care and have children placed in the most appropriate setting. While the program has reportedly reduced the number of children in residential care settings by more than 50 percent, State and local DSS staff report that some children transitioning from residential care who could have been appropriately serviced through a regular foster family have instead been placed with more costly therapeutic foster care (TFC) families. According to State and local DSS staff, this is due in part to the lack of regular foster families. Although there are no data to accurately estimate how many children in TFC placements could be appropriately cared for by regular foster families, State and LDSS staff reported that this does occur on a regular basis.

The number of regular foster families could potentially be increased through regional efforts to recruit, train, and support these families. Currently, many localities do not have staff dedicated to recruiting and supporting foster families. In the western region of the State, only five of 22 localities have dedicated foster family recruitment and retention staff, and only two of those are full time. Not all localities require the services of a full-time recruiter because of low or intermittent numbers of children needing foster placement. Still, many localities that could benefit cannot afford a full-time foster family recruiter and trainer.

Localities that have used a regional approach to develop dedicated foster family recruitment and support resources have reduced their overall foster care costs and increased their use of available foster families. Regional collaboration on this issue could be incentivized through start-up grants and by appropriating supplemental operating funds for such efforts.

Because the State pays for a portion of the costs of foster care services, the State could benefit financially from this approach. To the extent that regional collaboration improves LDSS’ ability to recruit and retain foster families, thereby avoiding more costly types of care for Virginia’s foster children, the State’s foster care costs would be reduced.

Continuum of Services for Foster Children

Local departments of social services recruit, train, and certify foster families. These families receive a median compensation of \$525 per child per month. Private companies recruit and train foster families, classified as Therapeutic Foster Care (TFC) families for children with more complex needs. TFC families receive enhanced levels of training, support, and compensation. Foster children may also be placed in residential care settings, such as group homes or residential treatment centers.

Rationale: Collaboration Across Localities to Improve Foster Family Recruitment and Retention Reduces State and Local Costs

The inadequate supply of regular foster families can be attributed in part to limited recruitment and support.

Among the options for providing services to children in Virginia's foster care system, "regular" foster families are the least costly option. These families are recruited, trained, and supported by LDSS. The State requires LDSS caseworkers to certify DSS foster families and facilitate the basic training provided by the State, but LDSS are not required to recruit or support them. LDSS interviewed by JLARC staff indicated that they do not have resources to actively recruit DSS foster families. State and local DSS officials, as well as a 2007 JLARC study, report that the inadequate supply of regular foster families can be attributed in part to limited recruitment and support.

Lack of Regular Foster Families Contributes to Children Receiving More Costly Services. There have historically not been enough regular foster families available to LDSS to allow case managers to make use of them when appropriate. As a result, children in foster care are reportedly placed in service settings that may not be well matched to their needs. Moreover, the Office of Comprehensive Services (OCS) reported in January 2011 that Virginia has more than three times as many children in the more intensive and costly family-based setting of TFC (36 percent) than the national average (11 percent).

TFC homes and congregate care settings are more costly because they provide more intensive services to children whose situations warrant them. For children covered by the Comprehensive Services Act (CSA) in 2011, regular foster families received an average of \$669 per month. During that same time period, children in TFC received services that cost the State and localities an average of \$3,574 per month, and the cost of services in congregate care averaged \$3,955 per month. However, the exact difference in costs between regular foster care and TFC/congregate care cannot be calculated because OCS does not collect data that distinguishes the portion of TFC/congregate care costs that are attributable to services beyond basic payments and fees. The \$669 per month calculated for regular foster families only includes basic payments and additional allowances.

Five Localities Using a Regional Approach Realized Cost Savings and Improved Ability to Use Regular Foster Families. Localities have found that regional foster family recruitment is a cost-efficient way to increase the number of DSS foster families. Five localities in the New River Valley Planning District did not actively recruit foster families before they developed their regional foster family recruitment, training, and retention program. This pro-

Having 13 children in regular foster homes, as opposed to TFC homes or congregate care, saved between \$312,000 and \$629,000 per year.

gram, which included a full-time recruiter, a foster parent trainer, and a part-time administrative assistant, allowed them to recruit foster homes for 13 children in 18 months that may have otherwise been served in private placements. The localities estimated that having the children in regular foster homes, as opposed to TFC homes or congregate care, saved between \$312,000 and \$629,000 per year. These localities used State adoption grant funds to develop the regional foster family program. However, the State has disallowed the use of those funds for foster care, and the regional program is no longer operating.

Improved Local Ability to Recruit Foster Families Could Reduce State and Local Foster Care Costs and Increase the Number of Available Foster Families. Cost savings from having more children in regular foster care as opposed to TFC or congregate care are split between State, federal, and local governments. For children who qualify for the federal Title IV-E program, costs for foster care are evenly divided between the State and the federal government. Services for foster care children who do not qualify for IV-E are funded through CSA, which is a combination of State and local resources. On average, localities' base CSA match rate for foster care is approximately 35 percent. In FY 2011, the State spent approximately \$127.9 million for children in foster care with localities contributing \$59.5 million. Under these funding formulas, the State and localities could achieve cost savings by transitioning children who do not require TFC services to regular foster families.

Title IV-E Funds

Federal Title IV-E funds are available to assist with foster care and adoption. In FY 2011, the State received \$97.9 million for foster care and adoption assistance.

Sharing staff to recruit and support regular foster families could also improve the timeliness with which new foster families are certified. DSS has reported that some LDSS have insufficient resources to certify prospective and current foster families in a timely manner. As a result, it may take several months for interested families to get information on being a foster family and become certified. State and local officials have reported that private foster care providers tend to respond more quickly to requests to become foster parents. In other cases, current foster families' certifications have lapsed, which has resulted in localities having to compensate the federal government as much as \$50,000 for uncertified care.

Increasing the number of available regular foster families could also lead to more children being adopted, further reducing State foster care costs. According to DSS, as many as 60 percent of children placed with regular foster families are eventually adopted by their foster families. DSS also suggested that adoption is more common among regular foster families compared to other more costly settings, especially residential care. In addition, more children are eligible for IV-E funding in adoption than in foster care, which leads to increased use of federal funds, creating savings for the State and localities. The increase in adoptions could result in an increase

Intensive Relative Finding

As part of the State Children's Services System Transformation effort to divert children from foster care, the State has encouraged localities to find relatives willing to care for the children rather than placing them in foster care.

in State and local adoption expenditures, but, according to DSS staff, those increases would be more than offset by the decrease in foster care costs.

Dedicating regional staff to foster family recruitment could also facilitate “intensive relative finding” efforts, which could further reduce foster care costs. According to DSS, in many cases relatives are willing to care for children in their family to prevent the child’s entry into foster care. If the child must come into foster care, foster parents who are relatives tend to maintain the placement of the child in their homes throughout the entire foster care episode and have a propensity to adopt these children if they cannot return home.

Feasibility: Some Localities Are Interested in Collaborating on Foster Family Recruitment and Retention

Collaboration on foster family recruitment and support is currently limited. Only 25 local government administrators that responded to the JLARC staff survey reported that they currently collaborate with other localities on foster family recruitment and support. LDSS reported that in some cases this collaboration is limited to regional marketing campaigns.

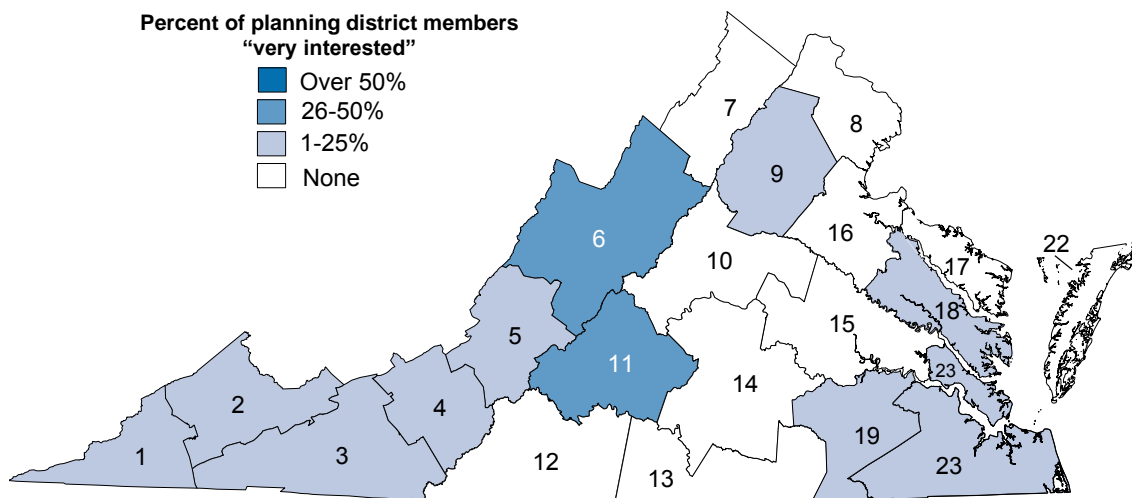
Localities statewide have expressed interest in dedicating regional resources to foster family recruitment and retention. Fifty of the cities and counties responding to the JLARC staff survey indicated that they were “somewhat” or “very” interested in developing a regional approach to foster family recruitment and retention, including 17 that are “very” interested. Of the 50 interested localities, two-thirds reported that they do not collaborate in this way currently. Additionally, 41 of the interested localities share a border with another interested locality. Two planning districts had more than 25 percent of their member localities interested in this opportunity (Figure 14), and 18 of the 21 PDCs had two or more localities express interest.

The primary challenge for interested localities is funding the collaborative effort. Although sharing a staff member across two or more localities defrays the costs, it still requires localities to allocate funding to that position, potentially to the detriment of other functions.

Potential Incentives: Additional Funding for Localities to Share Regional Foster Parent Program Staff Could Be the Most Effective Incentive

Local government administrators and LDSS staff expressed that additional operating funding for foster care recruitment and support could be effective at encouraging collaboration. One possible

Figure 14: More Than 25 Percent of Localities in Two Planning Districts Are Very Interested in Regional Foster Family Recruitment and Retention



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

approach could be State compensation to localities participating in a regional effort for each additional foster family that is recruited, certified, trained, and begins caring for a child. The compensation could help offset the costs of having dedicated regional resources for foster care. This approach is similar to the model used to encourage LDSS to conduct family partnership meetings, which are intended to divert children from foster care by actively involving family and community members. LDSS directors indicated that the \$150 payment has encouraged localities to use the meetings and defrays the costs of holding the meetings.

The State could also offer a competitive grant to help assist in funding staff for regional foster family recruitment and retention programs. Although localities expressed less interest in competitive grants than additional operating funds, this type of incentive may be a more cost-effective approach for the State. The grant could require grant applications to come from two or more localities that can demonstrate the need for a dedicated foster family recruiter and trainer. To qualify, localities could be required to use best practices, such as intensive relative finding, and evidenced-based approaches to recruit and train families and to report on progress toward specific goals. Additionally, participating localities could be required to work with the five DSS regional resource family consultants to implement their approach. These consultants work with LDSS to promote permanent placement of children. These consultants were initially intended to help LDSS staff with

Participating localities could be required to work with the five DSS regional resource family consultants to implement their approach.

foster family recruitment and retention efforts, but, since 2007, their focus has shifted to implementing child welfare reform, which aims to keep children with their parents or extended family and out of foster care.

REGIONAL COLLABORATION COULD REDUCE THE COST OF WATER, WASTEWATER, AND SOLID WASTE UTILITIES

Local governments, including towns, are responsible for providing and maintaining public water supplies, wastewater treatment services, and solid waste removal services for citizens. The infrastructure for these services is costly and must undergo periodic improvements or expansions. The experience of several Virginia localities has shown that regional collaboration on these functions can reduce the costs of purchasing and maintaining infrastructure and equipment, and also improve localities' ability to maintain the quality of water, wastewater, and solid waste infrastructure. Incentives that target capital investments are likely to be the most effective that the State could provide to encourage localities to collaborate on their public utilities.

The State is unlikely to realize substantial financial benefits from incentivizing regional collaboration on these utilities functions because it does not fund the ongoing operations of public utilities. However, the State could experience administrative efficiencies due to a reduction in the number of permits that would need to be issued for new landfills or water treatment operations and because there would be fewer sites for State staff to visit and regulate.

Rationale: Collaboration on Water, Wastewater, and Solid Waste Has Reduced Localities' Costs and Improved Infrastructure Maintenance

The Virginia Water and Waste Authorities Act permits localities "to create a water authority, a sewer authority, a sewage disposal authority, a stormwater control authority, [or] a refuse collection and disposal authority." The Water and Waste Authority has facilitated the formation of regional public utilities authorities throughout Virginia.

There are several examples of localities that have formed regional authorities to administer water, wastewater, and solid waste functions, and officials from participating localities reported that this approach has saved funds. Because regional authorities can achieve economies of scale, their purchasing power lowers the price of equipment and services. Additionally, regional authorities have reduced the need for individual localities to independently purchase costly equipment or undertake expensive infrastructure upgrades and expansions. These cost savings have moderated the

Summary: Water, Wastewater, Solid Waste		
State benefit	Interested localities	Potential incentives
--	94 (Water) 91 (Waste)	P,C
\$=Potential savings P=Planning grant NF=Non-financial C=Capital assistance -- = None O=Operating funds		

rate of increase in customers' costs and improved localities' ability to maintain the quality of their utilities' infrastructure.

Localities Participating in a Regional Water and Wastewater Authority Have Shared the Costs of Infrastructure Upgrades and Reduced Operating Costs.

In 2004, extended droughts throughout the Roanoke region prompted the City of Roanoke and Roanoke County to form the Western Virginia Water Authority. By forming an authority, the two localities were able to combine their water supply capacity and forgo infrastructure investments that would have otherwise been necessary. Roanoke City had insufficient capacity to supply water to its residents and needed to construct a new reservoir, which was estimated to cost between \$37 million and \$43 million. Meanwhile, Roanoke County had excess capacity, but high service fees due to a large debt burden. By partnering, the two localities were better able to align their water supply capacity with demand and avoid the costly construction of a new reservoir.

The Western Virginia Water Authority estimated that it saved \$1 million in the authority's first year, about four percent of its total operational costs.

The Western Virginia Water Authority has also achieved operational savings both in water supply and wastewater treatment. The Western Virginia Water Authority estimated that it saved \$1 million in the authority's first year, about four percent of its total operational costs. The authority achieved these savings by consolidating administrative staffing and stand-by crews needed for emergencies. Additional savings were accomplished by decreasing the compliance costs associated with meeting Department of Environmental Quality (DEQ) water quality standards. According to the authority, regionally coordinated solutions to DEQ water quality standards have improved their ability to meet requirements, while also decreasing costs.

Localities Participating in a Regional Solid Waste Authority Have Reduced Solid Waste Management Costs.

Regional solid waste authorities have also decreased the operational costs of solid waste services. The Region 2000 Services Authority operates a regional landfill in the City of Lynchburg that receives solid waste from five localities. The participating local governments formed the authority in 2005 after analyzing the costs and benefits of regional alternatives to solid waste management. In 2012, the regional authority's cost of waste disposal was \$27 per ton of solid waste. The average cost between the five localities before the formation of the authority was about \$50 per ton of solid waste and would have been \$61 per ton in 2012 if the authority had not been formed. This decline in cost per ton represents an operational savings of over 50 percent. An analysis of cost avoidance conducted for the authority by a private engineering firm in 2012 estimated that the total savings experienced by the five participating localities between 2009 and 2012 was \$8.3 million.

...the total savings experienced by the five participating localities between 2009 and 2012 was \$8.3 million.

According to authority staff, these savings were achieved mostly by reducing personnel and equipment needs. Staffing reductions can occur because only one landfill is operating at a time. Similarly, fewer pieces of expensive equipment, such as compactors, are needed because there are fewer locations. Equipment savings in particular have been substantial: a single trash compactor was purchased by the authority in 2012 for \$750,000.

DEQ Requires Post-Closure Plans

All local governments seeking to close a landfill must first prepare a post-closure plan that is approved by DEQ. The post-closure plan stipulates the extent to which local governments will monitor the nearby groundwater quality and the content of gas vented by the landfill. The plan also requires localities to perform certain maintenance on the landfill.

Regional Collaboration Resulted in Several Southwestern Localities Contracting With a Private Solid Waste Company and Discontinuing Their Own Costlier Operations. Depending on the quantity of waste produced by participating localities, privately operated disposal of solid waste may be preferable to locality-operated disposal. Heightened environmental regulations for landfill post-closure care prompted Buchanan, Dickenson, and Russell counties to form a solid waste authority and negotiate privately-operated disposal in 1992. New federal landfill guidelines caused DEQ to increase post-closure care requirements from ten to 30 years for all sanitary landfills receiving waste after 1993. The additional post-closure costs made it difficult for many smaller localities to dispose of waste locally. This was the case for Buchanan, Dickenson, and Russell counties, which annually produce a combined 56,000 tons of waste. The three localities formed the Cumberland Plateau Regional Waste Management Authority to seek alternatives to local disposal. The three localities, through the authority, negotiated a contract with a private company for their solid waste disposal. Local disposal would have cost each of the localities twice the cost of private disposal, saving the localities \$48 million from 1993 to 2012.

Collaboration on Public Utilities Has Also Yielded Several Other Benefits. Service benefits of regional public utility authorities have included improved infrastructure maintenance, improved compliance with State and federal requirements, uniform fees to customers across localities, and attractiveness to prospective new businesses. In one example, the Western Virginia Water Authority set user fees for water services to more closely reflect the true costs of operations. This adjustment allowed the authority to make greater investments in necessary infrastructure maintenance. Adequate infrastructure maintenance is important for compliance with environmental regulations. Additionally, the executive director of one regional utilities authority suggested that uniform water capacity and water rates throughout an entire region can make the region more attractive to prospective businesses.

Feasibility: Local Government Administrators Statewide Expressed Interest in Collaborating on Water, Wastewater, and Solid Waste Functions

Local governments have been successful in sharing infrastructure and services for water, sewer, and solid waste utilities. In 2011, 23 cities, 42 counties, and 33 towns participated in a regional solid waste authority. Water and wastewater services are also performed regionally in many instances. According to the JLARC staff survey, 77 localities collaborate with another local government in providing water and wastewater services. Local governments also collaborate on public utilities planning activities. For example, 19 of the 55 solid waste planning units within the Commonwealth are regionalized, according to the 2008 JLARC report *Waste Reduction Efforts in Virginia*.

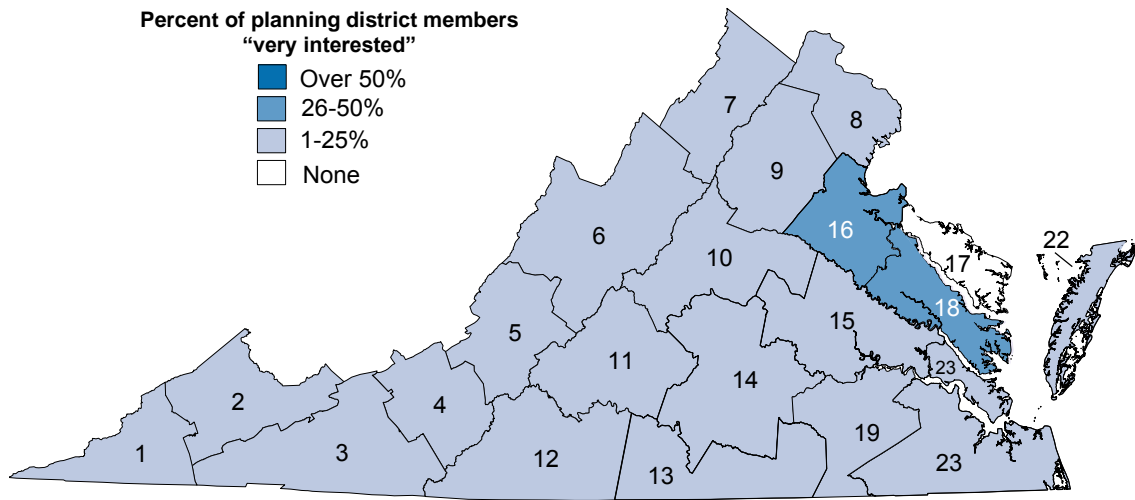
Despite the degree of collaboration already occurring, localities appear interested in new or expanded collaboration on water, wastewater, and solid waste functions. Ninety-four localities indicated interest in regional solid waste projects, and 91 indicated interest in regional water and wastewater projects. For both functions, half of those indicating interest were “very interested.” In both cases, about one-third of the interested localities reported that they are not currently collaborating on these utilities functions.

Interest appears to be comparable across local governments of different sizes. This creates the potential for smaller localities to partner with larger ones. These types of partnerships may have the greatest potential for operational savings achieved by economies of scale.

Figures 15 and 16 illustrate the concentration of interest in collaboration on water and wastewater and solid waste functions within the State’s planning districts. While few planning districts had 25 percent or more of their member localities express being “very interested,” some localities in nearly all planning districts expressed some level of interest.

Based on interviews with planning district commission directors and existing regional authority staff, the most challenging aspects of forming a regional public utilities authority are concerns by the public and local leaders about the potential for lower service quality and higher consumer costs. Survey respondents reported that collaborating on solid waste services would be less challenging than water or wastewater services. This may be due to the large infrastructure investments needed for connecting water and wastewater systems, whereas for solid waste management local

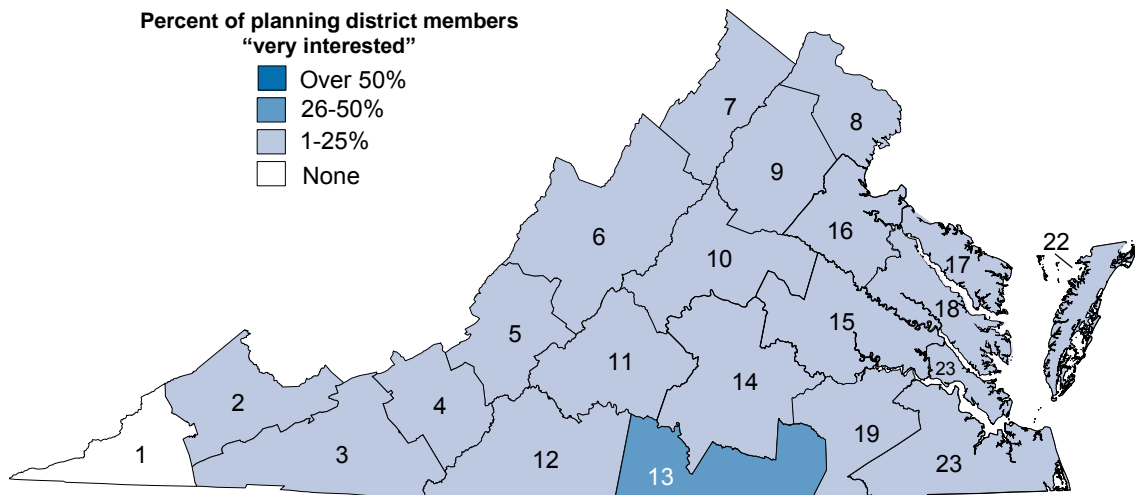
Figure 15: Localities Throughout the State Are Interested in Regional Water and Wastewater Functions, Especially Two Eastern Planning Districts



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

Figure 16: Localities Throughout the State Are Interested in Regional Solid Waste Services, Especially One Southside Planning District



Note: Percentages were calculated based on the total local governments in the planning district and assuming non-responding localities are not interested in the opportunity. Numbers on maps correspond to planning districts.

Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

governments can use existing landfills or transfer waste to private haulers. Water utilities may experience other challenges to collaboration, such as local governments not wanting to relinquish local control or concerns that regional provision would lower the quality of water provided to residents.

Potential Incentives: The State Could Encourage Collaboration on Public Utilities by Assisting With Construction Costs

According to local government administrators responding to the JLARC staff survey, funding for capital assistance would be the most effective State incentive to encourage regional collaboration on solid waste and water and wastewater operations. With respect to water and wastewater, the Virginia Resources Authority (VRA) currently provides low-interest loans to assist communities with maintaining their wastewater infrastructure. Currently, individual localities that meet certain criteria can qualify for “hardship” assistance through a zero-interest loan. To encourage regional projects, the VRA could also provide zero-interest loans to localities that collaborate on the provision and maintenance of water and wastewater services. This approach could also be taken with regional solid waste operations. Alternatively, the State could reimburse regional utilities partnerships for a certain percentage of the costs of infrastructure upgrades or new construction, similar to the approach the State takes to encourage the construction of regional jails.

State financial assistance with feasibility studies and planning activities could also be effective. In the three examples of successful collaboration described in this section, third-party experts were hired to analyze the costs and benefits of a regional approach. These examples demonstrate that feasibility studies and upfront planning activities are an important component to the long-term success of regional public utilities projects.

Summary: Cooperative Procurement		
State benefit	Interested localities/divisions	Potential incentives
--	184	O
\$=Potential savings P=Planning grant NF=Non-financial C=Capital assistance -- = None O=Operating funds		

COOPERATIVE PROCUREMENT COULD ALLOW LOCALITIES TO NEGOTIATE LOWER PRICES FOR GOODS AND SERVICES

By aggregating their purchasing demands through the use of cooperative procurement of goods and services, localities may be able to increase their market power and obtain lower prices. Section 2.2-4304 of the *Code of Virginia* gives public entities the authority to enter into cooperative contracts for the purchase of most goods and services, and 111 local government and school division administrators indicate that their organizations commonly collaborate on purchases. However, 184 localities are interested in increasing their use of this approach. Cooperative procurement has been found to reduce purchasing costs, and its use could be encouraged through State assistance and financial incentives.

In some cases, cooperative procurement could produce financial benefits for the State. For example, if school divisions' health insurance costs are reduced through the joint purchase of health insurance, the State could realize savings because schools' health insurance costs are partially funded by the State.

Rationale: Cooperative Procurement Can Reduce Costs by Lowering Prices Paid for Goods and Services

Two Types of Cooperative Procurement

Joint purchases involve a partnership between two or more public entities to purchase a good or service for all entities in the partnership. Open contracts, such as State contracts, are existing contracts that have a provision to allow other public entities to purchase items from that contract at the pre-awarded price. Several Virginia school divisions and local governments participate in regional or national purchasing consortia, which they use to make joint purchases or gain access to open contracts.

JLARC's 2011 report *Use of Cooperative Procurement by Virginia School Divisions* found that greater cooperation could lead to lower costs for most goods and services, including those which are commonly purchased by all governmental entities. Commonly purchased items include health insurance, contractual services, information technology assets and services, office supplies, and vehicle fuel. Although the 2011 report focused on school divisions, JLARC staff also interviewed local procurement officers and staff from local government associations. These parties indicated that cooperative procurement can be as beneficial for other units of local government as they can be for school divisions. For example, staff with the Virginia Municipal League and the Virginia Association of Counties indicated that some of their members were achieving cost savings of 20 to 30 percent off catalogue prices by purchasing computers and office supplies through a national purchasing consortium.

The JLARC report concluded that Virginia school divisions that make limited use of cooperative procurement could achieve five- to ten-percent reductions in purchasing costs by increasing this practice. The report determined that these reductions would have yielded about \$28 million to \$56 million in savings for these school divisions in fiscal year 2009 alone. JLARC staff surveys indicate that other units of local government may make less use of cooperative procurement than school divisions. This indicates that greater use of cooperative procurement by these entities could produce savings similar to what was estimated for school divisions. The total savings that could be achieved by expanding use of cooperative procurement in school and other local government functions could potentially range from \$56 million to \$112 million.

Increased cooperation on the purchase of employee health insurance could provide the greatest single opportunity for statewide cost savings through cooperative procurement. The potential savings from collaboration on employee health insurance are significant because it is one of the largest recurrent purchases made by local governments. JLARC's 2011 study found that three other states had implemented or considered implementing state health plans for all school division or State and local employees. As shown in Table 7, these states projected significant reductions to their lo-

cal employee health care costs. Oregon claimed to have realized actual savings of \$36 million by consolidating public school employee health insurance, representing a 5.8 percent decrease in health insurance spending by school divisions. Legislative agencies in Michigan and Minnesota also projected substantial cost savings from legislation proposing consolidation of local employee health insurance, although in both states the proposed legislation was ultimately not enacted.

Table 7: Three Other States Experienced or Projected Substantial Cost Savings From Cooperative Procurement of Local Government Health Insurance

State	Participants	Annual cost savings	Impact on current costs
Oregon	Public school employees	\$36 Million ^a	5.8% decrease
Minnesota	Public school employees	\$100 Million ^b	7% decrease
Michigan	All state and local employees	\$165-275 Million ^b	Unavailable

^a Actual savings realized for 2008-2009 school year.

^b Estimates developed by state legislative agencies in response to proposed legislation in 2010 and 2008, respectively.

Source: *Use of Cooperative Procurement by Virginia School Divisions*, JLARC, 2011.

Feasibility: Many Localities Are Interested in Cooperative Procurement, but Need Improved Information and Expertise to Take Advantage of Opportunities

As shown in Table 8, 62 local governments and 32 school divisions responding to JLARC staff surveys reported that they do not make use of cooperative procurement. Additionally, localities that already make use of cooperative procurement for some purchases could potentially expand their use of this approach to acquire additional types of goods and services.

Statewide, many local government administrators and school division superintendents appear to be interested in increasing their

Table 8: Substantial Number of School Divisions and Local Governments Reported Not Using Cooperative Procurement

Survey respondent	Use cooperative procurement	Do not use cooperative procurement	No answer provided	Total respondents
Cities, counties, and towns	52	62	7	121
School divisions	59	32	5	96

Source: JLARC staff survey of city, county, and town administrators, 2012.

use of cooperative procurement. Seventy-seven school divisions and 107 local governments expressed some level of interest in cooperative procurement, and almost half of the interested respondents in each group indicated they were “very interested” in collaboration. Approximately 25 percent of the interested school divisions and 50 percent of the interested localities report not using cooperative procurement currently. While nearly all local governments and school divisions expressing an interest in making greater use of cooperative procurement had a neighbor that shared their interest, localities do not have to be neighbors to use cooperative procurement. Additionally, local governments and school divisions are also free to use open contracts negotiated by the State or other localities across the country.

The primary challenge to expanding the use of cooperative procurement appears to be a lack of staff resources or expertise to identify cooperative procurement opportunities. For example, JLARC’s 2011 study found that many of the State’s smaller local governments and school divisions do not have dedicated procurement staff. This may limit their ability to identify and make use of cooperative procurement opportunities. Additionally, collaborating on the acquisition of complicated products or services, such as health insurance, can be difficult even for localities with expert procurement staff, indicating that even these localities could benefit from State assistance.

Finally, §2.2-4304 of the *Code of Virginia* restricts cooperative procurement for certain construction projects. Based on recommendations from Governor McDonnell’s Task Force for Local Government Mandate Review, legislation was introduced in 2012 to remove this restriction. This legislation was not successful, however, so this restriction on cooperative procurement remains.

Potential Incentives: The State Could Encourage Cooperative Procurement by Helping Localities Improve Their Purchasing Expertise and Coordinating Complex Procurement Opportunities

The use of cooperative procurement could be promoted by providing localities with additional operating funds for hiring full-time, dedicated regional procurement staff. Such an incentive would encourage localities that do not have dedicated procurement staff to pool their resources and hire a regional procurement officer. This procurement officer would work with localities to identify opportunities for cooperative procurement of goods and services and would be responsible for administering these procurement activities. This staff person could also identify opportunities for participating in open contracts negotiated by the State or entities in other parts of the country. As with other regional partnerships, the officer could be employed by one locality which acts as the fiscal agent for all

the involved parties. JLARC's 2011 report included a recommendation that the General Assembly consider initiating a two-year pilot program in one region of the State in which it matches local school division funding for the employment of a regional procurement officer. This recommendation has not yet been implemented. The parameters of such a program could be expanded to include local governments as well.

To achieve the greatest possible cost savings from cooperative procurement, the State could promote collaboration on the purchase of employee health insurance. Another recommendation included in the JLARC 2011 report, which also has not yet been implemented, was that an actuarial analysis be conducted to determine the fiscal impact of allowing school divisions to join the State health plan. This analysis could be expanded to include local government in addition to school divisions.

Table 9 (next page) summarizes the collaboration opportunities described in this chapter.

Table 9: Localities Expressed Interest in Collaborating on Four Other Local Government Functions

Potential opportunities	Potential benefits	Number of interested localities			Potential incentives
		Total	With an interested neighbor ^a	Not currently collaborating ^b	
Foster family recruitment and support	Lower service provision costs than other alternatives and more efficient program administration	50	41	33	P,O
Water supply/wastewater treatment services	Reduced system construction, equipment and operating costs and improved system capacity and regulation compliance	94	50	29	P,C
Solid waste disposal services	Reduced landfill construction, equipment and operating costs, improved regulation compliance, and more efficient use of resources	91	56	33	P,C
Cooperative procurement of goods and services	Reduced purchasing expenditures	184 ^c	Not applicable	73 ^d	O

P = planning grant incentive C = capital assistance incentive O = operating funds incentive

^a Includes all instances where a locality and at least one contiguous neighbor indicated they were “somewhat” or “very” interested in collaborating on this opportunity.

^b Based on a combination of local government survey responses and analysis of State agency data.

^c Includes 77 school divisions and 107 local governments.

^d Includes 19 school divisions and 54 local governments.

Source: JLARC staff analysis of interviews with State, regional, and local stakeholders, data provided by localities and school divisions currently collaborating in these areas, and JLARC staff surveys of school division superintendents and city, county, and town administrators in 2012.

State Could Encourage Collaboration Through Grants or Loans and Prioritize Opportunities for State Savings

In Summary

The collaboration opportunities discussed in this report would benefit local governments and their citizens, but many are unlikely to produce substantial financial benefits for the State. However, the State could offer relatively inexpensive incentives that would encourage localities to voluntarily pursue collaboration. These include planning grants to further determine the feasibility and potential costs and benefits of collaboration, or capital funding through low-interest loans provided by the Virginia Resources Authority. For example, the State could spend between \$100,000 and \$2.8 million in planning grants to encourage interested school divisions to collaborate on regional career and technical education (CTE) centers or interested localities to form regional solid waste disposal authorities. The State can also clarify existing tax preferences or use tobacco settlement funds to encourage collaboration by school divisions on workforce development projects. The General Assembly may wish to prioritize collaboration that would eventually yield financial benefits for the State, particularly regional approaches to increasing the availability of foster care families, regional K-12 special education programs, and regional pretrial services programs. The General Assembly may also wish to prioritize collaboration that would advance its workforce development and public safety policy goals, particularly regional CTE centers; science, technology, engineering, and math academies; and regional radio systems.

Chapters 2 through 4 highlight a series of local collaboration opportunities that could expand or improve services, reduce the costs of services, or both. In some cases, these collaboration opportunities would produce State financial benefits over time. Specifically, collaboration on foster care and special education services could improve the public sector's ability to serve Virginia's youth at a lower cost than private sector alternatives, and collaboration to expand pretrial services programs could reduce the State's jail costs. In contrast, other collaboration opportunities described in the report will produce no State financial benefits. For example, collaboration on K-12 workforce development programs or emergency services would not necessarily save State funds because the State does not provide substantial funding for these programs. Such collaboration would still result in other measurable benefits for the citizens of the participating localities.

The cost to the State of incentivizing the collaboration opportunities identified will depend on (1) the amount of the incentive necessary to encourage localities to participate and (2) the number of

localities that receive the incentive. Estimates of the level of current interest in each of these opportunities, both by the number of localities and school divisions interested in collaboration and by the number of potential regional partnerships, are based mostly on survey respondents' priorities at a single point in time. This interest in collaboration may change with a number of unpredictable factors, such as local economic circumstances.

STATE COULD ENCOURAGE MOST OPPORTUNITIES WITH PLANNING GRANTS OR LOW-INTEREST LOANS

To minimize the net cost to the State of any incentive program, relatively inexpensive incentives could be offered. Each of the opportunities discussed in the preceding chapters might be encouraged through such incentives, particularly funding for planning and initiating a regional project and low-interest loans for capital projects. The effectiveness of an incentive is likely determined in part by the amount that localities can receive, and higher amounts are likely to be more effective. As such, lower cost incentives do have limitations. Moreover, the effectiveness of any financial incentive will likely also be determined by its size relative to the size of the participating localities' budgets. In other words, relatively small incentives may be effective for smaller localities, but ineffective for larger ones.

... it would be prudent to commit to lower cost incentives in the short term to determine whether more costly incentives are needed.

However, if the State wishes to implement any type of incentive program to encourage regional collaboration, it would be prudent to commit to lower cost incentives in the short term to determine whether more costly incentives are needed. Additionally, the General Assembly could offer any incentive program on a pilot basis by initially restricting available incentives to a limited number of regional partnerships.

State Could Offer Planning Grants to Assist Localities With Initial Stages of Collaboration

Planning and start-up funding could be targeted at regional efforts to assist localities with managing the initial stages of collaboration. Based on input from State, local, and regional stakeholders on surveys and through interviews, planning grants could help encourage localities to capitalize on many of the opportunities discussed in the report. Localities and school divisions could use planning grants to dedicate staff resources to further exploring the feasibility of the project, analyzing the costs and benefits of the project, and determining how to best structure and operate the project.

Previous experience has shown that such assistance can be provided at a relatively low cost. For example, the 2012 Appropriation Act includes \$100,000 for the start-up or expansion of regional

Governor's schools. In another example, the E-911 services board has funded some localities' feasibility studies for dispatch center consolidation, which ranged from \$50,000 to \$100,000.

In some cases, the State could provide planning grants for which no project ever materializes. However, this relatively small amount of funding to conduct detailed planning that concludes collaboration is not feasible is far more efficient than providing much more costly capital or operational funding to collaboration projects that eventually fail.

The cost to the State of providing planning grants will be determined by the amount of the grant and localities' participation. For each of the opportunities discussed in this report for which planning grants would be effective, JLARC staff estimated the potential cost to the State of issuing planning grants (Table 10, page 76). Based on previous State spending for this purpose and on input from State and local agencies, \$100,000 was assumed to be adequate for conducting feasibility studies or planning activities for most opportunities. In these cases, the incentive would likely be used to commission third-party expert analysis or consulting services. For one opportunity—shared K-12 staff—a lower amount of \$50,000 was assumed to be adequate. In that case, the incentive would likely be used to fund the costs of one full-time staff person to spearhead the project. The total potential cost to the State for issuing planning grants for all of the opportunities listed in Table 10 could range from \$850,000 to \$22.2 million, based on the number of potential regional partnerships identified through JLARC staff surveys of interest in these opportunities.

Capital Investments Necessary to Implement Regional Collaboration Could Be Funded Through Low-Interest Loans

Several of the collaboration opportunities identified could be encouraged through incentives that provide localities with assistance on capital investments. The State could provide capital funding to localities without requiring localities to pay back this assistance, an approach that has been taken to encourage localities to construct regional jail facilities. However, given the current fiscal climate, the State could also provide capital funding through low-interest loans. This approach may be more prudent for encouraging collaboration on projects that are the least likely to produce financial benefits for the State, such as collaboration on public utilities projects, joint courthouses, joint emergency dispatch centers, and joint radio communications projects.

...given the current fiscal climate, the State could also provide capital funding assistance through low-interest loans.

Through the Virginia Resources Authority (VRA), the State already provides below-market-rate loans to localities to finance

Table 10: State Could Encourage Collaboration on Most Opportunities Identified by Issuing Individual Planning Grants of up to \$100,000

Collaboration opportunity	Number of possible partnerships ^a	Potential cost to State ^b	Potential benefits
K-12 education opportunities			
Regional science, technology, engineering, and math academies	1-36	\$100,000 – \$3,600,000	More career-oriented course offerings
Regional special education programs	1-33	\$100,000 – \$3,300,000	Lower costs Expanded services
Regional career/technical education	1-28	\$100,000 – \$2,800,000	More career-oriented course offerings
Shared K-12 instructional and support staff	1-29	\$50,000 – \$1,450,000	Maintained or improved instructional support services
Public safety and administration of justice opportunities			
Regional emergency communications equipment	1-34	\$100,000 – \$3,400,000	Reduced equipment costs Improved interoperability Improved radio coverage
Joint courthouse construction	1-15	\$100,000 – \$1,500,000	Lower construction costs
Regional dispatch centers	1-23	\$100,000 – \$2,300,000	Reduced equipment, infrastructure and operating costs Faster response times
Collaboration opportunities in other local government functions			
Regional solid waste operations	1-28	\$100,000 – \$2,800,000	Reduced infrastructure and equipment costs Reduced permitting and inspection costs
Regional water and wastewater operations	1-25	\$100,000 – \$2,500,000	Reduced infrastructure costs Improved infrastructure maintenance Reduced permitting and inspection costs

^a Estimated based on number of “somewhat” and “very” interested neighboring school divisions and local governments. Assumes that only those school divisions and local governments that expressed interest would participate.

^b JLARC staff assumed a \$100,000 planning grant for all opportunities with the exception of shared K-12 instructional support staff, for which a \$50,000 planning grant was assumed. These amounts are based on previous State appropriations for these purposes, as well as input from State agency staff and regional program participants.

Source: JLARC staff surveys of Virginia school division superintendents and city, county, and town managers and interviews with State, regional, and local agency staff, 2012.

certain capital projects. Examples of projects that have been funded in this way are water, wastewater, and solid waste projects. To encourage localities to undertake regional capital projects, the VRA could make loans available to localities and authorities participating in regional infrastructure or capital projects at lower rates than it makes available to other projects. Additional State

funds would be needed to further subsidize the rates on the loans for these projects to compensate for the reduction in interest that is earned on the loans.

The VRA also offers the Virginia Pooled Financing Program (VPFP), which provides localities with financing options for any of the 18 eligible project categories established in §62.1-199 of the *Code of Virginia*. According to the VRA's 2011 Comprehensive Annual Financial Report, "VRA's high credit rating...results in favorable access for Virginia localities to the capital markets, without the need for additional credit enhancements." The VPFP may be a resource for localities interested in pursuing any of the identified opportunities that would require investment in infrastructure or equipment.

STATE COULD USE TAX PREFERENCES OR TOBACCO SETTLEMENT FUNDS FOR ENCOURAGING COLLABORATION ON WORKFORCE DEVELOPMENT

School divisions statewide expressed interest in developing regional career and technical education (CTE) and science, technology, engineering, and math (STEM) programs. These programs are designed to prepare middle and high school students for high-demand careers, and many of these programs partner with private businesses to offer specialized courses that give students hands-on training. The schools' programs and the businesses mutually benefit from these partnerships.

Neighborhood Assistance Tax Credit

Individuals and businesses may receive a tax credit equal to 40 percent of charitable contributions to approved organizations, which can include K-12 schools. Acceptable donations include cash, stock, goods, real estate, and certain services.

One potential source of funding for incentives to encourage regional CTE and STEM programs could be their business partners. The State already encourages private donations to non-profit entities, including K-12 schools, through the Neighborhood Assistance Tax Credit. Businesses may only claim the credit for donations made to qualified organizations that have demonstrated that at least 50 percent of the population served has annual income below 200 percent of the federal poverty level. The State also encourages donations to K-12 schools through its conformity to the federal income deduction for non-profit entities and the State's deduction for donations to the Virginia Public School Construction Grants Program and Fund.

While businesses are already able to make charitable donations to K-12 institutions, the *Code of Virginia* could be amended to specifically identify financial support for regional CTE or STEM programs as qualifying for these tax preferences. By clarifying through the *Code* that such donations qualify for these tax preferences, the State could encourage companies to provide start-up or planning grants focused on regional programs. These grants could

be used to hire specialized faculty, purchase technologically advanced equipment, and finance facility construction.

Another potential source of funds for regional workforce projects is the Virginia Tobacco Indemnification and Community Revitalization Commission (TICR), which reported assets of about \$600 million in 2011. TICR's mission is to revitalize Virginia's formerly tobacco-dependent communities. According to the 2011 JLARC report *Review of the Tobacco Indemnification and Community Revitalization Commission*, low educational attainment contributes to the economic difficulties in the State's "tobacco region" and has been identified as a key obstacle to revitalization. That report further states that "there is widespread agreement among economic development experts that improving the population's educational attainment and workforce skills are the most important priorities for long-term revitalization." That report included a recommendation that TICR consider developing strategic initiatives in education and workforce development to make progress toward revitalization. Therefore, for the 41 localities in southside and southwest Virginia that are eligible for TICR grants, TICR could be viewed as a potential resource for regional CTE and STEM projects.

STATE COULD APPROPRIATE NEW FUNDS TO REGIONAL COMPETITIVENESS PROGRAM TO ENCOURAGE LOCAL COLLABORATION

Virginia's Regional Competitiveness Program (RCP) was created by the 1996 General Assembly to encourage local governments and the private sector to improve the economic competitiveness of Virginia's regions through regional partnerships. The regional partnerships included representatives from local government, elementary and secondary education, higher education, the business community, and civic groups.

Between 1996 and 2002, the 19 regional partnerships implemented 69 joint activities, which were based on each region's priorities. Completed projects included workforce training centers, workforce development loan programs, business incubators, regional industrial parks, distance learning centers, and regional telecommunication expansion.

RCP Has Not Been Funded in Ten Years, Despite Potential for Impact

The RCP program has not been funded for ten years. Interviews with State and local officials indicate that the RCP was an effective way to encourage local collaboration, although certain aspects of the program could have been improved. According to an independent review of the program, regional partnerships were able to

leverage more than \$700 million in additional public and private funds by using RCP grants.

The RCP was an effective program and could have potentially had a much larger impact, but was never funded at the level originally anticipated.

The Department of Housing and Community Development (DHCD), which also funds the State's 21 planning district commissions, administered the RCP. According to DHCD staff, a strength of the program was that the regional partnerships formed under the RCP had to include leaders from a cross-section of the community, including the private sector. The diverse makeup of these partnerships reportedly resulted in a more comprehensive approach to regional projects. DHCD staff further indicated that the RCP was an effective program and could have potentially had a much larger impact, but was never funded at the level originally anticipated. DHCD noted that continuing to fund the RCP "would have set the [regional] agenda, beyond regional jails, but the payments weren't enough to make it happen."

Ohio Has a Grant Program That Is Similar to the RCP

In 2011, the Ohio legislature established a program similar to the RCP called the Local Government Innovation Fund (LGIF). The purpose of the LGIF was to encourage collaboration between local governments to achieve efficiencies and reduce spending. Ohio's LGIF is funded through a general fund appropriation of \$45 million for FY 2013. Local governments apply for grants or loans through the program. Applicants must provide at least a ten percent local match, and higher matches earn higher "points" for award determinations.

Fifty different projects have been funded through Ohio's LGIF. Projects in K-12 education, public safety, local government administration, and economic development accounted for approximately half of these projects. Public safety projects were typically for interoperability or shared 911 call centers. K-12 education applicants were typically regional education service centers that provide professional development, instruction, and information technology support services.

State Could Appropriate New Funds and Model RCP After Ohio Program

The State could provide new funds to the RCP to encourage voluntary local collaboration as described in this report, as well as other types of collaboration identified by the PDCs, local governments, or school divisions. The newly funded RCP could provide grants for regional entities to conduct feasibility studies of collaboration opportunities and/or administer a low-interest revolving loan fund to assist with implementation. The VRA could be a resource for administering any revolving loan component of the program.

Rather than focus solely on economic competitiveness like the original RCP, the new program could emphasize funding projects that result in regional collaboration or sharing resources across local boundaries. Applicants could be required to demonstrate that their regional project would produce cost efficiencies or service improvements. Applicants could also be subject to a local match requirement and be required to, like Ohio's LGIF, submit a project budget, propose a repayment structure for loans, and describe the potential for the project to be replicated in other regions of the State.

STATE COULD PRIORITIZE INCENTIVES FOR COLLABORATION OPPORTUNITIES THAT ARE MOST LIKELY TO BENEFIT BOTH THE STATE AND LOCALITIES

While each of the 13 collaboration opportunities identified would benefit local governments and their citizens, only a few would also benefit the State. The State could prioritize incentives for encouraging collaboration in those instances where collaboration would most likely result in State savings. The State could also prioritize incentives for encouraging collaboration in instances where collaboration would advance State policy goals, particularly with respect to workforce development and public safety.

State Could Prioritize Incentives for Collaboration Opportunities That Are Most Likely to Result in State Savings

The State could prioritize incentives for encouraging collaboration in instances where the collaboration would most likely result in State savings. Such prioritization could occur through Appropriation Act language or by using any of the above funding mechanisms to direct incentive funds only for these types of opportunities.

The actual amount of savings the State realizes would be highly dependent upon the scale and specific parameters of each collaboration.

As noted earlier, the actual amount of savings the State realizes would be highly dependent upon the scale and specific parameters of each collaboration. This places a premium on the use of planning grants to further explore the feasibility, costs, and benefits of each collaboration opportunity.

Table 11 lists the collaboration opportunities identified in this report that, in addition to providing benefits to local governments, school divisions, and citizens, could also eventually reduce State spending. These opportunities are within foster care recruitment and support, K-12 special education, and pretrial services programs. In the cases of special education and pretrial services, funding mechanisms are already in place to assist localities with developing these regional programs, such as the mechanisms by which the State provides operating support to existing regional special education programs and regional community corrections programs.

While there is no funding mechanism in place through the Department of Social Services (DSS) to incentivize regional foster family programs, localities have previously used DSS funding for this purpose, and the DSS regional offices employ staff whose original purpose was to improve the ability of localities to recruit and support foster families.

State Could Prioritize Incentives for Collaboration Opportunities That Advance State’s Workforce Development and Public Safety Objectives

The State could also prioritize incentives for encouraging collaboration in instances where the collaboration would improve the capacity of localities to advance certain State priorities, such as workforce development or public safety goals. Specifically, State incentives could be used to encourage localities to pursue the development of joint CTE centers, joint STEM academies, and regional radio communications systems. While these collaboration opportunities are unlikely to produce financial benefits for the State, they would provide financial benefits to localities and their citizens and potentially enable some localities to expand their workforce development and public safety services.

Table 11: State Could Realize Savings From Collaboration on Foster Care, K-12 Special Education, and Pretrial Services Programs

Collaboration opportunity	Savings achieved by previous examples	Manner in which savings are achieved
Shared social services staff to recruit and support regular foster families	\$14,178 – \$28,576 annually <u>per child</u> by avoiding cost of private foster care placements ^a	Improved capacity to recruit and retain regular foster families allows case managers to use cost-effective and appropriate placement options
New regional programs to provide K-12 special education services	\$4,225 – \$8,775 annually <u>per child</u> by avoiding cost of private services for autism or emotional disturbance ^b	Improved capacity to provide special education services through public school programs, as opposed to more costly private programs
New regional pretrial services programs	\$1,460 – \$4,380 annually <u>per individual</u> released from jail pending trial ^c	Reduces per diem costs of defendants and the length of time in jail prior to trial

^a Assumes foster care placements are funded using a mixture (54/46) of Comprehensive Services Act (CSA) and Title IV-E dollars. The State provides 63.4 percent of CSA funding and 45.95 percent of IV-E funding. Range reflects State portion of per-child total savings experienced by localities for diverting children from private placements into regular foster families.

^b Assumes special education services are funded using CSA dollars, which requires an average local match of 35 percent. State savings reflects 65 percent of per-child total savings for diverting students from private special education placements.

^c State reimburses localities \$4 per day for local-responsible inmates and \$12 per day for State-responsible inmates. Figures are annualized to facilitate comparison of the three opportunities shown in the table.

Source: JLARC staff analysis of data provided by State and local agencies, interviews with State and local officials and surveys of school division superintendents and local government administrators, 2012.

INCENTIVE PROGRAMS WOULD REQUIRE A MORE ACTIVE STATE ROLE IN FACILITATING COLLABORATION OPPORTUNITIES

According to State and local government stakeholders, State agencies do not typically seek out opportunities for regional collaboration and do not proactively facilitate such collaboration. However, if the General Assembly chooses to fund incentives to encourage any of the collaboration opportunities discussed in this report, the State agencies tasked with administering the incentives would need to be equipped to perform three key functions. State agencies would need to

- assume responsibility for providing technical assistance to participating localities, which could help localities overcome the logistical hurdles associated with collaboration and improve the success rate of such efforts;
- monitor localities' use of State incentives, which would ensure that localities are accountable for their use of State funds; and
- assess the outcomes of collaborative efforts that are being financially supported by the State. This would provide a mechanism for evaluating the impact of collaboration and the merits of dedicating State resources to local collaboration efforts on an ongoing basis.

Recommendation (1). The General Assembly may wish to provide financial incentives in the form of planning grants, additional operating funds, or capital assistance, to encourage local governments, including school divisions, to voluntarily pursue collaboration opportunities that have demonstrated the potential to yield benefits for the State. Incentives could be used to encourage two or more localities to develop new, or expand existing, regional special education programs; foster care recruitment and support programs; pretrial services programs; career and technical education centers; science, technology, engineering, and math academies; and radio communications systems.

Recommendation (2). If the General Assembly wishes to encourage two or more local governments, including school divisions, to voluntarily collaborate on capital projects or operating services, it may wish to require that the State agencies tasked with administering the incentives perform three key functions. Each State agency should be responsible for and have the skills and resources necessary to (1) provide technical assistance to local governments, including school divisions, (2) monitor the implementation of collaborative projects, and (3) evaluate the impact of the collaborative project on the quality and availability of State and local services and on the levels of State and local spending.

JLARC Recommendations:

Encouraging Local Collaboration Through State Incentives

1. The General Assembly may wish to provide financial incentives in the form of planning grants, additional operating funds, or capital assistance, to encourage local governments, including school divisions, to voluntarily pursue collaboration opportunities that have demonstrated the potential to yield State benefits. Incentives could be used to encourage two or more localities to develop new, or expand existing, regional special education programs; foster care recruitment and support programs; pretrial services programs; career and technical education centers; science, technology, engineering, and math academies; and radio communications systems. (p. 82)
2. If the General Assembly wishes to encourage two or more local governments, including school divisions to voluntarily collaborate on capital projects or operating services, it may wish to require that the State agencies tasked with administering the incentives perform three key functions. Each State agency should be responsible for and have the skills and resources necessary to (1) provide technical assistance to local governments, including school divisions, (2) monitor the implementation of collaborative projects, and (3) evaluate the impact of the collaborative project on the quality and availability of State and local services and on the levels of State and local spending. (p. 82)

Study Mandate

HOUSE JOINT RESOLUTION NO. 570

Directing the Joint Legislative Audit and Review Commission to study the costs and benefits to the Commonwealth of providing financial and other incentives to localities that collaborate on capital facility construction projects and other operating services. Report.

Agreed to by the House of Delegates, February 4, 2011

Agreed to by the Senate, February 22, 2011

WHEREAS, local governments are under fiscal stress due to the current economy; and

WHEREAS, the ability to raise sufficient revenue to satisfy expenditure needs is a concern in local government financing; and

WHEREAS, collaboration among local governments in constructing capital facilities and providing operating services to their population would produce significant cost savings; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study the costs and benefits to the Commonwealth of providing financial and other incentives to localities that collaborate on capital facility construction projects and other operating services.

In conducting its study, the Joint Legislative Audit and Review Commission shall study the financial impact to the state and to localities of providing financial and other incentives to localities that collaborate on capital facility construction projects and other operating services.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Education. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2011, and for the second year by November 30, 2012, and the Chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Joint Legislative Audit and Review Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

Research Activities and Methods

JLARC staff conducted the following primary research activities for this review:

- structured interviews with staff from State, regional, and local governments; regional programs and consortia; local and national associations; and private consulting firms;
- site visits to regional facilities and programs;
- online surveys of county, city, and town officials; school division superintendents; and Planning District Commission (PDC) directors;
- collection and analysis of data provided by local, regional, and State program staff on the cost and service impacts of collaboration, and;
- reviews of other states' policies and programs to encourage regional collaboration.

Table B-1 highlights that JLARC staff contacted hundreds of knowledgeable stakeholders.

Table B-1: State, Regional, and Local Government Stakeholder Contacts Made During Research Phase

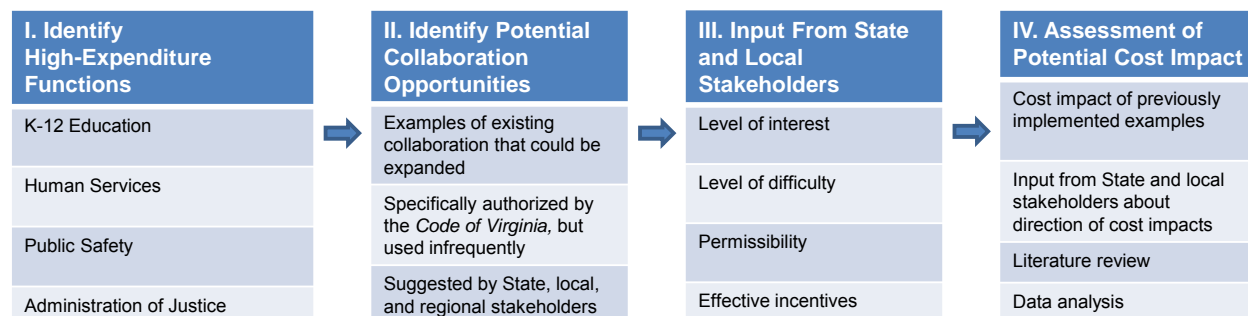
Research activity	Count
Structured interviews	103
Site visits	21
PDC survey respondents	21
School division survey respondents	96
Local government survey respondents	121

Source: JLARC staff analysis.

COLLABORATION OPPORTUNITIES WERE EVALUATED USING A FOUR-STEP PROCESS

Figure B-1 illustrates the research process used to isolate and profile the opportunities discussed in chapters 2, 3 and 4 of this report. In the first step, JLARC staff identified which local government functions receive the greatest amounts of State and local government funding. This was done to ensure that the most in-depth research was conducted on collaboration opportunities that could produce the greatest cost efficiencies. JLARC staff focused its

Figure B-1: A Four-Step Process Was Used to Identify and Assess Potential Collaboration Opportunities That the State Could Encourage Through Incentives



research on potential collaboration opportunities in K-12 education, human services, public safety, and administration of justice. Other functional areas identified by PDC directors through interviews and a survey as having worthwhile collaboration opportunities were also researched. However, given the lower levels of State and local spending in those other areas, they were researched in less detail.

In the second step, JLARC staff identified examples of existing collaboration in these core functional areas to determine the potential for replicating existing initiatives in other geographic areas or in other governmental functions. In step two, JLARC staff also solicited input from State and local officials familiar with these core functions as to what new opportunities might exist for the State to foster collaboration. The result of the research undertaken in this second step was a shorter list of potentially viable opportunities for regional collaboration.

JLARC staff sought input into this refined set of opportunities from key State and local stakeholders. A cornerstone of step three was a survey of all school division superintendents, city and town managers, and county administrators. The survey asked these local officials about their level of interest in specific collaboration opportunities, the level of difficulty associated with implementing each opportunity, the potential impacts of these opportunities on local costs and services, and the most effective incentives for each opportunity. JLARC staff discussed the viability of these opportunities with State-level personnel to determine the advantages and disadvantages of collaboration from the State's perspective, and to determine the permissibility of each opportunity.

In the fourth and final step, JLARC staff narrowed the inventory of promising collaboration opportunities to those discussed in chapters 2, 3, and 4 of this report. This was done after considering

the input collected from State, regional, and local officials through interviews and surveys. Equally important were assessments of each opportunity's potential for yielding cost or service improvements, which were based on data collected on existing collaborative initiatives.

Some collaboration opportunities in the functional areas of K-12 education, public safety and administration of justice, and human services were found to be either too complex or insufficiently appealing to localities to warrant State financial incentives. These opportunities are described in Appendix C.

STRUCTURED INTERVIEWS AND SITE VISITS

During the study, JLARC staff conducted interviews with a variety of State, regional, and local government stakeholders to guide and inform the research process. Interviews were conducted at the early stages to gauge the extent of collaboration already occurring and to identify potential opportunities for increased collaboration. The early interviews led to interviews and site visits to regional facilities to discuss challenges encountered during collaboration and the effectiveness of potential State incentives. These interviews also helped identify the most promising opportunities that could be included in a survey of all local governments and school divisions. In total, JLARC staff conducted over 100 structured interviews.

State Government Agencies

JLARC staff contacted staff at 10 State agencies to collect State-level information about ongoing and potential collaboration in areas prioritized in the research. The agencies contacted include

- Commonwealth Interoperability Coordinator's Office in the office of the Secretary of Veterans Affairs and Homeland Security,
- Compensation Board,
- Council on Virginia's Future,
- Department of Criminal Justice Services,
- Department of Education,
- Department of Emergency Management,
- Department of Housing and Community Development,
- Department of Social Services,
- Director of Community Partnerships in the Office of the Governor,
- Division of Legislative Services,

- Office of Comprehensive Services,
- Office of Emergency Medical Services in the Virginia Department of Health,
- Virginia Information Technologies Agency, and
- Virginia Resources Authority.

Multiple interviews were conducted with some State agency staff, and in many cases multiple staff at a single agency were interviewed. For example, within the Department of Education, JLARC staff interviewed program staff for special education, career and technical education, adult education, education technology, student services, and finance and operations. In another example, within the Department of Social Services, JLARC staff interviewed program staff for the divisions of benefit programs, family services, childcare, and finance.

Planning District Commissions

Given their involvement in a wide range of regional efforts, JLARC staff interviewed PDC directors. JLARC staff interviewed 12 PDC directors, sometimes more than once. The directors provided details that summarized existing and potential collaborative projects.

Local Government Staff

JLARC staff interviewed staff from local government departments and school divisions in functional areas prioritized in the research. Those contacted include school division staff, directors of local departments of social services, local emergency dispatch staff, local community corrections staff, circuit court clerks, and elected city and county government officials. Interviews were conducted both in person throughout the State and via teleconference.

Regional Programs and Consortia

Several regional programs were contacted for interviews and site visits to learn about the challenges experienced in collaborating and to discuss collaboration's benefits. The interviews also provided staff the opportunity to discuss specific incentives that might encourage increased participation by localities in regional efforts.

Regional programs interviewed for K-12 education include academic year Governor's Schools; science, technology, education, and math (STEM) Academies; regional special education programs; regional career and technical education (CTE) programs; and regional consortia that provide a range of services geared towards professional development. Staff traveled to five regional education programs to conduct interviews with staff. The five programs visited include: New Horizons Regional Education Center, Bridging

Communities Regional Career Technical Center, Piedmont Regional Education Program, and the Blue Ridge Crossroads Governor's Academy for Technical Education.

JLARC staff conducted interviews and site visits with regional programs in other functional areas of local government such as social services, emergency communications, and public utilities. For social services, staff interviewed the director of each of the five regional offices of social services. In public safety, staff traveled to the Town of Dublin to visit the New River Valley Regional Jail and York County to visit the York Poquoson Williamsburg Emergency Communications Center. Staff also interviewed the directors of several regional public utility authorities including the Western Virginia Water Authority, the Cumberland Plateau Regional Waste Management Authority, and the Region 2000 Solid Waste Management Authority. JLARC staff also interviewed the director and other staff of the Hampton Roads Partnership, a consortium of public and private sector leaders in the Hampton Roads area focused on facilitating regional collaboration.

Local Associations

To gain perspective on the numerous stakeholders that may be impacted by the study, JLARC staff contacted and interviewed service associations within Virginia. The local associations contacted by JLARC staff include

- Virginia Association of Chiefs of Police,
- Virginia Association of Counties,
- Virginia Association of School Superintendents,
- Virginia Court Clerks' Association,
- Virginia Community Criminal Justice Association,
- Virginia League of Social Services Executives,
- Virginia Municipal League,
- Virginia Public School Authority,
- Virginia School Board Association, and
- Virginia Sheriffs' Association.

Private Consulting Firms

Several consulting firms had previously researched collaborative efforts within Virginia, and JLARC staff contacted their staff to discuss the analysis. In one example, the consulting firm Management Partners Inc. worked with the Hampton Roads Partnership to review service sharing opportunities in the Tidewater region. JLARC staff conducted an in-person interview with staff from

Management Partners Inc. and the Director and Vice President of the Hampton Roads Partnership. The interview provided an overview of potential collaboration within the Hampton Roads region.

JLARC staff also interviewed staff of engineering firms that conducted cost analyses for regional public authorities. Staff spoke with SCS Engineering to discuss their 2011-2047 cost estimates for the Southeastern Public Service Authority and their methodology for identifying potential collaboration opportunities. Staff also spoke with Joyce Engineering regarding their analysis of cost savings from 1992-2012 achieved by Cumberland Plateau's Regional Waste Management Authority.

ONLINE SURVEYS

JLARC staff conducted three separate surveys in reviewing opportunities for regional collaboration in the Commonwealth. The opportunities were primarily identified through interviews and site visits conducted during the earlier phases of the study, as well as a survey of the 21 PDCs. The school division and local government surveys were designed to complement information gathered through the structured interviews with the goal of providing more generalizable feedback. School divisions were asked to provide information on 13 opportunities for collaboration in K-12 education, and local government officials were asked to provide information on 38 opportunities in local government.

Survey of Planning District Commission Directors

In May of 2012, staff surveyed all 21 PDC directors and all 21 directors responded. The survey covered a variety of topics on collaboration within each PDC region, such as

- the current extent of collaboration,
- common challenges to collaboration,
- challenges that can be overcome by financial incentives,
- factors that influence the success of collaboration, and
- feasible and worthwhile opportunities for increased collaboration.

Directors answered several open-ended questions asking them to list and describe noteworthy examples of collaboration that are already ongoing in their region. These examples resulted in follow-up interviews with PDC directors and local government staff. The survey provided JLARC staff with an overview of collaboration in the Commonwealth that was used to guide the subsequent research performed by JLARC staff.

Survey of School Division Superintendents

JLARC staff surveyed Virginia’s 132 school divisions to gain feed-back from superintendents on 13 collaboration opportunities. For each opportunity, the superintendents were asked to indicate if their division is already collaborating in that area and if they had interest in new/expanded collaboration. Superintendents were also asked to categorize the feasibility and cost and service impacts for each opportunity. Lastly, superintendents identified incentives that would be the most effective at encouraging local participation. The 13 opportunities included in the survey are shown in Table B-2.

Table B-2: JLARC Staff Surveyed School Division Superintendents on Multiple Collaboration Opportunities

Special education
Regional special education programs
Shared or jointly contracted special education services
Career, technical, and adult education
Regional career and technical education centers
Inter-divisional enrollment in career and technical programs
Regional adult education partnerships
Gifted and talented programs
Academic year Governor’s schools
Regional Governor’s STEM academies
Regular Instruction
Shared instructional staff in specialty areas
Jointly-operated schools
Consolidated schools
Support services
Professional development collaboration
Cooperative procurement
Other shared support services

The survey also requested more generalized input from superintendents regarding the primary barriers to collaboration within their division and effective incentives that could overcome those barriers. Ninety-six school divisions responded to the survey (73 percent response rate).

Survey of Local Governments Administrators

The final survey conducted by JLARC staff for this report was of local government administrators. Staff surveyed administrators in Virginia’s 39 independent cities, 95 counties, and 148 of the 190 towns for which JLARC staff were able to obtain a current email address.

Similar to the survey of school divisions, local government leaders were asked to answer questions regarding specific collaboration opportunities developed by JLARC staff. The survey asked county administrators and city and town managers to respond to questions regarding 38 collaboration opportunities that span a wide range of local government functions, such as general administration, public utilities, emergency services, public safety and administration of justice, human services, and services provided by constitutional officers. A list of the 38 opportunities is shown in Table B-3.

One hundred and twenty-one local governments responded to the survey, including 18 cities, 51 counties, and 52 towns. The localities responding to the survey represent 62 percent of the Commonwealth's population based upon the 2010 Census.

DATA ANALYSIS

JLARC staff collected and analyzed State- and local-level data on expenditures for locally-administered functions to determine potential cost savings that could be achieved through collaboration. For example, State-level data on expenditures for social services, law enforcement, and constitutional officers were analyzed to determine potential cost savings from service consolidation across two or more localities.

JLARC staff also collected data from the Department of Education and the Office of Comprehensive Services to determine the potential cost impact of collaboration on special education and foster care services.

Finally, at the request of JLARC staff, local government, school division, and PDC staff estimated the cost impact of several regional efforts in which they had participated, including career and technical education centers, regional dispatch centers, regional radio communications systems, and regional public utilities projects, among others. In some cases, these estimates were based on analyses conducted for the localities by third-party experts.

JLARC staff also contacted the American Public Human Services Association (APHSA) to gain similar insights regarding collaboration in the area of health and human services. JLARC staff interviewed the program leader of APHSA's Raise the Locals Voice Initiative, which is a program sharing unique local government programs with the public and other state and local governments.

Table B-3: JLARC Staff Surveyed Local Government Leaders on Collaboration Opportunities Across Multiple Local Functions

General administration of government

- Cooperative procurement
- Shared human resource functions
- Shared non-human resource functions
- Shared fleet management

Utilities and infrastructure

- Shared water and wastewater infrastructure and services
- Shared solid waste/recycling infrastructure and services
- Shared telecommunications infrastructure and services

Emergency services

- Joint emergency communication centers
- Shared emergency communications infrastructure and equipment
- Joint emergency services operations
- Joint disaster response plans and agreements

Public safety and administration of justice

- Transfer of law enforcement to adjoining locality
- Shared public safety resources,
- Participation in a regional law enforcement training academy
- Participation in a regional juvenile detention center
- Participation in a regional jail
- Shared community corrections function
- Joint court facilities
- Shared service of process functions

Human services

- Combined departments of social services
- Regional foster family recruitment, training, and support
- Shared DSS staff for specialized functions
- Regional contracts for specialized expertise
- Regional professional development
- Regional human services councils
- Regional early interventions program for young children

Constitutional officers

- Shared circuit court clerk
- Shared local treasurer
- Shared commissioner of revenue
- Shared director of finance
- Shared commonwealth's attorney
- Shared sheriff

Other services performed by local governments

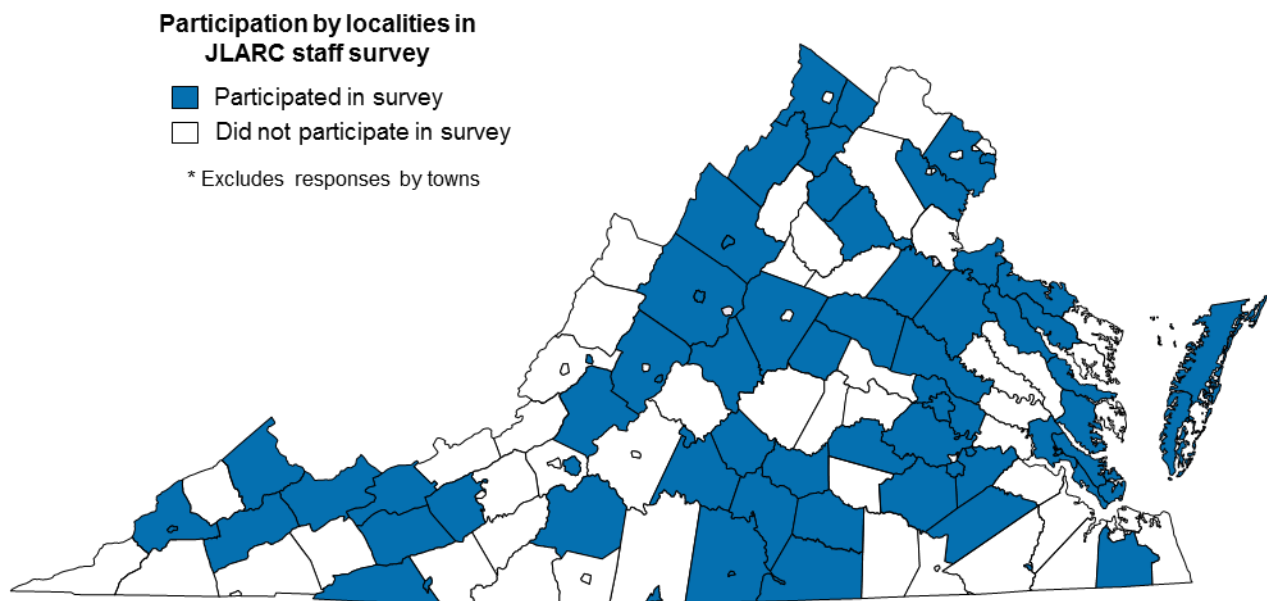
- Shared resources for environmental planning
- Joint public transit program
- Joint park and recreation program
- Participation in a regional library
- Joint animal shelter
- Joint redevelopment and housing authority

RESEARCH IN OTHER STATES

JLARC staff contacted national associations and other state governments to learn from other state efforts to encourage local collaboration. Staff interviewed the Director and Chief Financial Officer of the Association of Educational Service Agencies (AESAs). The interview with AESA discussed the range of regional education programs present in other states and identified New York as the only state offering a financial incentive to local governments for participation in their regional program. In turn, JLARC staff contacted staff from New York's Department of Education to discuss the incentive provided to local governments for participation in the Board of Cooperative Educational Services program.

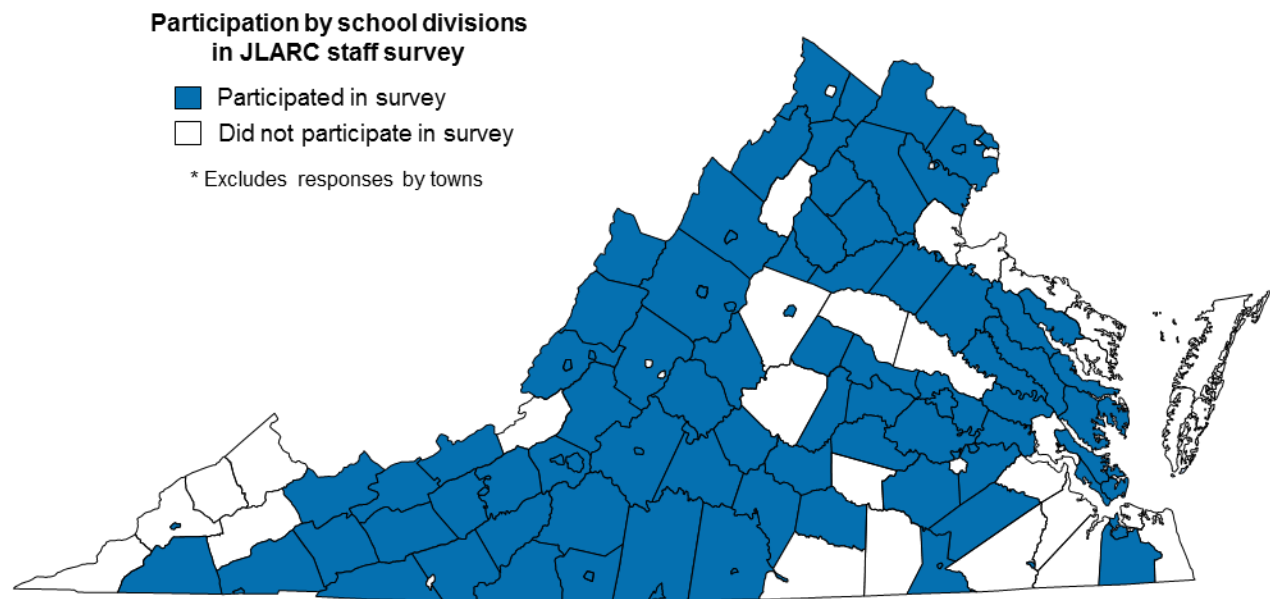
JLARC staff also interviewed staff from Ohio's Department of Development to learn about their grant program called the Local Government Innovation Fund (LGIF). LGIF provides matching grants and low-interest loans to local governments in Ohio in a wide range of local government functions which include the prioritized areas of focus in this report.

Figure B-2: Participation of City and County Governments in JLARC Staff Survey on Regional Collaboration



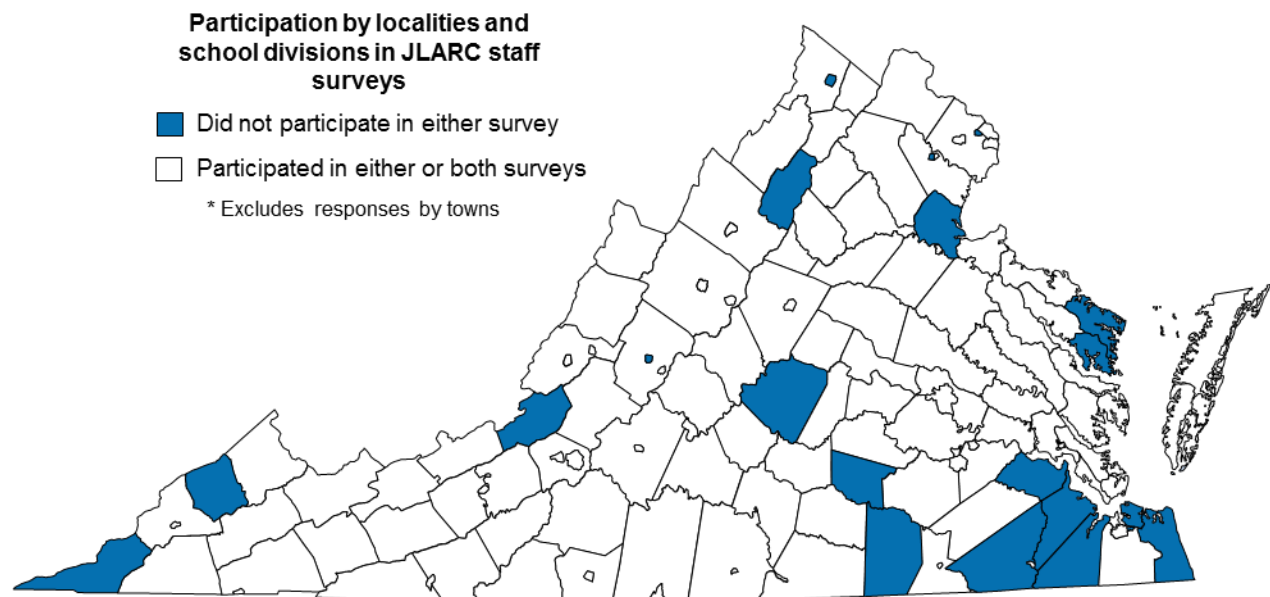
Source: JLARC staff analysis of responses to a survey of county, city, and town administrators, 2012.

Figure B-3: Participation of School Divisions in JLARC Staff Survey on Regional Collaboration



Source: JLARC staff analysis of responses to a survey of school division superintendents, 2012.

Figure B-4: Localities and School Divisions in Which Neither Body Participated in JLARC Staff Surveys of Regional Collaboration



Source: JLARC staff analysis of responses to surveys of county, city, and town administrators and school division superintendents, 2012.

Appendix C

Additional Collaboration Opportunities

Several collaboration opportunities researched for this study were not described in the report. In some cases, there are opportunities that many survey respondents expressed interest in, but for which JLARC staff did not identify examples of successful collaboration. In other cases, interviews with State, regional, and local stakeholders indicated that incentives would likely be ineffective due to the difficulties associated with collaboration. This appendix provides information on these opportunities.

SURVEY RESPONDENTS EXPRESSED INTEREST IN SEVERAL OPPORTUNITIES NOT DESCRIBED IN REPORT

JLARC staff surveyed local government administrators and school division superintendents about their interest in 51 different collaboration opportunities. Many survey respondents indicated interest in opportunities not described in the report. Table C-1 lists those opportunities where 50 percent or more respondents to each survey expressed interest.

Table C-1: Opportunities for Which a Majority of Survey Respondents Indicated Interest

	Very interested	Somewhat interested	Total
Local Government Functions (n=121)			
Shared telecommunications infrastructure and services	47	52	99
Joint disaster response plans and agreements	50	44	94
Shared fleet management	23	66	89
Shared resources for environmental planning	45	42	87
Shared administrative functions (non-human resource)	19	60	79
Participation in a regional law enforcement training academy	36	41	77
Joint public transit program	34	42	76
Participation in a regional library	31	42	73
Shared public safety resources	19	51	70
Joint park and recreation program	24	46	70
Participation in a regional jail	29	36	65
Regional early interventions program for young children	35	30	65
School Division Functions (n=96)			
Regional adult education partnerships	13	40	53
Academic year Governor's schools	19	44	63

Source: JLARC staff analysis of surveys of county, city, and town administrators and school division superintendents, 2012.

STATE INCENTIVES MAY NOT BE EFFECTIVE FOR ENCOURAGING LOCALITIES TO VOLUNTARILY CONSOLIDATE CERTAIN OPERATIONS

Through surveys and interviews, local government leaders and school division superintendents identified several functions within JLARC staff's priority research areas for which State incentives to encourage regional collaboration, primarily through consolidation, would be least effective. These functions include law enforcement responsibilities, the functions performed by Virginia's constitutional officers, the consolidation of individual schools across school districts, and the consolidation of local departments of social services. Because of the challenges associated with the consolidation of these local government functions, localities are less likely to voluntarily pursue consolidation than they are other forms of collaboration that the State could encourage.

Key challenges to consolidating local government functions are local leaders' concerns about diminished accountability and diminished local identity. These challenges would be difficult to address through a State incentive, unless the participating localities were to realize significant mutual benefits. Even then, due to the political and logistical challenges associated with consolidation, the magnitude of any State incentive may need to be especially considerable to be effective.

Constitutional Officers: Local Officials Expressed Little Interest in Voluntary Consolidation of Constitutional Officer Positions, and Cost Savings Are Unlikely

Section 15.2-1602 of the *Code of Virginia* authorizes two or more localities to share one constitutional officer, such as a circuit court clerk or Commonwealth's Attorney. Voluntary consolidation of constitutional officers across localities has occurred in some areas of the State. For example, according to JLARC's 2009 study, *Operational and Capital Funding for Circuit and District Courts*, "in 13 cases covering 27 localities, circuit court clerks' operations are consolidated."

Despite such examples of voluntary consolidation, the voluntary consolidation of constitutional officer positions does not appear to be a promising opportunity for State incentives. Of the 38 opportunities for regional collaboration listed on a JLARC staff survey of local government administrators, respondents indicated that voluntary consolidation of any of the five constitutional officer positions would be the most difficult to achieve. For each of the positions, two-thirds or more of local officials rated voluntary consolidation as "very difficult," and the same proportion indicated no interest in pursuing such consolidation. Additionally, compared to other opportunities, a relatively high proportion of survey re-

Virginia's Constitutional Officers

Article VII, Section IV of the State Constitution establishes the positions of the five locally-elected officials known as “constitutional officers.” These are the Clerk of the Circuit Court, Commonwealth’s Attorney, Sheriff, Commissioner of the Revenue, and Treasurer. The salaries of these officials are paid with State and local funds. There are 619 separate constitutional officers statewide.

spondents reported that consolidation of any of these positions across two or more localities would result in lower service quality. Finally, relative to other opportunities, respondents were highly likely to report that no incentive would be effective at encouraging localities to pursue consolidation of constitutional officer positions.

Analysis performed by the staff of the State Compensation Board shows that consolidation of these offices across two or more localities is unlikely to produce meaningful cost savings to the State or localities on a case-by-case basis. For example, in the case of Sheriff’s offices, locality-level population is the basis for determining the number of constitutional officer staff positions for which the State will provide funding, and under a consolidation scenario the base population accounted for in the State’s staffing standards increases. The following case study is based on Compensation Board staff’s analysis of the impact of hypothetical constitutional officer consolidations between a small city and its surrounding county.

Case Study: Consolidation of Constitutional Officers

City A currently has 73 positions provided by the Commonwealth to the various departments managed by the five constitutional officers, including the constitutional officers themselves. If the city were to consolidate these operations with County A, County A would need to fill an additional 94 positions. This increase is based on the staffing standards established in the Code of Virginia and by the authority of the General Appropriations Act. The 73 positions that City A could contribute would result in a shortfall of 21 positions. Some initial savings would materialize from the elimination of the elected officials’ positions. However, these savings would likely be used to hire additional staff to support the new combined office.

The lack of widespread interest in consolidating constitutional officer functions across localities, along with the limited potential for positive cost or service outcomes suggest that localities would be unlikely to take advantage of a State incentive to encourage voluntary consolidation of these functions across localities.

Local Law Enforcement: Local Officials Expressed Little Interest in Voluntary Consolidation of Law Enforcement Responsibilities, and Cost Savings Are Unlikely

Section 15.2-1726 of the *Code of Virginia* authorizes two or more localities to consolidate their police department functions. This section of the *Code* also specifically authorizes a county and town to enter into an agreement for the county sheriff to “furnish law enforcement services in the town.” Of the 22 localities that indicated some level of interest in transferring their law enforcement re-

sponsibilities to a neighboring jurisdiction, the majority were either towns or rural counties.

For the opportunity to consolidate law enforcement functions more than any other, respondents were more likely to report that no incentive would be effective.

Encouraging localities to consolidate law enforcement functions does not appear to be an area of opportunity for a State incentive, due to the low level of interest. Only 22 percent of local governments responding to the JLARC staff survey expressed that they were either “somewhat” or “very” interested in such consolidation. Additionally, for the opportunity to consolidate law enforcement functions more than any other, respondents were more likely to report that no incentive would be effective.

Localities’ low level of interest is likely due to the perceived difficulties in consolidating law enforcement functions and perceptions about diminished service quality. Nearly two-thirds of respondents predicted that consolidation would diminish service quality. Additionally, 82 percent of local officials rated consolidation of law enforcement responsibilities as “very difficult,” higher than the percentage that thought constitutional officers consolidation would be “very difficult.” Moreover, State, regional, and local officials agreed that informal collaboration between independent local law enforcement agencies is common statewide, and localities’ lack of interest in this consolidation may be at least partly due to satisfaction with these existing collaborative arrangements.

Interviews with staff in small local law enforcement agencies and with Department of Criminal Justice Services (DCJS) staff indicate that this opportunity is unlikely to produce any cost savings for the State or localities. One of the qualifications for State funding for local law enforcement activities is if the locality has at least one police officer. In fiscal year 2012, \$172 million in State general funds was distributed to 174 local police departments, including those operated by colleges and universities. The *Code of Virginia* requires that this funding be distributed based on a formula that takes into account factors such as localities’ poverty levels and crime rates. However, according to DCJS staff, this formula has not been used since 2006. As a result, State assistance for local law enforcement functions has not changed in the last three biennial budget cycles. According to DCJS staff, if a local police department were to transfer its law enforcement responsibilities to a neighboring jurisdiction, the State funding that had been distributed to the first locality would likely be redistributed to other localities rather than revert back to the general fund. Moreover, even if consolidation would result in eliminating local expenditures for law enforcement functions, it may not be viewed as beneficial because some localities reportedly use this funding to support local functions besides just their law enforcement department. DCJS requires localities to certify that they will use this funding to supplement, not supplant, local resources devoted to public safety.

State incentives are unlikely to be effective at encouraging localities to consolidate law enforcement operations, even when there may be cost benefits to the localities of doing so. Local officials' most common response to a question regarding the effectiveness of potential State incentives at encouraging voluntary consolidation was that no incentive would be effective. Based on interviews with subject matter experts at the State, local, and regional levels, this appears partially due to the importance of local law enforcement agencies to localities' identity and the fact that even the smallest law enforcement agencies are thought to provide their jurisdictions with a high level of service. The following case example illustrates this point.

Case Study: Town of Clinchco

The Town of Clinchco has a police department currently staffed by only the police chief. Because the department does not operate on a 24-hour per day, seven days per week basis, it does not qualify the town for State funding. Therefore, the town provides all of the funding to support this police department. Despite the added costs to the town and the absence of State financial support, the town would not be interested in eliminating the police department and transferring law enforcement responsibilities to surrounding Dickenson County because of the value the town's residents place on maintaining their own law enforcement presence.

The lack of widespread interest in consolidating law enforcement responsibilities across localities and the limited potential for positive cost or service outcomes suggest that localities are unlikely to take advantage of a State incentive to encourage voluntary consolidation.

Elementary and Secondary Schools: School Superintendents Expressed Little Interest in Consolidation and Predicted a High Degree of Difficulty

Section 22.1-79 of the *Code of Virginia* authorizes individual school boards to "provide for the consolidation of schools...whenever such procedure will contribute to the efficiency of the school division." There is currently only one example of a consolidated school in Virginia, which is the high school that is shared by the City of Lexington and Rockbridge County. The school is owned by Rockbridge County and Lexington pays tuition based on the number of city students attending the high school. There are two examples of school division consolidation: (1) Williamsburg-James City County Public Schools serve the students of the City of Williamsburg and James City County and (2) Bedford County Public Schools serves the students of Bedford County and the City of Bedford.

Of the 13 collaboration opportunities described on the survey of school superintendents, superintendents expressed the least amount of interest in school consolidation. Eighty percent of respondents indicated that they were not interested in this opportunity. Additionally, two-thirds of respondents estimated that school consolidation would result in higher costs and over half predicted that consolidation would diminish the quality of the schools' services.

Past efforts to merge school divisions or entire jurisdictions indicate that the necessary political will and community support to advance consolidation may be lacking even if clear financial or other benefits are identified. The following case study illustrates the potential sensitivity of school consolidation.

Case Study: Wise County and City of Norton

In 2012, school and local government officials in Wise County and the City of Norton explored the costs and benefits of consolidating schools between the two localities. According to local media accounts, the City and County could save approximately \$3 million per year by consolidating because consolidation would allow both divisions to maintain their existing composite index for the next 15 years. If they were to remain separate, their composite indices increase, which results in a decrease in State aid. Consolidation could also result in an estimated annual operational savings of \$700,000 between the two localities. Despite these financial benefits, the City of Norton School Board ultimately rejected the proposal.

Interviews with some school division superintendents suggest that smaller school divisions may benefit financially from consolidation. The full extent to which school divisions besides Rockbridge and Lexington have pursued school consolidation is unclear, but incentives are unlikely to be effective at school consolidation, even if cost and service benefits are possible. When asked about the effectiveness of several potential types of incentives, 42 percent of superintendents indicated that no incentive would be effective at encouraging voluntary consolidation of schools, the highest of any other school-related opportunity. Still, 40 percent of superintendents responded that a State incentive resulting in greater operating funds for the consolidating divisions could be effective. (The *Code of Virginia* already provides school divisions financial incentives to consolidate schools through “hold harmless” provisions and modifications to the school aid formula, as described in Chapter 1.) Given the low level of interest expressed by school divisions and the significant complexities of school consolidation, any incentive targeted at operating funds would likely need to be substantial and

would also likely need to be paired with technical assistance from the Department of Education.

Departments of Social Services: Local Officials Expressed Low Interest in Consolidation, and Previous Studies Concluded That Few Benefits Would Materialize

Unlike most other states, Virginia has chosen to operate its social services system based on a State-supervised, locally administered model. There are 120 separate local departments of social services (LDSS). Consolidation of LDSS has been achieved in several cases, as 12 of the 120 LDSS serve two or more localities.

At least two State policies have been developed to encourage and enable the consolidation of LDSS. The *Code of Virginia* provides for two or more localities to voluntarily form a single department to provide services on a regional basis. Item 345(B) of the 2012-2014 Appropriation Act states that the Department of Social Services (DSS) “shall work with localities that seek to voluntarily merge and consolidate their respective local departments of social services.” (The State has also emphasized that voluntary consolidation is preferable to mandated consolidation – the Appropriation Act prohibits State funds from being used to “require a locality to merge or consolidate local departments of social services.”)

Regional collaboration of social services, especially consolidation of LDSSs has been studied numerous times by DSS, the League of Social Services Executives (LSSE), and local departments themselves. This previous research has focused on the costs and benefits of consolidation and potential incentives for encouraging additional consolidations. In 2003, a DSS study found that localities support the notion of voluntary cooperation and consolidation and may respond to incentives to collaborate. The study proposed specific incentives, including establishing a consolidation incentive fund to offset LDSS’ costs of developing and implementing a consolidation plan, establishing a one-time capital improvement grant to support the costs of consolidation, and providing funding for the cost of legal services when localities pursue consolidation.

A 2008 DSS study found that “neither the statistical data nor the anecdotal data suggest an immediate appreciable cost savings or service improvement” as a result of consolidation. Even if cost savings were to result from consolidation, this may only occur over time. Of the four previous LDSS consolidations profiled in the study, two resulted in immediate cost savings while two resulted in immediate cost increases. Based on a review of these examples, it appears that cost savings would primarily be derived from the elimination of certain staff positions, such as that of the director, and administrative costs associated with maintaining a facility.

Most LDSS directors interviewed by JLARC staff did not think that their local agency would benefit from consolidation, either in terms of reduced costs or improved services. Moreover, most local governments responding to the JLARC survey indicated that they would be unlikely to pursue consolidation even if the State were to provide an incentive to do so. In fact, local officials were more likely to indicate that no incentive would effectively encourage their localities to pursue LDSS consolidation than they were to identify specific effective incentives.

Local government survey respondents also predicted a relatively high level of difficulty in consolidating LDSS. Challenges would include physical relocation, the coordination of different technology systems and administrative processes, and developing common service delivery goals and priorities. While some LDSS may be able to realize modest expenditure reductions through consolidation, these and other likely challenges suggest that consolidation efforts may not produce net benefits. For example, while it would seem that combined operations could eventually result in cost efficiencies, if investments are made into satellite offices to ensure adequate public access to services, such savings may not materialize.

Interest in consolidation and its potential benefits could grow if LDSS caseloads continue to expand without a commensurate increase in staff resources. There are steps that the State could take to assist interested localities with pursuing or exploring consolidation in addition to those identified in the 2003 DSS study. For example, the State could develop a standard analytical tool that localities could use to evaluate the costs and benefits of consolidation or provide guidance on planning for and transitioning to a consolidated agency.

Appendix D

Interest in Specific Collaboration Opportunities by Planning District

This appendix summarizes the interest of local government leaders and school division superintendents for the services discussed in the report. Data used in the tables originated from two JLARC staff surveys: one of school division superintendents and another of city and town managers and county administrators. The maps displaying level of interest by planning district included in the report were generated from these tables.

Tables D-1 through D-7 illustrate school division interest by planning district for the services discussed in Chapter 2 of the report. The total school divisions in each district include those that did not respond to the JLARC staff survey of school division superintendents. No planning district had 100 percent participation from their school divisions in the survey.

Table D-1: Regional Special Education Programs

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	1	1	2
Cumberland Plateau (2)	4	1	0	1
Mount Rogers (3)	8	1	6	7
New River Valley (4)	5	0	3	3
Roanoke Valley- Alleghany RC (5)	7	2	1	3
Central Shenandoah (6)	10	2	3	5
Northern Shenandoah RC (7)	6	1	2	3
Northern Virginia (8)	8	1	3	4
Rappahannock- Rapidan (9)	5	2	3	5
Thomas Jefferson (10)	6	2	1	3
Region 2000 (11)	5	0	4	4
West Piedmont (12)	6	0	3	3
Southside (13)	3	0	0	0
Commonwealth RC (14)	7	2	3	5
Richmond Regional (15)	8	5	2	7
George Washington RC (16)	5	1	2	3
Northern Neck (17)	5	0	1	1
Middle Peninsula (18)	7	1	3	4
Crater (19)	7	1	3	4
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	1	5	6
Total	132	24	49	73

Table D-2: Shared or Jointly Contracted Special Education Services

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	1	1	2
Cumberland Plateau (2)	4	0	1	1
Mount Rogers (3)	8	0	6	6
New River Valley (4)	5	0	3	3
Roanoke Valley- Alleghany RC (5)	7	1	2	3
Central Shenandoah (6)	10	1	4	5
Northern Shenandoah RC (7)	6	1	2	3
Northern Virginia (8)	8	1	3	4
Rappahannock- Rapidan (9)	5	2	3	5
Thomas Jefferson (10)	6	1	2	3
Region 2000 (11)	5	0	3	3
West Piedmont (12)	6	0	3	3
Southside (13)	3	0	0	0
Commonwealth RC (14)	7	1	3	4
Richmond Regional (15)	8	4	3	7
George Washington RC (16)	5	1	2	3
Northern Neck (17)	5	1	0	1
Middle Peninsula (18)	7	2	3	5
Crater (19)	7	2	2	4
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	1	6	7
Total	132	20	52	72

Table D-3: Regional Career and Technical Education Centers

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	1	0	1
Cumberland Plateau (2)	4	1	0	1
Mount Rogers (3)	8	0	5	5
New River Valley (4)	5	0	0	0
Roanoke Valley- Alleghany RC (5)	7	3	1	4
Central Shenandoah (6)	10	1	3	4
Northern Shenandoah RC (7)	6	1	1	2
Northern Virginia (8)	8	0	3	3
Rappahannock- Rapidan (9)	5	2	3	5
Thomas Jefferson (10)	6	1	1	2
Region 2000 (11)	5	2	3	5
West Piedmont (12)	6	1	4	5
Southside (13)	3	0	1	1
Commonwealth RC (14)	7	2	2	4
Richmond Regional (15)	8	2	3	5
George Washington RC (16)	5	1	2	3
Northern Neck (17)	5	2		2
Middle Peninsula (18)	7	3	3	6
Crater (19)	7	0	3	3
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	2	3	5
Total	132	25	41	66

Table D-4: Regional Governor's STEM Academies

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	2	0	2
Cumberland Plateau (2)	4	1	0	1
Mount Rogers (3)	8	4	3	7
New River Valley (4)	5	1	3	4
Roanoke Valley- Alleghany RC (5)	7	2	3	5
Central Shenandoah (6)	10	1	3	4
Northern Shenandoah RC (7)	6	1	3	4
Northern Virginia (8)	8	0	4	4
Rappahannock- Rapidan (9)	5	1	4	5
Thomas Jefferson (10)	6	3	1	4
Region 2000 (11)	5	4	0	4
West Piedmont (12)	6	3	1	4
Southside (13)	3	0	1	1
Commonwealth RC (14)	7	2	2	4
Richmond Regional (15)	8	1	3	4
George Washington RC (16)	5	2	0	2
Northern Neck (17)	5	2	0	2
Middle Peninsula (18)	7	1	5	6
Crater (19)	7	2	3	5
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	2	4	6
Total	132	35	43	78

Table D-5: Shared Instructional Staff in Specialty Areas

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	2	0	2
Cumberland Plateau (2)	4	1	0	1
Mount Rogers (3)	8	3	3	6
New River Valley (4)	5	1	3	4
Roanoke Valley- Alleghany RC (5)	7	1	4	5
Central Shenandoah (6)	10	0	6	6
Northern Shenandoah RC (7)	6	1	0	1
Northern Virginia (8)	8	0	2	2
Rappahannock- Rapidan (9)	5	1	0	1
Thomas Jefferson (10)	6	0	4	4
Region 2000 (11)	5	2	1	3
West Piedmont (12)	6	1	3	4
Southside (13)	3	0	1	1
Commonwealth RC (14)	7	2	1	3
Richmond Regional (15)	8	1	3	4
George Washington RC (16)	5	2	0	2
Northern Neck (17)	5	1	1	2
Middle Peninsula (18)	7	2	4	6
Crater (19)	7	1	3	4
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	0	3	3
Total	132	22	42	64

Table D-6: Professional Development Collaboration for School Divisions

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	2	0	2
Cumberland Plateau (2)	4	1	0	1
Mount Rogers (3)	8	6	1	7
New River Valley (4)	5	2	2	4
Roanoke Valley- Alleghany RC (5)	7	1	4	5
Central Shenandoah (6)	10	5	2	7
Northern Shenandoah RC (7)	6	2	2	4
Northern Virginia (8)	8	1	1	2
Rappahannock- Rapidan (9)	5	3	1	4
Thomas Jefferson (10)	6	2	2	4
Region 2000 (11)	5	1	3	4
West Piedmont (12)	6	1	4	5
Southside (13)	3	0	1	1
Commonwealth RC (14)	7	3	1	4
Richmond Regional (15)	8	3	3	6
George Washington RC (16)	5	2	1	3
Northern Neck (17)	5	1	0	1
Middle Peninsula (18)	7	4	2	6
Crater (19)	7	1	5	6
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	0	6	6
Total	132	41	41	82

Table D-7: Cooperative Procurement for School Divisions

Planning district	Total school divisions in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	2	0	2
Cumberland Plateau (2)	4	1	0	1
Mount Rogers (3)	8	2	3	5
New River Valley (4)	5	1	3	4
Roanoke Valley- Alleghany RC (5)	7	4	2	6
Central Shenandoah (6)	10	1	6	7
Northern Shenandoah RC (7)	6	1	3	4
Northern Virginia (8)	8	1	3	4
Rappahannock- Rapidan (9)	5	0	4	4
Thomas Jefferson (10)	6	1	2	3
Region 2000 (11)	5	1	2	3
West Piedmont (12)	6	2	2	4
Southside (13)	3	0	0	0
Commonwealth RC (14)	7	2	2	4
Richmond Regional (15)	8	4	2	6
George Washington RC (16)	5	2	1	3
Northern Neck (17)	5	2	0	2
Middle Peninsula (18)	7	3	3	6
Crater (19)	7	0	4	4
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	14	1	4	5
Total	132	31	46	77

Tables D-8 through D-11 illustrate local government interest by planning district for the services discussed in Chapter 3 of the report. Towns do not perform all of the services included in Chapter 3. Survey responses from town managers were only included for those services that they provide. The total localities in each district include those that did not respond to the JLARC staff survey of city and town managers and county administrators. No planning district had 100 percent participation from their localities in the survey. Tables D-10 and D-11 exclude towns.

Table D-8: Shared Emergency Communications Infrastructure/Equipment

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	18	1	1	2
Cumberland Plateau (2)	17	3	2	5
Mount Rogers (3)	20	6	1	7
New River Valley (4)	15	3	4	7
Roanoke Valley- Alleghany RC (5)	14	2	1	3
Central Shenandoah (6)	21	3	2	5
Northern Shenandoah RC (7)	20	3	5	8
Northern Virginia (8)	23	2	2	4
Rappahannock- Rapidan (9)	13	2	3	5
Thomas Jefferson (10)	11	0	5	5
Region 2000 (11)	11	3	1	4
West Piedmont (12)	13	1	2	3
Southside (13)	15	1	3	4
Commonwealth RC (14)	18	2	2	4
Richmond Regional (15)	9	1	2	3
George Washington RC (16)	7	2	2	4
Northern Neck (17)	10	2	1	3
Middle Peninsula (18)	9	3	1	4
Crater (19)	13	3	3	6
Accomack-Norhampton (22)	21	1	1	2
Hampton Roads (23)	26	4	2	6
Total	324	48	46	94

Table D-9: Joint Emergency Communications Center

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	18	2	0	2
Cumberland Plateau (2)	17	2	3	5
Mount Rogers (3)	20	5	0	5
New River Valley (4)	15	3	1	4
Roanoke Valley- Alleghany RC (5)	14	1	1	2
Central Shenandoah (6)	21	3	3	6
Northern Shenandoah RC (7)	20	2	4	6
Northern Virginia (8)	23	1	2	3
Rappahannock- Rapidan (9)	13	2	2	4
Thomas Jefferson (10)	11	0	4	4
Region 2000 (11)	11	1	2	3
West Piedmont (12)	13	1	2	3
Southside (13)	15	2	1	3
Commonwealth RC (14)	18	1	2	3
Richmond Regional (15)	9	0	2	2
George Washington RC (16)	7	0	3	3
Northern Neck (17)	10	2	0	2
Middle Peninsula (18)	9	2	1	3
Crater (19)	13	1	4	5
Accomack-Northampton (22)	21	1	0	1
Hampton Roads (23)	26	4	2	6
Total	324	36	39	75

Table D-10: Joint Court Facilities

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	0	0	0
Cumberland Plateau (2)	4	1	1	2
Mount Rogers (3)	8	1	2	3
New River Valley (4)	5	0	1	1
Roanoke Valley- Alleghany RC (5)	7	0	0	0
Central Shenandoah (6)	10	3	2	5
Northern Shenandoah RC (7)	6	0	0	0
Northern Virginia (8)	9	0	0	0
Rappahannock- Rapidan (9)	5	0	0	0
Thomas Jefferson (10)	6	1	2	3
Region 2000 (11)	6	1	2	3
West Piedmont (12)	6	0	1	1
Southside (13)	3	0	0	0
Commonwealth RC (14)	7	1	0	1
Richmond Regional (15)	8	0	1	1
George Washington RC (16)	5	0	2	2
Northern Neck (17)	4	0	1	1
Middle Peninsula (18)	6	0	2	2
Crater (19)	8	0	5	5
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	15	2	0	2
Total	134	10	22	32

Table D-11: Shared Community Corrections Functions

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	1	0	1
Cumberland Plateau (2)	4	2	0	2
Mount Rogers (3)	8	2	0	2
New River Valley (4)	5	1	0	1
Roanoke Valley- Alleghany RC (5)	7	0	2	2
Central Shenandoah (6)	10	3	2	5
Northern Shenandoah RC (7)	6	1	0	1
Northern Virginia (8)	9	1	1	2
Rappahannock- Rapidan (9)	5	1	1	2
Thomas Jefferson (10)	6	0	4	4
Region 2000 (11)	6	0	2	2
West Piedmont (12)	6	1	1	2
Southside (13)	3	1	1	2
Commonwealth RC (14)	7	1	2	3
Richmond Regional (15)	8	0	1	1
George Washington RC (16)	5	1	0	1
Northern Neck (17)	4	1	1	2
Middle Peninsula (18)	6	0	3	3
Crater (19)	8	1	4	5
Accomack-Northampton (22)	2	0	0	0
Hampton Roads (23)	15	4	1	5
Total	134	22	26	48

Tables D-12 through D-15 illustrate local government interest by planning district for the services discussed in Chapter 4 of the report. Towns do not perform all of the services included in Chapter 4. Survey responses from town managers were only included for those services that they provide. The total localities in each district include those that did not respond to the JLARC staff survey of city and town managers and county administrators. No planning district had 100 percent participation from their localities in the survey. Table D-12 excludes towns.

Table D-12: Regional Approach to Foster Family Recruitment, Training, and Support

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	4	1	0	1
Cumberland Plateau (2)	4	1	2	3
Mount Rogers (3)	8	2	1	3
New River Valley (4)	5	1	0	1
Roanoke Valley- Alleghany RC (5)	7	1	1	2
Central Shenandoah (6)	10	3	1	4
Northern Shenandoah RC (7)	6	0	2	2
Northern Virginia (8)	9	0	2	2
Rappahannock- Rapidan (9)	5	1	1	2
Thomas Jefferson (10)	6	0	4	4
Region 2000 (11)	6	2	1	3
West Piedmont (12)	6	0	1	1
Southside (13)	3	0	1	1
Commonwealth RC (14)	7	0	2	2
Richmond Regional (15)	8	0	1	1
George Washington RC (16)	5	0	3	3
Northern Neck (17)	4	0	2	2
Middle Peninsula (18)	6	1	2	3
Crater (19)	8	2	3	5
Accomack-Norhampton (22)	2	0	0	0
Hampton Roads (23)	15	2	3	5
Total	134	17	34	58

Table D-13: Shared Water and Wastewater Infrastructure and Services

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	18	1	1	2
Cumberland Plateau (2)	17	2	3	5
Mount Rogers (3)	20	4	2	6
New River Valley (4)	15	1	2	3
Roanoke Valley- Alleghany RC (5)	14	1	2	3
Central Shenandoah (6)	21	5	3	8
Northern Shenandoah RC (7)	20	4	4	8
Northern Virginia (8)	23	2	1	3
Rappahannock- Rapidan (9)	13	1	4	5
Thomas Jefferson (10)	11	2	3	5
Region 2000 (11)	11	2	2	4
West Piedmont (12)	13	2	2	4
Southside (13)	15	2	2	4
Commonwealth RC (14)	18	1	2	3
Richmond Regional (15)	9	1	2	3
George Washington RC (16)	7	3	1	4
Northern Neck (17)	10	0	4	4
Middle Peninsula (18)	9	3	0	3
Crater (19)	13	1	2	3
Accomack-Northampton (22)	21	3	1	4
Hampton Roads (23)	26	3	4	7
Total	324	44	47	91

Table D-14: Shared Solid Waste/Recycling Infrastructure and Services

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	18	0	1	1
Cumberland Plateau (2)	17	4	1	5
Mount Rogers (3)	20	4	2	6
New River Valley (4)	15	2	1	3
Roanoke Valley- Alleghany RC (5)	14	2	2	4
Central Shenandoah (6)	21	3	5	8
Northern Shenandoah RC (7)	20	2	5	7
Northern Virginia (8)	23	2	1	3
Rappahannock- Rapidan (9)	13	3	3	6
Thomas Jefferson (10)	11	2	4	6
Region 2000 (11)	11	2	2	4
West Piedmont (12)	13	1	3	4
Southside (13)	15	4	1	5
Commonwealth RC (14)	18	2	3	5
Richmond Regional (15)	9	2	2	4
George Washington RC (16)	7	1	2	3
Northern Neck (17)	10	1	1	2
Middle Peninsula (18)	9	1	1	2
Crater (19)	13	1	5	6
Accomack-Northampton (22)	21	2	1	3
Hampton Roads (23)	26	4	3	7
Total	324	45	49	94

Table D-15: Cooperative Procurement of Goods and Services for Local Governments

Planning district	Total localities in district	Very interested	Somewhat interested	Total
Lenowisco (1)	18	2	0	2
Cumberland Plateau (2)	17	2	2	4
Mount Rogers (3)	20	5	3	8
New River Valley (4)	15	2	5	7
Roanoke Valley- Alleghany RC (5)	14	3	1	4
Central Shenandoah (6)	21	3	4	7
Northern Shenandoah RC (7)	20	6	5	11
Northern Virginia (8)	23	2	2	4
Rappahannock- Rapidan (9)	13	2	4	6
Thomas Jefferson (10)	11	2	4	6
Region 2000 (11)	11	3	2	5
West Piedmont (12)	13	3	1	4
Southside (13)	15	0	4	4
Commonwealth RC (14)	18	0	5	5
Richmond Regional (15)	9	3	1	4
George Washington RC (16)	7	1	3	4
Northern Neck (17)	10	1	3	4
Middle Peninsula (18)	9	1	2	3
Crater (19)	13	2	3	5
Accomack-Northampton (22)	21	0	2	2
Hampton Roads (23)	26	4	4	8
Total	324	47	60	107

Agency Responses

As part of an extensive validation process, State agencies and other entities involved in a JLARC assessment are given the opportunity to comment on an exposure draft of the report. JLARC staff provided an exposure draft of this report to the Secretary of Education and following State agencies:

- Commonwealth Interoperability Coordinator's Office within the office of the Secretary of Veterans Affairs and Homeland Security,
- Compensation Board,
- Department of Criminal Justice Services,
- Department of Education,
- Department of Housing and Community Development,
- Department of Social Services,
- Office of Comprehensive Services,
- Virginia Information Technologies Agency, and
- Virginia Resources Authority.

Appropriate technical corrections resulting from their comments have been made in this version of the report. This appendix includes written response letters provided by the Department of Housing and Community Development, the Department of Criminal Justice Services, the Department of Social Services, and the Office of Comprehensive Services.



Robert F. McDonnell
Governor

James S. Cheng
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

William C. Shelton
Director

November 27, 2012

Mr. Glen S. Tittermary, Director
Joint Legislative Audit and Review Commission
General Assembly Building, Suite 1100
Capitol Square
Richmond, Virginia 23219

Dear Mr. Tittermary:

Thank you for the opportunity to review and comment on the exposure draft of JLARC's report *Encouraging Local Collaboration Through State Incentives*. I am writing to offer comment regarding two issues: the role of planning district commissions (PDCs) in regional collaboration efforts and the effectiveness of the Regional Competitiveness Program (RCP).

First, while the underlying research and draft report focus on potential collaboration opportunities in K-12 education, human services, public safety and administration of justice—functional areas in which the 21 PDCs mostly play a limited role—it is important to recognize in the report that the PDCs provide a critical existing structure for addressing collaboration on a regional basis. In fact, PDCs were established for this very purpose and have long served their communities in this capacity.

PDCs and their member jurisdictions are accustomed to working together for the benefit of their regions and to developing and implementing regional projects, programs and solutions. With this experience and expertise, PDCs can have a significant impact on shared issues and collaborative opportunities in their individual regions as well as in the Commonwealth in general.

Second, as noted in the draft report, the Regional Competitiveness Program (RCP) was an effective way to encourage local collaboration in Virginia, but it has not been funded in a decade. While the draft report suggests appropriating new funds and modeling the RCP after a

Mr. Glen S. Tittermary
November 27, 2012
Page Two

similar program that has been successful in Ohio, it is important to distinguish what made RCP an effective program—engaging broad-based regional leadership in helping to craft a regional agenda.

More significant, perhaps, than the specific projects completed or the joint activities undertaken, it was the broadening of the regional leadership base to include business, education, civic and other private sector leaders in addition to local elected officials that made the RCP successful. Across the Commonwealth, these leaders came together on a regional basis and engaged in a more comprehensive approach to the challenges faced by their areas. With adequate and sustained funding, the RCP could once again be an effective program in Virginia's regions, provided that the broad-based leadership model is retained.

Again, I appreciate the opportunity to review the draft report and provide official comment.

Sincerely,

A handwritten signature in black ink that reads "Bill Shelton". The signature is written in a cursive, slightly informal style.

Bill Shelton

wcs\ljm



COMMONWEALTH of VIRGINIA

Department of Criminal Justice Services

Garth L. Wheeler
Director

1100 Bank Street
Richmond, Virginia 23219
(804) 786-4000
TDD (804) 386-8732

November 29, 2012

Mr. Glen Tittermary
Director
Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building, Capitol Square
Richmond, VA 23219

Dear Mr. Tittermary:

We have reviewed the portions of the report "Encouraging Local Collaboration Through State Incentives" as you requested. Listed below are our suggested changes or comments.

Edits to page 102, 3rd paragraph in the draft:

- State funding for local law enforcement comes from both DCJS and the Compensation Board. DCJS provides "599" funding to localities with police departments to support local public safety services. The Compensation Board funds salaries and other expenses for local sheriffs' offices.
- DCJS requires localities to establish their eligibility in advance of each fiscal year by certifying that they will have police departments in the new year and their police officers meet state minimum training requirements; additionally, they must certify that they will use the "599" to supplement, not supplant, local resources devoted to public safety.
- In fiscal year 2012, DCJS distributed \$172 million in State "599" funds to 174 localities (9 counties, 40 cities, 125 towns). The *Code of Virginia* prescribes a formula that uses population, population density, welfare caseloads and crime rates to determine each eligible locality's share of the appropriated "599" funds. Because of the complexity of the formula, changes in the annual appropriation do not affect all eligible localities equally. For example, there have been times when individual localities' shares as determined by the formula have decreased even though the annual appropriation increased. The General Assembly has reacted to this in recent years by including language in the Appropriations Act directing DCJS to distribute the funds based on each locality's percentage of the previous year's appropriation, instead of using the statutory formula.

Mr. Glen Tittermary
November 29, 2012
Page Two

- According to DCJS staff, if a locality were to cease having a police department and transfer its law enforcement responsibilities to a neighboring jurisdiction, the locality would no longer be eligible for "599" funds and its share would simply be redistributed to all the other eligible localities. However, the legislature has seen fit to grant some flexibility on this via language in the Appropriations Act and the Code (see Item 395, paragraph A of the 2012 Budget Bill, and §91.-168D).

Edits to page 37, summary – last sentence:

- "Pretrial services lower public safety costs by (add the words: **up to**) \$68 per person per day....."

Edits to page 52, 2nd paragraph, half-way down:

- Suggest use the word "**multi-jurisdictional**" instead of "regional" in "...this funding could be used more efficiently to create ~~regional~~ **multi-jurisdictional** as opposed to single-locality programs." And in following sentence as well: "...providing additional funds to localities that establish new, regional pretrial services or which join an existing ~~regional~~ **single-locality or multi-jurisdictional** program."

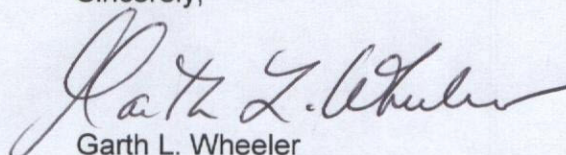
Edits to page 54, 1st paragraph, last sentence:

- Suggest using the word "**assure**" instead of "ensure" "that defendants appear at trial....". Also, in the same sentence, suggest "...such as treatment services for individuals with substance abuse disorders" be changed to: "such as **expediting treatment for individuals with mental health or substance abuse issues, or GPS/electronic monitoring for certain individuals.**"

There may be a few places where the report might be construed as encouraging single jurisdictions that already have a pretrial program to merge their programs. We don't think that was the report's main intent, which focuses on encouraging more of the state to be covered by pretrial services. In general, the single-locality programs have been providing services for several years and are working well, particularly when the jail, court and other stakeholder alignments are effective and efficient.

Please contact me if you have any questions regarding our comments.

Sincerely,



Garth L. Wheeler



DEC - 3 2012

COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

Office of the Commissioner

Martin D. Brown
COMMISSIONER

December 3, 2012

Mr. Glen S. Tittermary, Director
Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building, Capitol Square
Richmond, VA 23219

Dear Mr. Tittermary,

Thank you for allowing me to review and provide follow-up to the Joint Legislative Audit and Review Commission's exposure draft report, *Encouraging Local Collaboration Through State Incentives*. I, along with Department of Social Services staff, reviewed the report and have submitted comments as requested. Additionally, we thank Massey S.J. Whorley, Senior Associate Legislative Analyst, for providing through email, an updated report including information discussed in our meeting with JLARC staff. We appreciate the effort that you and your team have invested in this project and the usefulness of the report.

The review of local departments of social services processes for recruiting and supporting foster families is timely and informative. Efforts to reduce the use of residential care placements for children and youth in foster care include increased focus on targeted and child specific recruitment efforts as well as the development of community based supports for foster families accepting hard to serve children. The Department concurs that there may be opportunities and benefits to local department collaboration in regards to these activities.

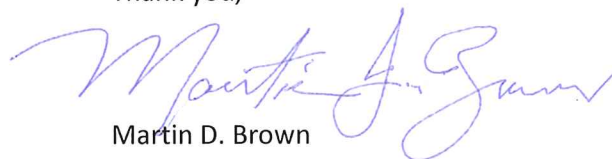
Federal law and state guidance require that the Department's first priority be to identify and involve appropriate relatives in planning for placement for children in foster care. In regards to any efforts to improve the access to family placements, it is essential that a focus on locating, engaging and assessing relatives be a key component. Local Departments must increase their capacity to engage in Family Finding activities as well as appropriate utilization of relative custodial and relative foster care arrangements. These activities may also be conducted through regional collaborations, but it is imperative that they not be neglected when determining how to proceed.

The Department also supports the inclusion of information in this report regarding the benefits of recruiting additional foster homes that result in increased adoption of children in foster care. Increased foster home recruitment means more children will find permanent families through adoption by their foster parents. Because so many foster families adopt the children who enter their home under

the foster care umbrella, Virginia would see both a social and fiscal benefit from increased local and regional collaboration in finding foster homes.

The findings of this report will be helpful in adding value to our programs as we strive to provide best-in-class services and strengthen Virginia's children and families.

Thank you,

A handwritten signature in blue ink, appearing to read "Martin D. Brown", is positioned above the printed name.

Martin D. Brown



COMMONWEALTH of VIRGINIA

Susan Cumbia Clare, M.Ed.
Executive Director

OFFICE OF COMPREHENSIVE SERVICES
Administering the Comprehensive Services Act for At-Risk Youth and Families

November 30, 2012

Mr. Glen S. Tittermary, Director
Joint Legislative Audit and Review Commission
General Assembly Building, Suite 100
Richmond, Virginia 23219

Dear Mr. Tittermary:

Thank you for giving the Office of Comprehensive Services (OCS) the opportunity to comment on the exposure draft of the report *Encouraging Local Collaboration Through State Incentives*. JLARC worked with OCS staff to gather information utilized to identify potential opportunities for collaboration to improve the effectiveness of service delivery to youth who may be served under the Comprehensive Services Act.

Thank you for the opportunity to provide information, review the draft, and provide feedback.

Sincerely,

A handwritten signature in cursive script that reads "Susan Cumbia Clare".

Susan Cumbia Clare

JLARC Staff

Lauren W. Axselle
Jamie S. Bitz
Justin C. Brown
Andrew B. Dickinson
Christopher J. Duncombe
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