

# NLPES Excellence in Evaluation Award Submission

## North Carolina Program Evaluation Division

### **Introduction**

In 2007, the North Carolina state legislature established the Program Evaluation Division to “assist the General Assembly in fulfilling its responsibility to oversee government functions by providing an independent, objective source of information to be used in evaluating whether public services are delivered in an effective and efficient manner and in accordance with law.” Our Division is overseen by the Joint Legislative Program Evaluation Oversight Committee (JLPEOC), which in consultation with the Director, establishes an annual work plan for the Division (see Attachment F – PED Statute). In a short period of time and with a relatively small number of staff, the Program Evaluation Division has emerged as the legislature's watchdog agency.

### **Impact on State Operations and Policies**

The significance of our work on operations and policies can be felt throughout state government. Between 2010 and 2013, the Program Evaluation Division examined programs, services, and initiatives in 19 of the 22 state agencies and offices and in five legally separate entities for which the State is financially accountable: University of North Carolina System, Community Colleges, North Carolina Global TransPark Authority, North Carolina Railroad, and the Rural Economic Development Center. In addition, the Division has conducted five evaluations that affected government operations and policies statewide. Impacts from some of the more noteworthy and influential reports are summarized below.

#### ***Increasing State Revenue: North Carolina Railroad Company***

The General Assembly directed the Division to evaluate the North Carolina Railroad Company (NCRR), a legally separate, for-profit corporation wholly owned by the State of North Carolina. The legislation required a review of the corporation's mission, economic development benefits, tangible and intangible value, and governance; legislation also required consideration of whether NCRR should be sold, transferred under the North Carolina Department of Transportation or another state agency, or maintain its corporate structure. The Division found NCRR had benefitted from its unique relationship with the State, but that the State had not benefitted financially from this relationship.

The Division recommended amending state law to strengthen reporting by NCRR; requiring NCRR to pay a one-time dividend of \$15.5 million and, thereafter, an annual dividend to the General Fund; and requiring NCRR to convey to the State properties not directly related to the railroad corridor so these properties can be sold and the proceeds deposited into the General Fund. The legislature passed Session Law 2013-360 that fully incorporated the Division's recommendations. On December 20, 2013, NCRR made its first dividend payment of \$15.5 million to the State of North Carolina. These proceeds contributed to a freight rail and safety fund to support the State's economic development efforts. (see Attachment D – NCRR Press Release).

#### ***Improving State Systems: Workforce Development***

The 2011–12 JLPEOC work plan directed the Program Evaluation Division to evaluate the workforce development system and recommend administrative and organizational improvements. In Fiscal Year 2010–11, this system received \$1.4 billion in funding, over half of which came from the State General Fund. This evaluation found that North Carolina's workforce development system was a complicated array of 22 programs administered by 7 entities that provided

services at more than 500 local sites. In addition, state and local coordination of workforce programs had failed to create an integrated, effective workforce development system. Services offered at local JobLink sites and the level of integration varied, and centers did not take full advantage of technology. State-level leadership by the Commission on Workforce Development had been insufficient to ensure an integrated workforce development system. Further, despite investments in a data system to track participants, there were no statewide performance measures for the workforce development system.

Based on the report's recommendations, the General Assembly enacted Session Law 2012-131 to streamline the workforce development system; require statewide performance measures; strengthen the JobLink Career Center system; direct agencies to use technology to integrate programs; improve access to services; and create a legislative oversight committee to oversee reform. In addition, the legislature eliminated state funding for workforce development programs provided by the Rural Economic Development Center and the Department of Administration (\$2.6 million in recurring savings). Currently, the system has 17 programs administered by five state agencies.

### ***Solving State Problems: North Carolina Indian Cultural Center***

In June 2012, JLPEOC amended the work plan and directed the Division to evaluate options for the future disposition of the North Carolina Indian Cultural Center site located in Maxton, NC. This project was unique in that the Division had to resolve a long-standing problem that a state agency had in managing this state-owned property. The original concept for the Cultural Center was a theme park-like attraction dedicated to the history, culture, and heritage of North Carolina American Indians. However, more than 30 years after the initial feasibility study was completed, the original vision and concept for the Cultural Center had not been realized. Further, the Division found many of the facilities located at the site to be in poor condition and not safe for visitation. Although the State Property Office maintained a lease with the North Carolina Indian Cultural Center, Inc. to manage the property, the Division found the lease structure hindered accountability for contract performance.

Because four parcels comprised the property, the Division proposed an innovative solution to divest of each parcel while maintaining the cultural, recreational, and economic development of the property's original intent. The JLPEOC introduced legislation to direct the State Property Office to terminate the problematic leases, authorize the sale of the largest parcel to the Lumbee Tribal Association, and allocate the remaining three parcels to the Department of Environment and Natural Resources, Division of Parks and Recreation, to be used as part of the Lumber River State Park. The General Assembly passed Session Law 2013-186 in June 2013 based on recommendations from the report and subsequent committee discussions.

### ***Changing State Policy: Permanent License Plates for Non-State Entities***

Unlike other reports, the follow-up analysis and final report on permanent license plates for non-state entities resulted from committee interest in an issue raised from another Division report. The first report on state-owned motor vehicles (*Inadequate Data and Fleet Information Management Weaken Accountability for North Carolina's Vehicles*) described how state law authorizes yellow permanent license plates for state agencies and silver permanent license plates to municipalities, local boards of education, and other entities, including at the time, churches. Committee members raised questions about the non-state entities authorized to receive permanent license plates and directed staff to determine the number of license plates registered to non-state entities and the types of registering entities. Based on this analysis, the Division found that the North Carolina

Division of Motor Vehicles (DMV) had issued over 120,000 silver plates, but more than 4,200 were registered to entities not identified in statute.

As a result of the report recommendations, the legislature passed Session Law 2012-159 that limited eligibility for permanent registration plates to governmental entities and certain other groups. The law also directed DMV to cancel all silver permanent license plates and re-issue plates to eligible entities. By December 2012, DMV issued 55,159 of the newly designed orange and black permanent plates. The new permanent license plates for non-state entities provide tangible and visible evidence on a daily basis of the impact of the Program Evaluation Division on state policy (see Attachment D – NCDOT News Release).

### ***Legislative and Fiscal Impact***

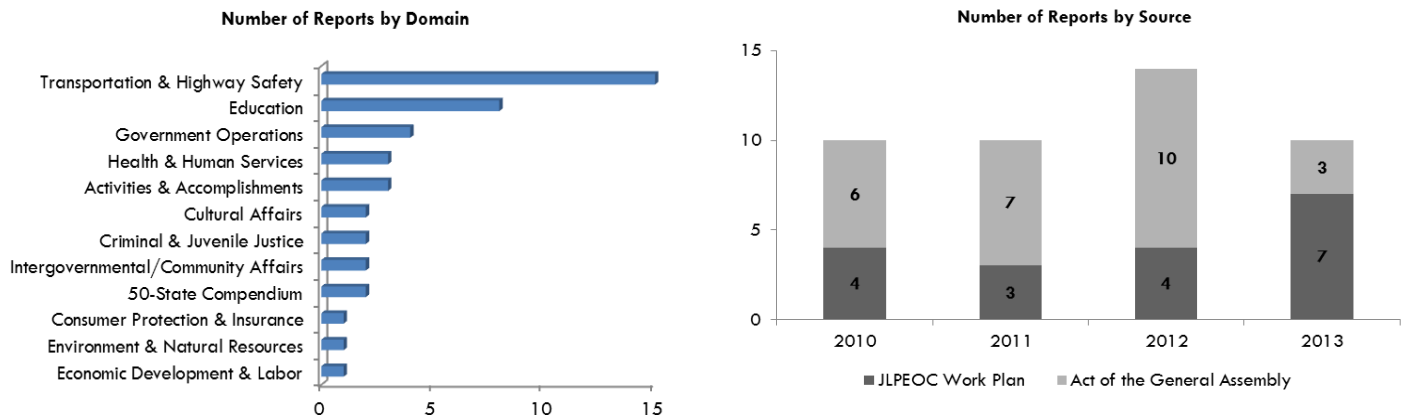
Between calendar years 2010 and 2013, the North Carolina General Assembly enacted 21 session laws based on Division recommendations (see Attachment E – Legislative Action). Sixteen (16) of these laws resulted from reports issued the last four years, further demonstrating the Division's impact on state government. Also during this time period, the Division recommended over \$46.9 million in recurring and non-recurring savings and non-tax revenue to the State. The recommendations implemented by the legislature resulted in \$37.9 million, or 81% of the savings and/or revenue recommended. This benefit to the State far exceeds the Division's average operating cost of \$1.3 million.

### **Body of Work**

Between January 2010 and December 2013, the Division produced 44 work products; 34 of these products were evaluation reports (see Attachment B – Summary of Work Products). Our evaluations have ranged from projects aimed at answering specific legislative questions to multi-report projects requiring data from and participation of all state agencies and institutions. These reports have highlighted the importance of improved state oversight and ensured better use and management of state property and land as well as investigated the implications of policy changes on state-funded programs, including North Carolina's \$14.8 billion Medicaid Program. Division staff have completed all evaluation reports and other work products with no outside support from contractors. Team leads prepare a 20-30 minute report briefing to present in a public meeting with our legislative committee. Copies of the full report, one-page executive summaries, presentation slides, and handouts from these briefings are available on our website (<http://www.ncleg.net/PED/Reports/reports.html>). Three reports highlighting the appearance and visual quality of our work products can be found in Attachment C.

As shown in Table 1, the Division's body of work crossed 12 domains. Report topics are generated in one of two ways: from the work plan established by the JLPEOC or by an act of the General Assembly. Over half of our reports issued between 2010 and 2013 resulted from an act of the General Assembly, demonstrating strong legislative interest in our work. In 2012, the General Assembly amended our enabling statute to include a Program Evaluation Division impact statement for bills and resolutions introduced in the General Assembly proposing a study or evaluation by the Division (see Attachment F – PED Statute). The impact statement estimates the staff, hours, and costs needed to complete the required study or report. This change aims to help legislators use the Division as effectively and efficiently as possible.

**Table 1: Program Evaluation Division Reports by Domain and Source, 2010–2013**



Over time, our legislators have placed greater confidence in the Division’s ability to tackle systemic and long-standing issues affecting state operations and policies. For example, the 2011-12 JLPEOC work plan included a project to evaluate the effectiveness and efficiency of the state’s motor fleet division operated by the Department of Administration. The General Assembly expanded this project to include the study of all passenger and non-passenger vehicles owned and operated by all state departments, institutions, and entities. As a result, the Division produced a series of five evaluation reports related to state-owned motor vehicles, including the report on permanent license plates described above. This series of reports sparked further legislative interest for the Division to examine the management and oversight of law enforcement vehicles owned and operated by the Departments of Justice and Public Safety because state law exempts these vehicles from centralized oversight by the Department of Administration.

During this time, the size of Program Evaluation Division staff has fluctuated between 8 to 10 evaluators. Originally, the General Assembly authorized 10 positions: a director, an evaluation technician, and 8 evaluators. In 2011, the legislature recognized our Division’s hard work by appropriating funding and authorizing three additional evaluators. The additional staff resources allowed the Division to produce the reports on state-owned vehicles, perform an in-depth evaluation of the state-owned railroad corporation, and issue 14 reports during 2012, the most reports released by the Division in a given calendar year. Since then, our Division has weathered turnover. Between January and April 2013, the Division filled four vacant positions prior to the JLPEOC approval of the 2013-15 work plan in May 2013, including a full-time publications coordinator (see Attachment A – Organizational Structure).

**Furthering the Field of Legislative Evaluation**

The Program Evaluation Division has been active in furthering the field of legislative evaluation since its inception. During the last four years, Division staff has shared knowledge, assisted other legislative evaluation offices, and served on NLPES and NCSL panels and committees.

- **Peer Reviews.** John Turcotte, Director, conducted peer reviews for the Utah Office of Legislator Auditor General in 2011 and the Wyoming Program Evaluation Section in 2010.
- **NCSL Committees.** Carol Shaw, Principal Program Evaluator, completed her service on the NCSL Executive Committee and Legislative Staff Coordinating Committee in 2010. In 2013, Carol Shaw became Staff Co-Chair of the Health and Human Services Standing

Committee. In addition, Program Evaluation Division staff serve as working group members for several other NCSL standing committees.

- **NLPES Executive Committee and Award Review Committee.** Carol Ripple, who served as Principal Program Evaluator from 2007–2012, was a member of the NLPES Executive Committee during 2011 and 2012. She also served on the NLPES Excellence in Research Methods Award review committee during 2010.
- **NLPES and NCSL Awards.** The Division has won three NLPES Impact Awards for its reports on the High School Graduation Project Requirement, the Global TransPark Authority, and Social Service Administration. Each of these reports resulted in legislation that changed state policy. In addition, the Division has won six NCSL Notable Document Awards in the last four years from the Legislative Research Librarians Staff Section. These awards recognize excellence in legislative documents that explore contemporary topics of interest to legislators and staff by presenting substantive material in an outstanding format.
- **NCSL Professional Development Trainings.** In October 2012, John Turcotte conducted a “Thinking Skills for Legislative Staff” session for the NCSL Super Professional Development Seminar in Madison, Wisconsin.
- **NLPES Professional Development Seminars.** Program Evaluation Division staff have actively participated in NLPES’s annual professional development seminars during the last four years. In 2010, John Turcotte presented our report on implementation of enhanced mental health services to the Mental Health panel and Catherine Moga Bryant, Senior Program Evaluator from 2008–2013, presented our report on state aircraft to the Transportation panel. In 2011, Kiernan McGorty, Senior Program Evaluator, presented our report on North Carolina’s State Retirement System to the State Employees Benefit panel and served on the Evaluating the Evaluator panel. Sean Hamel, Senior Program Evaluator, also presented our report on leaking underground storage tanks to the Environment panel in 2011. In 2012, Carol Ripple facilitated a panel on Managing and Interviewing Difficult Auditees and Sean Hamel also served on this panel. Pamela Taylor, Statistician, also shared how the Program Evaluation Division conducts evaluation planning with the Evaluation Planning panel in 2012. In 2013, Carol Shaw participated in the panel “Get the Picture? The Role of Graphics and Data Visualization in Reporting Results”. In September 2013, the Division agreed to host the NLPES Fall Professional Development seminar in October 2014.

The Division is also active in introducing individuals from different disciplines to the field of legislative program evaluation. In late 2012, the American Council of Learned Societies invited the Division to participate in their Public Fellows Program. This program places recent Ph.D. recipients in the humanities or social sciences in non-academic work settings. Our Fellow, Meg Kunde, joined the staff in July 2013 and will work for two years as a program evaluator.

## **Conclusion**

In a short period of time, the Program Evaluation Division has made a substantial contribution to improving the effectiveness and efficiency of state-funded agencies, programs, and services in North Carolina. Like other states, North Carolina has reduced the size of state government in response to the economic crisis. However, the General Assembly has seen fit to increase our Division’s resources and staff to ensure it continues to receive independent, objective information to make decisions. We consider these actions to be a clear sign that the General Assembly believes its return on investment in our Division will have a lasting benefit to the State.