



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

November 2013

Report No. 2013-07

2013 Legislation Enacted Based on PED Reports

The Program Evaluation Division (PED) is a central, non-partisan unit of the Legislative Services Commission of the North Carolina General Assembly that assists the General Assembly in fulfilling its responsibility to oversee government functions. The mission of the Program Evaluation Division is to evaluate whether public services are delivered in an effective and efficient manner and in accordance with the law. PED primarily supports legislative oversight by conducting independent evaluations of state government as directed by the Joint Legislative Program Evaluation Oversight Committee (JLPEOC). At the conclusion of the evaluation process, PED generates a report that typically makes recommendations for legislative action.

During its 2013 legislative session, the North Carolina General Assembly enacted six Session Laws derived from reports published by PED.

Report	North Carolina Should Require NC Railroad Company to Pay an Annual Dividend and Strengthen Reporting (October 2012)
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Summary	The North Carolina Railroad Company (NCRR) has benefitted from its unique relationship with the State, the corporation's sole shareholder, but the State has not benefitted financially from this relationship. Selling NCRR or the railroad corridor may not be in the best interest of the State because these valuable rail assets and their long-term earnings potential would be lost. The State has limited mechanisms for oversight of NCRR, but changing its corporate structure requires a lengthy and complicated process.
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Recommendations	<p>The General Assembly should amend Chapter 124 of the General Statutes to strengthen the NC Railroad Company's reporting requirements including requiring strategic planning and performance measurement and enhancing its partnership with the Department of Transportation.</p> <p>The General Assembly should require the NC Railroad Company to pay a one-time dividend of \$15.5 million to the General Fund from its reserve for future capital improvements no later than June 30, 2013.</p> <p>The General Assembly should modify Chapter 124 of the General Statutes to require the NC Railroad Company to pay an annual dividend to the General Fund that is equal to 25% of its income from its trackage rights agreement beginning January 15, 2014.</p> <p>The General Assembly should require the North Carolina Railroad Company to convey to the State of North Carolina 14 parcels not directly related to the railroad corridor as a dividend and direct the Department of Administration to sell them with the proceeds deposited into the General Fund.</p>
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Legislation	Session Law 2013-360, Section 34.14 amended Article 2 of Chapter 124 of the General Statutes to require NCRR to prepare and maintain a strategic plan, develop and implement a performance management system, and issue an annual cash dividend to the State. The legislation also directed NCRR to issue a one-time cash dividend of \$15.5 million, as well as a one-time real property dividend.
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Report	Key Ideas from Five Program Evaluation Division Reports on State-Owned Vehicles and Permanent License Plates (June 2012) 2012-08
Summary	<p>This report provides a summary of five Program Evaluation Division reports on state-owned vehicles and permanent license plates. The reports relevant to this legislation are</p> <ul style="list-style-type: none"> • <i>Inadequate Data and Fleet Information Management Weaken Accountability for North Carolina's Vehicles</i> • <i>Motor Fleet Management Uses Best Practices, but Needs Telematics to Strengthen Accountability</i> • <i>Ineffective Policies and Diffuse Oversight Result in Inefficient Use of State-Owned Vehicles</i>
Recommendations	<p>The General Assembly should require all state agencies and institutions to collect and report complete vehicle information to a statewide fleet management information system to ensure that North Carolina has the necessary information to determine the appropriate number of vehicles to meet state government needs.</p> <p>The General Assembly should direct the Department of Administration to phase in implementation of basic telematics services to strengthen accountability for state-owned passenger vehicles and consider the cost and benefits of installing basic telematics services on all state-owned vehicles.</p>
Legislation	<p>Session Law 2013-360, Section 7.16.(a) and (d) directed the Office of the State Chief Information Officer (CIO) to develop an implementation plan for establishing a statewide motor fleet management system and to study the feasibility of implementing a tracking system for state vehicles.</p>

Report	Child Nutrition Programs Challenged to Meet Nutrition Standards, Maintain Participation, and Remain Solvent (October 2011)
Summary	<p>The viability of Child Nutrition Programs operated by North Carolina's 115 school districts depends on a delicate balance of cost, nutritional value, and student participation. Despite federal reimbursements for school meals, on average schools lose money on each meal sold and must generate revenue to cover costs. Indirect costs may threaten program solvency, and there are no formal guidelines for their assessment at the local level. Thirty-two other states provide supplemental funding beyond the required state-federal match to alleviate financial pressure and promote higher quality meals.</p>
Recommendations	<p>The General Assembly should require a minimum of one month's operating balance before Local Education Agencies can assess indirect costs to Child Nutrition Programs.</p> <p>The General Assembly should fund administrative support for the North Carolina Procurement Alliance to promote optimal pricing for Child Nutrition Program foods and supplies.</p>
Legislation	<p>Session Law 2013-235 prohibited local school administrative units from assessing indirect costs to a child nutrition program unless the program has a minimum of one month's operating balance and directed the North Carolina Procurement Alliance to promote optimal pricing for child nutrition program foods and supplies.</p>

Report	Legislative Options for Addressing Deficiencies in State Purchasing and Contracting: (April 2010)
Recommendations	The General Assembly should require the adoption of procedures for conducting the review of contracts for the purchase of goods or services which exceed \$1,000,000 by the Attorney General or the General Counsel for each of the University of North Carolina constituent institutions or their designees.
Legislation	Session Law 2013-234 established the Contract Management Section in the Division of Purchase and Contract, Department of Administration and directed the Secretary of Administration to report to the Joint Legislative Commission on Governmental Operations and the Program Evaluation Division by June 30, 2014 on improvements to state procurement laws, including the feasibility of adopting the provisions of the American Bar Association Model Procurement Code.
Report	Options for the Indian Cultural Center Will Allow the Site to Meet its Cultural, Recreational, and Economic Development Intent (December 2012)
Summary	The North Carolina Indian Cultural Center has not become what was once envisioned. The site's geography, condition, and size have constrained development, and the current lease structure is problematic. As separate parcels, the site can still serve its initial intent. But, the need to preserve and promote North Carolina American Indian culture remains.
Recommendations	The General Assembly should enact legislation directing the Department of Administration to terminate the leases for the Cultural Center and Riverside Golf Course properties. The General Assembly should direct the Department of Administration to dispose of and allocate the Cultural Center parcels if these properties are repossessed by the State.
Legislation	Session Law 2013-186 terminated the State's leases for the Indian Cultural Center site and the Riverside Golf Course property and provided instructions to the Department of Administration for the disposal and allocation of the Cultural Center parcels.
Report	North Carolina's Water and Wastewater Infrastructure Funding Lacks Strategic Focus and Coordination (January 2009)
Summary	Funding for water and wastewater infrastructure in North Carolina is provided by six state funding entities, each with its own mission, goals, and objectives. Without an effective oversight agency or comprehensive strategic plan in place to coordinate activities, water and wastewater funding is provided in a complex and fragmented manner.
Recommendations	The General Assembly should require better oversight of water and wastewater funding by either authorizing the State Water Infrastructure Commission to coordinate and oversee the funding system or establishing a single water and wastewater funding authority.
Legislation	Session Law 2013-360, Section 14.21 amended Chapter 159G of the General Statutes to create a State Water Infrastructure Authority to review recommendations for grants and loans submitted to it by the Division of Water Infrastructure, determine the rank of applications, and select the applications that are eligible to receive grants and loans.

During its 2013 legislative session, recommendations from four other PED reports were incorporated into proposed legislation that was ultimately not enacted before the end of the 2013 Session.

Report	Recommendations	Non-Enacted Legislation
<p>North Carolina Does Not Track Lands Submerged Under Navigable Rivers or Know the Extent of Private Claims (January 2013)</p>	<p>The Program Evaluation Division identified areas where the General Assembly could consider taking action to improve the management of lands submerged under navigable rivers. These actions included requiring the Department of Administration to improve management and tracking of all submerged lands.</p>	<p>House Bill 13/Senate Bill 345</p> <p>An act, in part, to improve the oversight and management of state-owned submerged lands, including initiating a process to inventory claims on state-owned submerged lands.</p>
<p>Accountability Gaps Limit State Oversight of \$694 Million in Grants to Non-Profit Organizations (November 2009)</p>	<p>The General Assembly should revise N.C. Gen. Stat. § 143C-6-23(d) to require performance-based contracting, program monitoring plans, and more timely and accurate reporting on state grants to non-profits.</p> <p>The General Assembly should amend the State Budget Act to give agencies the authority to withhold up to 2% of grant awards to fund oversight.</p>	<p>House Bill 58/Senate Bill 144</p> <p>An act to improve the oversight of state grants to non-state entities and to increase the accountability of grantees who receive state grants.</p>
<p>Doubtful Return on the Public's \$141 Million Investment in Poorly Managed Vehicle Inspection Programs (December 2008)</p>	<p>The General Assembly should reevaluate the need for a safety inspection program. Options include repealing the safety inspection program.</p>	<p>House Bill 59/Senate Bill 194</p> <p>An act to repeal the requirement that motor vehicles registered in this state have an annual safety inspection.</p>
<p>State and Local Improvements Needed for Workforce Development System Integration and Accountability (March 2012)</p>	<p>The General Assembly should streamline the workforce development system by transferring the Apprenticeship Program to the North Carolina Community Colleges System Office, eliminating the Workforce Initiatives Program in the North Carolina Community Colleges System Office, reconfiguring the membership of the Commission on Workforce Development, and realigning local workforce development areas.</p>	<p>House Joint Resolution 55/ Senate Joint Resolution 147</p> <p>A joint resolution expressing the opinion of the General Assembly that the local provision of Workforce Investment Act services should be streamlined by realigning local Workforce Development areas with the boundaries of Councils of Governments established pursuant to G.S. 160A-470.</p>