



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

August 2016

Report No. 2016-08

2016 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 2016 legislative session, the North Carolina General Assembly passed two acts with language derived from PED report recommendations.

Report	North Carolina Should Dispose of Unneeded Real Property and Improve Portfolio Management to Reduce Costs (June 2015)
Summary	North Carolina's Department of Administration (DOA) is responsible for managing the State's portfolio of real property, consisting of nearly \$28 billion in state-owned buildings and land and \$65 million in annual expenditures for leased space. From a sample of 49 state-owned and leased properties, the Program Evaluation Division identified unneeded properties that could generate an estimated \$14.3 million in one-time revenue and provide \$2.6 million in future cost avoidance. PED found the State lacks a systematic process and data to identify unused and underutilized real property, and found DOA has not implemented portfolio management practices.
Recommendations	The General Assembly should direct DOA to actively manage the State's portfolio of real property; improve the completeness, accuracy, and security of the State's inventory of real property; dispose of the unneeded properties identified in this report; and determine if suitable state-owned space can meet lease requests. The General Assembly should also modify state law to require state agencies to collect, track, and report data on state-owned and leased space and maintain a current facilities management plan.
Legislation	Session Law 2016-119, an act to: <ul style="list-style-type: none">• require the Department of Administration to actively manage the State's portfolio of real property;• require measurement of the current utilization of state-owned facilities;• ensure the accuracy of the real property inventories maintained by the Department of Administration; and• ensure that the use of state-owned space is maximized before leases are entered into or renewed.

Report	Timeliness of Medicaid Eligibility Determinations Declined Due to Challenges Imposed by NC FAST and Affordable Care Act Implementation (April 2016)
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Summary In North Carolina, county departments of social services (county DSS offices) perform Medicaid eligibility determinations under the supervision of the Department of Health and Human Services (DHHS). County DSS offices failed to meet North Carolina’s timeliness standard for processing Medicaid applications in Fiscal Years 2013–14 and 2014–15. The decrease in timeliness during these years coincided with a workload increase for county DSS offices stemming from conditions created by NC FAST implementation and enactment of the Affordable Care Act. NC FAST offers DHHS the opportunity to proactively manage and monitor county DSS offices, yet the department needs additional resources and authority to hold counties accountable.

Recommendations The General Assembly should authorize DHHS to intervene and take over county administration of Medicaid eligibility determinations when warranted; direct DHHS to report on the timeliness of determinations for Fiscal Years 2015–16 and 2016–17; and appropriate \$300,000 to DHHS to support utilization of NC FAST data for performance measurement and evaluation.

Legislation Session Law 2016-94, Section 12H.17:

- requires DHHS to report on the timeliness of Medicaid eligibility determinations for Fiscal Years 2015–16 and 2016–17;
- sets standards for timely decision and processing of applications; and
- establishes corrective action measures for county department of social services that fail to meet either average processing time standards, percentage processed timely standards, or both standards.

Also in 2016, recommendations from six other PED reports were incorporated into proposed legislation that was ultimately not enacted before the end of the legislative session.

Report	Recommendations	Non-Enacted Legislation
Opportunities Exist to Increase the Accountability and Independence of the Board of Review (March 2016)	The General Assembly should transfer staff from the Division of Employment Security (DES) to the Board of Review; direct the Board to develop policies and procedures; and direct DES to work with the Board to track and collect necessary data.	House Bill 961/Senate Bill 758 An act to enhance the independence and efficiency of the Board of Review.
North Carolina Should Centralize Management of State Employee Supplemental Insurance Benefits (August 2015)	The General Assembly should centralize supplemental insurance benefits by creating a single committee that would oversee all supplemental insurance offerings, including the NCFlex program.	House Bill 966/Senate Bill 782 An act to clarify selection and strengthen the functioning of Employee Insurance Committees.

Also in 2016, recommendations from six other PED reports were incorporated into proposed legislation that was ultimately not enacted before the end of the legislative session (cont'd.)

Report	Recommendations	Non-Enacted Legislation
<p>Enhanced Oversight of Service Contracts Can Help Ensure Cost-Effective Performance (January 2016)</p>	<p>The General Assembly should require state agencies to submit business cases for high-value services to the Division of Purchase and Contract (P&C) for review and approval in accordance with established criteria and direct P&C to implement a system to monitor state agency-administered contracted services.</p>	<p>House Bill 976/Senate Bill 789 An act to enhance oversight of state service contracts.</p>
<p>Unfunded Actuarial Liability for Retiree Health is Large, but State Could Save Up to \$64 Million Annually by Shifting Costs to Medicare Advantage Plans (July 2015)</p>	<p>The General Assembly should direct the State Health Plan to shift costs to the federal government by requiring eligible retirees to be on Medicare Advantage plans, and could appoint a joint committee to determine which other options to pursue in light of financial and legal considerations.</p>	<p>House Bill 1027/Senate Bill 608 An act to establish a joint committee to study the unfunded liability of the Retiree Health Benefit Fund.</p>
<p>Overnight Respite Pilot at Adult Day Care Facilities Perceived as Favorable, but Lacked Objective Measures of Success (October 2014)</p>	<p>The General Assembly should allow the pilot program authorizing overnight respite at adult day care facilities to expire, and require state agencies and institutions initiating pilot projects to adhere to standards established by UNC's School of Government.</p>	<p>House Bill 1028/Senate Bill 804 An act, in part, requiring the development and adoption of standards for state agencies to use when designing and implementing pilot projects, and repealing the Program Evaluation Division study of overnight respite services.</p>
<p>North Carolina Should Discontinue the Economic Development Tiers System and Reexamine Strategies to Assist Communities with Chronic Economic Distress (December 2015)</p>	<p>The General Assembly should discontinue the economic development tiers system for all non-economic development programs by July 1, 2017; sunset the system for all economic development programs as of July 1, 2018; and form a legislative commission to reexamine the State's strategy for identifying and assisting economically distressed communities.</p>	<p>House Bill 1082/Senate Bill 844 An act to eliminate the use of the economic development tier structure.</p>

Additionally, the General Assembly passed three session laws in 2016 with language directing PED to conduct evaluations or perform other duties.

Legislation	PED Directive	Reporting Deadline
Session Law 2016-116	The Program Evaluation Division shall conduct a comprehensive study of the procedure set forth in Article 31 of Chapter 115C of the General Statutes for resolving education funding disputes between local boards of education and boards of county commissioners.	May 1, 2017
Session Law 2016-123	The General Assembly may require a measurability assessment (an independent evaluation conducted on a new or existing State program) of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment. The Program Evaluation Division must use a competitive process to prequalify independent measurability assessors; establish standards for assessor qualifications, independence, and conducting and reporting measurability assessments; and select the assessor.	N/A (Ongoing)
Session Law 2016-94, Section 25.1	The Joint Legislative Program Evaluation Oversight Committee shall amend the 2016-2017 Program Evaluation Division work plan to direct the Division to contract with an outside entity to (i) perform an independent assessment of school construction needs and (ii) determine which of the local school administrative units have the highest facility needs in relation to their capacity to raise revenue to meet those needs.	March 15, 2017

For more information on this follow-up report, please contact Josh Love at josh.love@ncleg.net.

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