



Special Report Common Findings and Recommendations

A presentation to the
Joint Legislative Program Evaluation Oversight Committee
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John Turcotte, Director
Program Evaluation Division

Project Team

**John Turcotte, Project Lead and PED
Director**

**Kiernan McGorty, Principal Program
Evaluator**

**Josh Love, Program Evaluator II,
Publications Coordinator**

Overview

1. Program Evaluation Division's Findings Relate to Conditions Observed Since 2088 from 68 Evaluations
2. Common Conditions Found in Agencies with Examples (Page 2)
3. Common PED Recommendations with Representative Examples (Page 3)
4. Prevalence of Common PED Findings (Page 4)
5. Prevalence of Common PED Recommendations (Page 4)

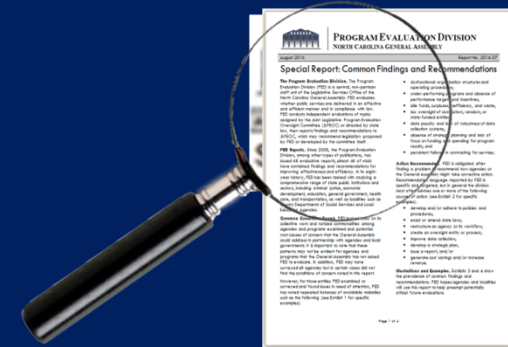
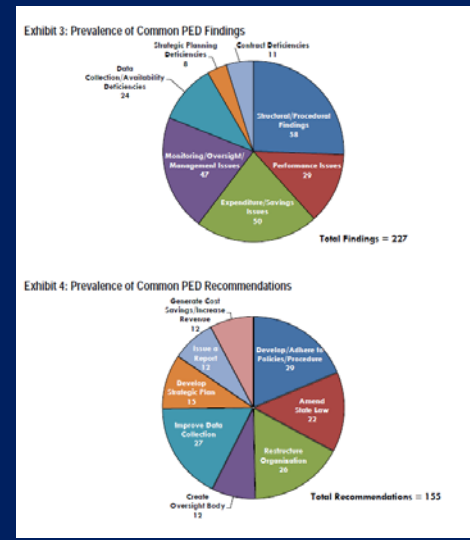


Exhibit 1: Common Conditions Found in Agencies with Examples	Exhibit 2: Common PED Recommendations with Representative Examples
<p>Common Conditions and Examples</p> <p>Common Conditions:</p> <ul style="list-style-type: none"> 1. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 2. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 3. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. <p>Common PED Recommendations:</p> <ul style="list-style-type: none"> 1. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 2. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 3. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 	<p>Common PED Recommendations with Representative Examples</p> <p>Common PED Recommendations:</p> <ul style="list-style-type: none"> 1. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 2. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens. 3. The Department of Health and Human Services (DHHS) has a well-developed plan for the provision of mental health services to the state's citizens.



Common Conditions Found in Agencies with Examples

But Not Every Agency

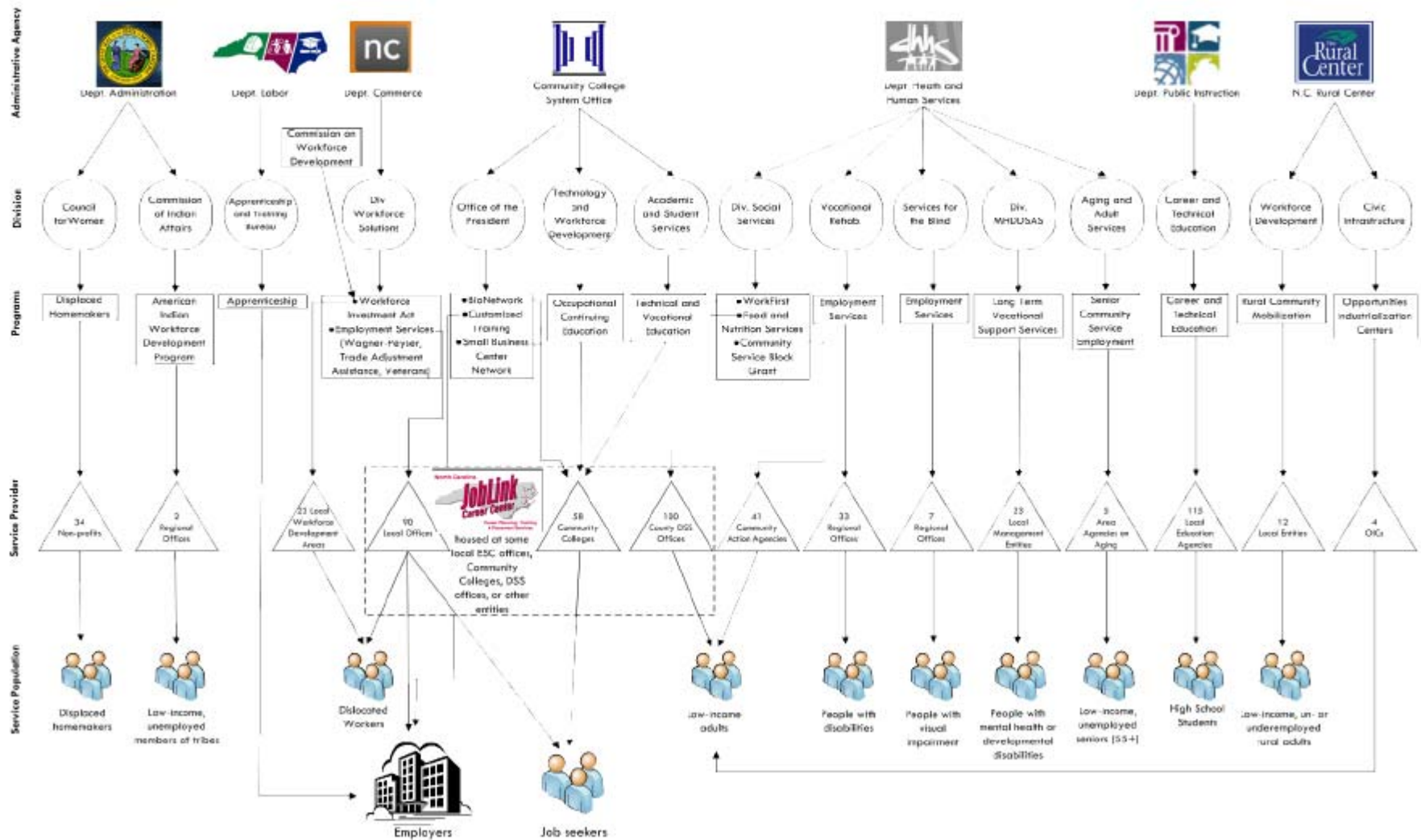
- 1. Program Evaluation Division's 68 evaluations reflect concern of the Joint Legislative Program Evaluation Committee and General Assembly**
- 2. Conditions may not exist in agencies or programs that PED has not evaluated**
- 3. When PED has based findings on government-wide surveys or data about all agencies, those findings may not reflect conditions in agencies without problems**

Common Conditions Found

Dysfunctional Organization Structures and Operating Procedures

- 1. Failed pilot projects--DHHS overnight respite services, DPI test of online driver education**
- 2. Distorted components of the current tiers system for identifying county economic distress.**
- 3. North Carolina lacks a process to systematically identify surplus real property.**
- 4. Seven independent entities administered 22 State workforce programs that provided services at more than 500 local sites.**

Exhibit 1: Former Workforce Development System (2012)



Common Conditions Found

Under-Performing Programs and Absence of Performance Targets and Incentives



- 1. County Social Services offices failed to meet NC timeliness standard for processing Medicaid applications in 2013–14 and 2014–15.**
- 2. On federal performance measures, the NC Child Support Services program ranks only 24th among the 50 states.**
- 3. NC teen accident and fatality rates have declined since the implementation of graduated driver licensing but remain high.**
- 4. From 2007–2013, 46% of teen high school driver education graduates failed the DMV driver license test.**

High Failure Rates by Students on DMV Test Including those Making Multiple Attempts








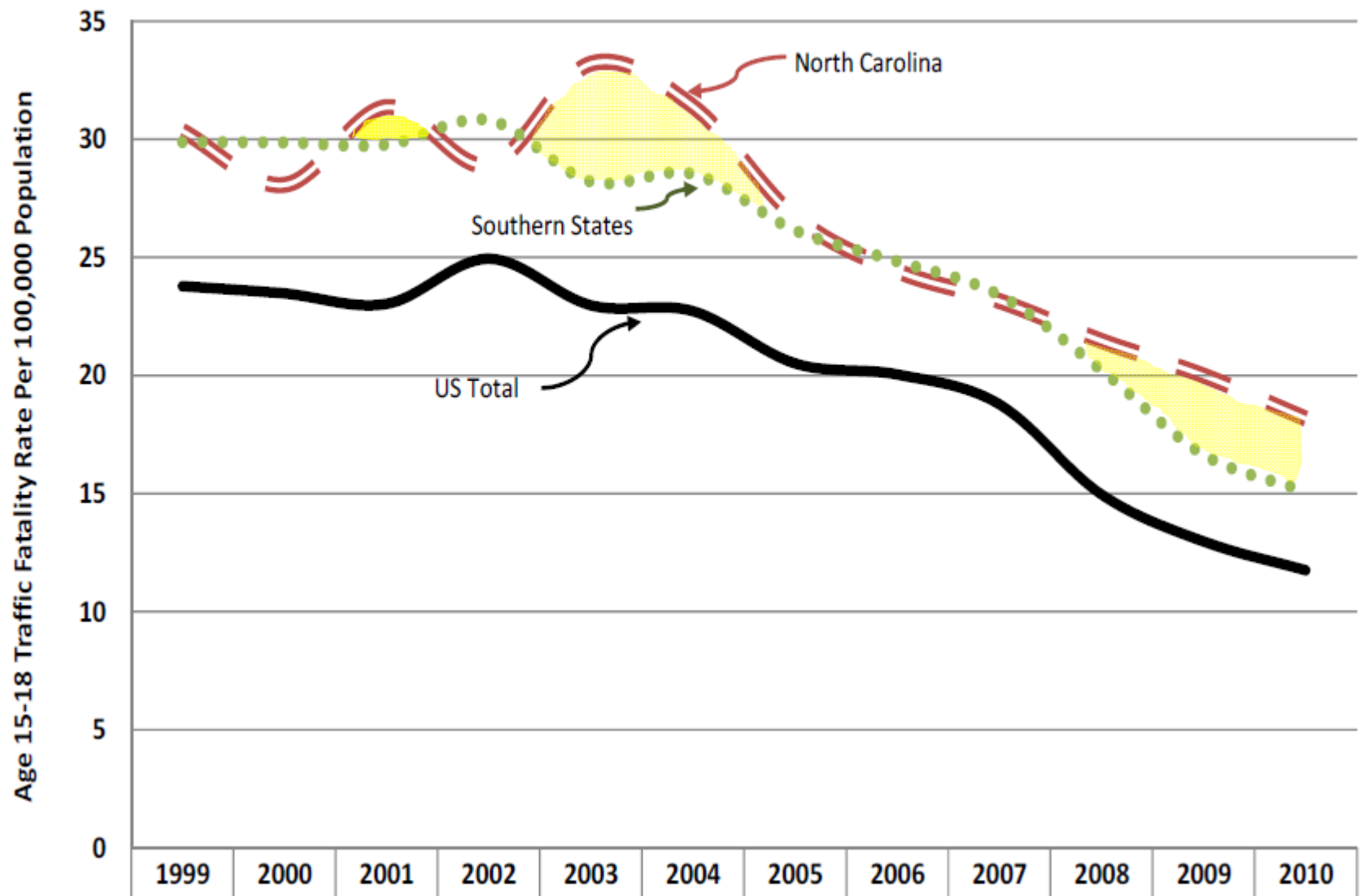
Testing Period	Tests Administered	Failed	Failure Rate
2007-08	137,506	81,249	59% 
2008-09	169,589	82,755	49% 
2009-10	186,193	82,149	44% 
2010-11	190,544	83,524	44% 
2011-12	190,929	83,567	44% 
2012-13	126,217	42,242	33% 
Six Years	1,000,978	455,486	46% 

Exhibit 11: North Carolina Teen Traffic Fatality Rates Have Declined, But Not As Rapidly as in Other States



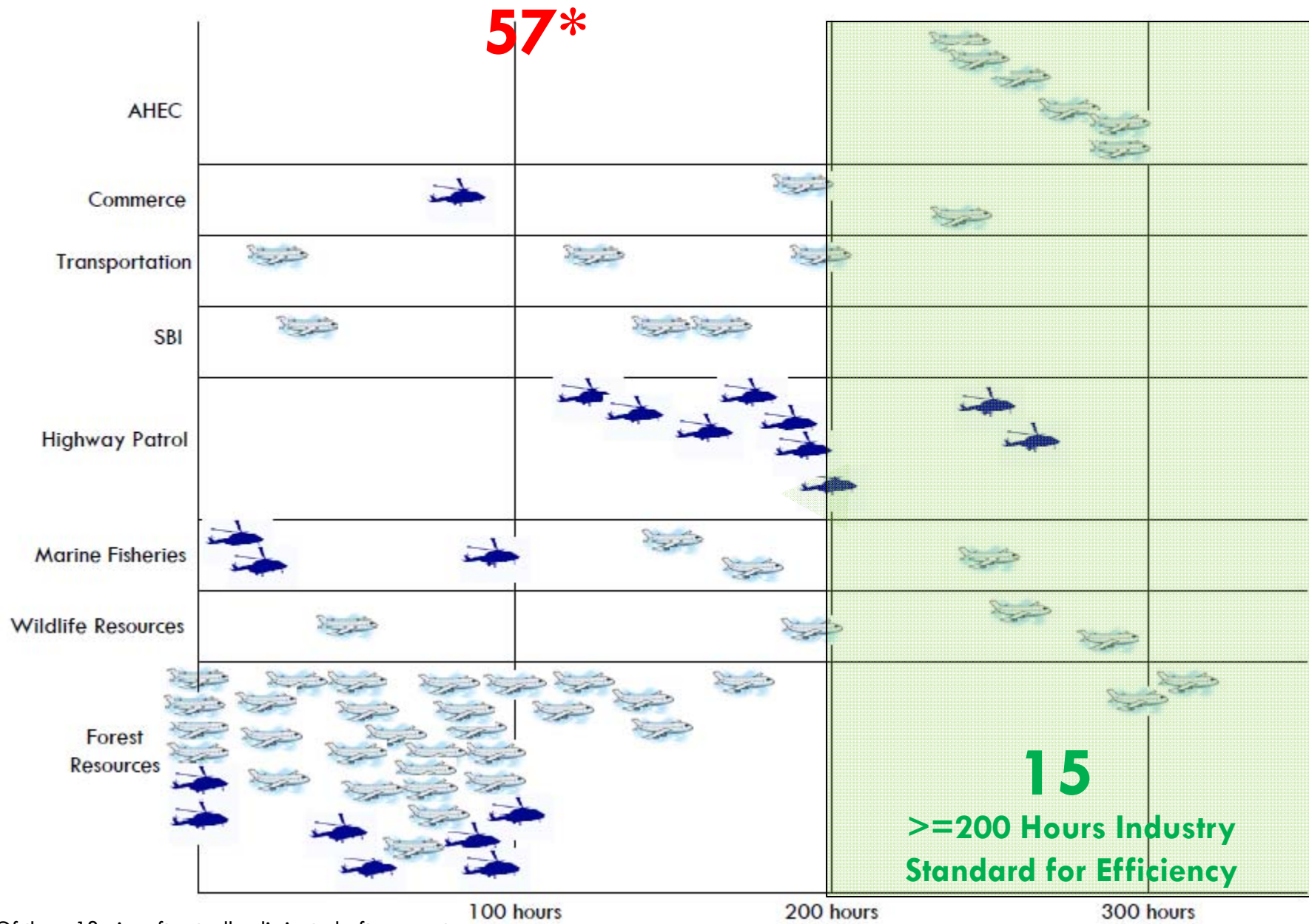


Common Conditions Found

Idle Funds, Surplus, Inefficiency and Waste

- 1. NC owns 100% of the stock of the NC Railroad Corporation but received no annual dividends. A one-time dividend of \$15.5 million would still allow NCRR to maintain capital improvement projects through 2017.**
- 2. Disposing of unneeded real property and eliminating leases in favor of optimized use of state-owned property would generate an estimated one-time savings of \$14.3 million as well as \$2.6 million in future cost avoidance.**
- 3. A Department of Insurance failure to compare actual to projected receipts for two grant programs resulted in an \$8 million surplus in the Volunteer Fire Department Fund.**

Average Annual Flight Hours by Aircraft, Fiscal Year 2006-07 to 2008-09



*Of these 13 aircraft actually eliminated after report

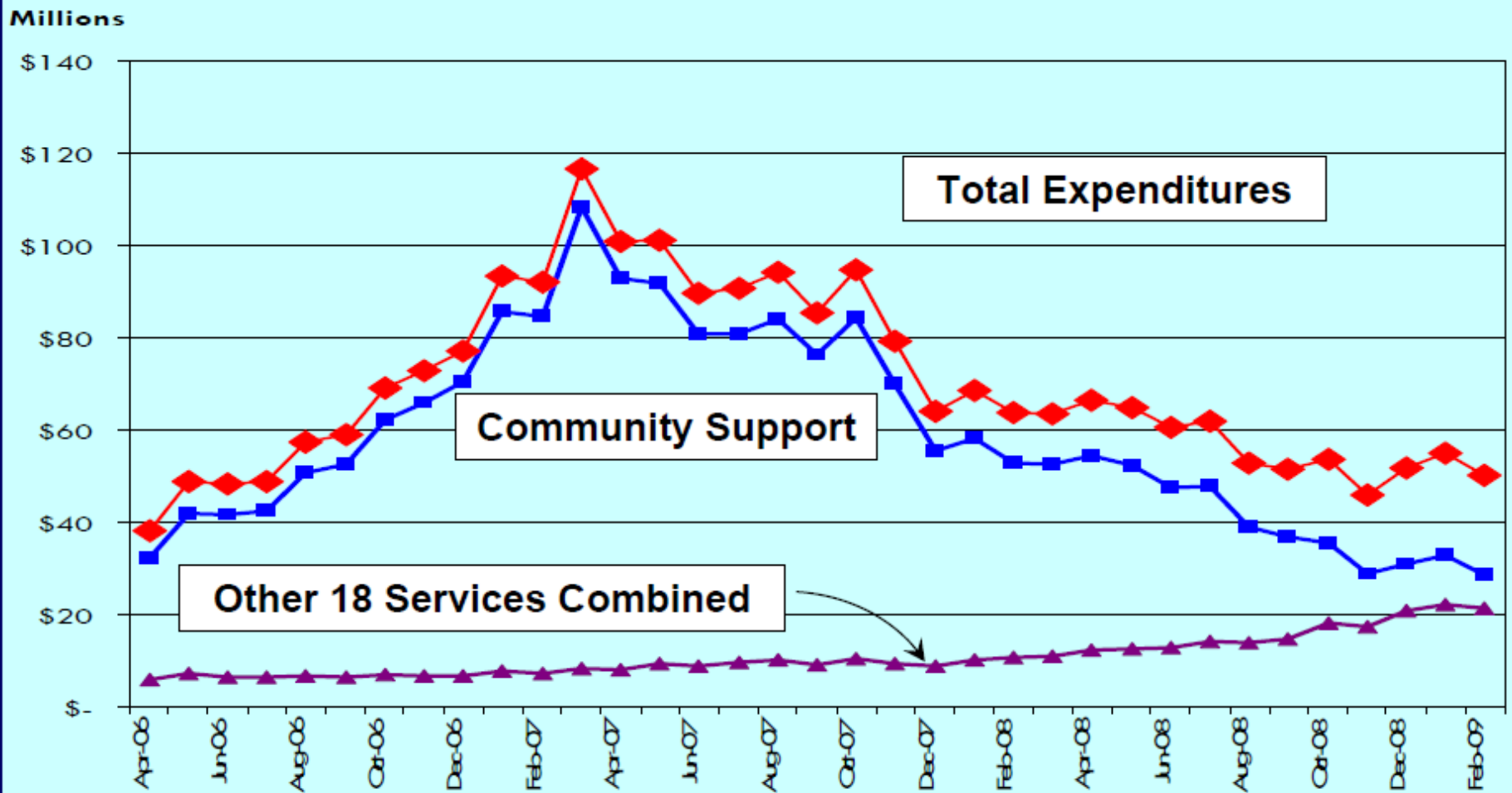


Common Conditions Found

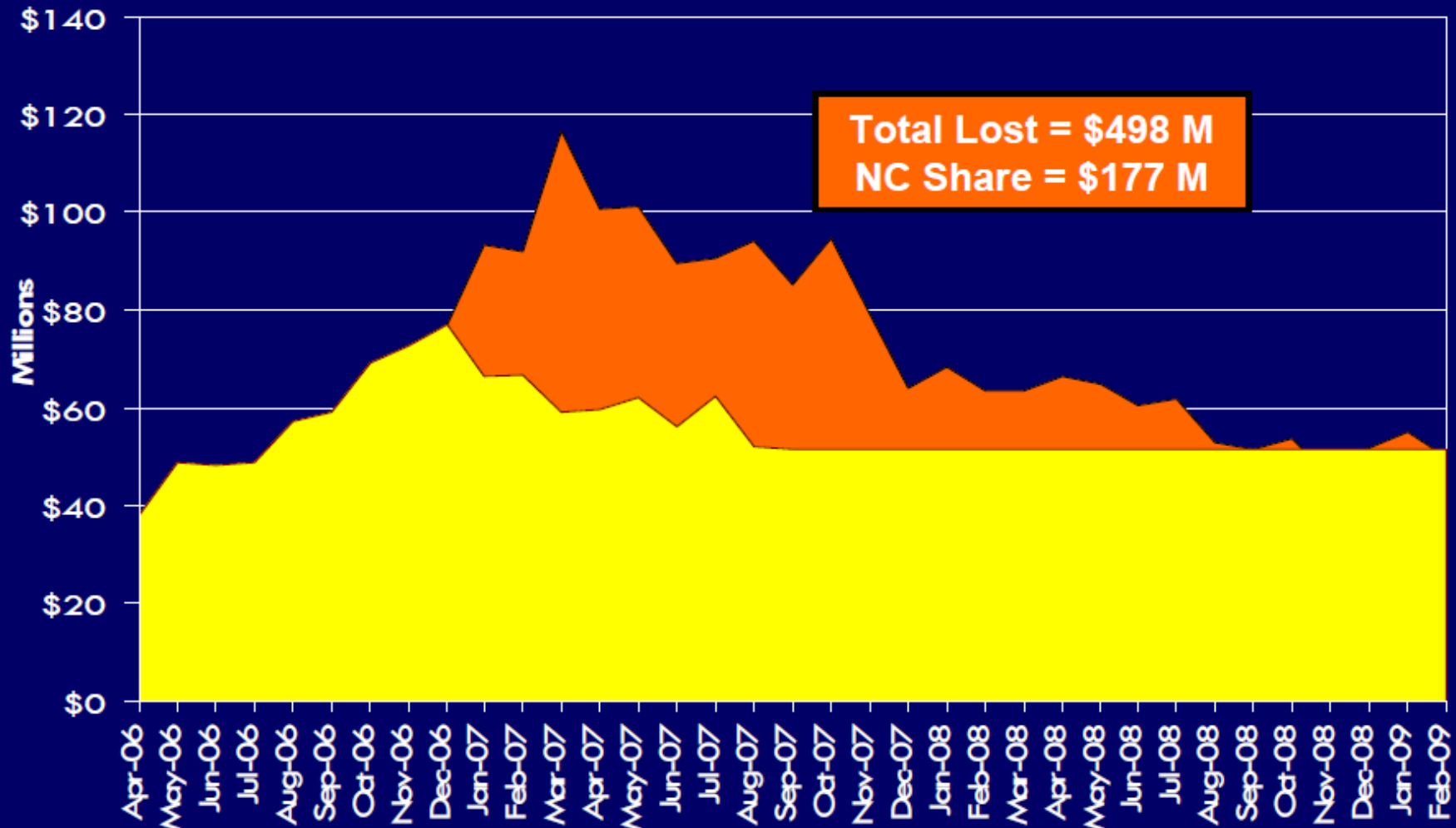
Lax Oversight of Contractors, Vendors or State-Funded Entities

- 1. Weak oversight and management of supplemental insurance elections and payroll deductions by agencies and universities.**
- 2. DHHS delays in monitoring and identification of ineffective mental health services cost a minimum of \$498.5 million before termination--\$177.4 million came from state general funds.**
- 3. Department of Insurance failure to compare actual to projected receipts for two grant programs resulted in an \$8 million surplus in the Volunteer Fire Department Fund.**

Total Monthly Enhanced Services Expenditures, Apr. 2006 – Feb. 2009



Better Oversight in Place At the Start





Common Conditions Found

Data Paucity and Lack of Robustness of Data Systems

- 1. Although organizations affiliated with respite care have anecdotal evidence supporting the need for overnight respite services, none have empirical data on its demand.**
- 2. Few veteran services programs track outcomes for veterans and their families.**
- 3. DPI has not collected sufficient and reliable data to determine the efficiency and effectiveness of driver education.**



Common Conditions Found

Absence of Strategic Planning and Lack of Focus on Funding and Spending for Program Results

1. **Until the Governor established a working group on veterans and the State created the Department of Military and Veterans Affairs, North Carolina lacked a coordinated and comprehensive strategy to support veterans and their families.**
2. **While comprehensive and responsive to most requirements of the 2011 reform law, DPI's strategic plan for driver education lacks objectives and quantitative performance indicators for measuring program activity and effectiveness.**
3. **Two years after its creation, the Department of Public Safety lacks a formal plan to guide the consolidation of its vehicle management and oversight.**

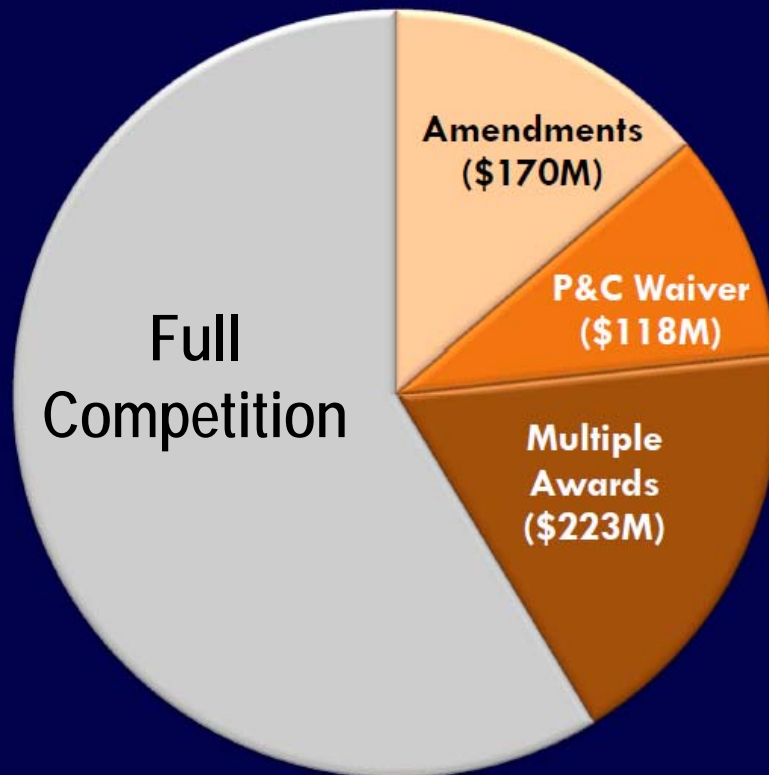


Common Conditions Found

Persistent Failures in Contracting for Services

1. In 2014-15, because of waivers from competitive selection, contract amendments and extensions, state agencies did not use full competition in the awarding of \$511 million (41%) of the \$1.24 billion awarded to private providers for high-value services.
2. State agencies do not consistently ensure compliance with the terms and conditions of high-value service contracts.
3. The contract for the DHHS' Controlled Substances Reporting System fails to incorporate internal controls for user access, lacks important features for security and data analysis, and costs the State more for less functionality.
4. Lack of a standardized, performance-based contract for all license plate agency contractors limits accountability and oversight.

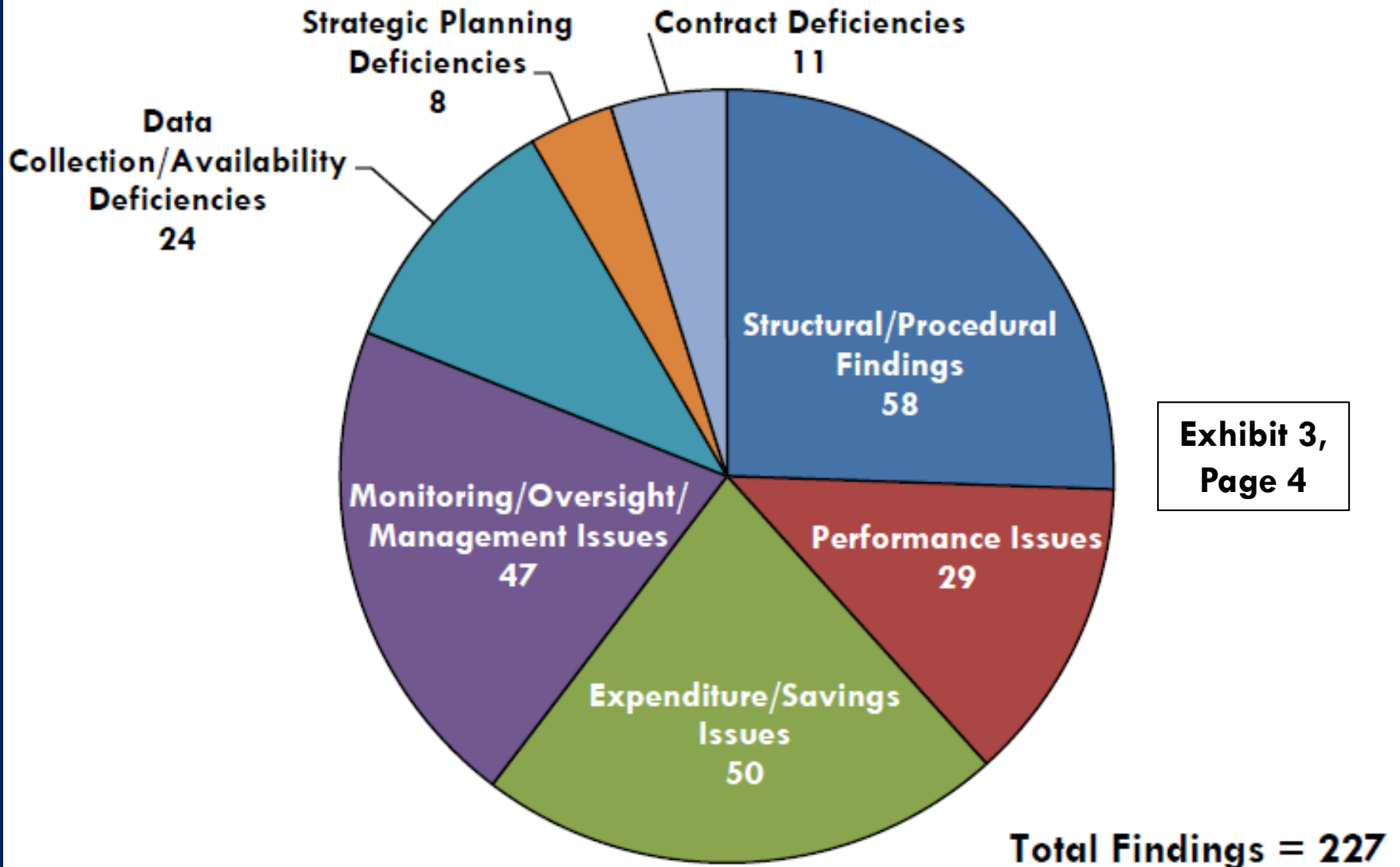
\$1.24 Billion Total Awarded in High Value Services 2014-2015



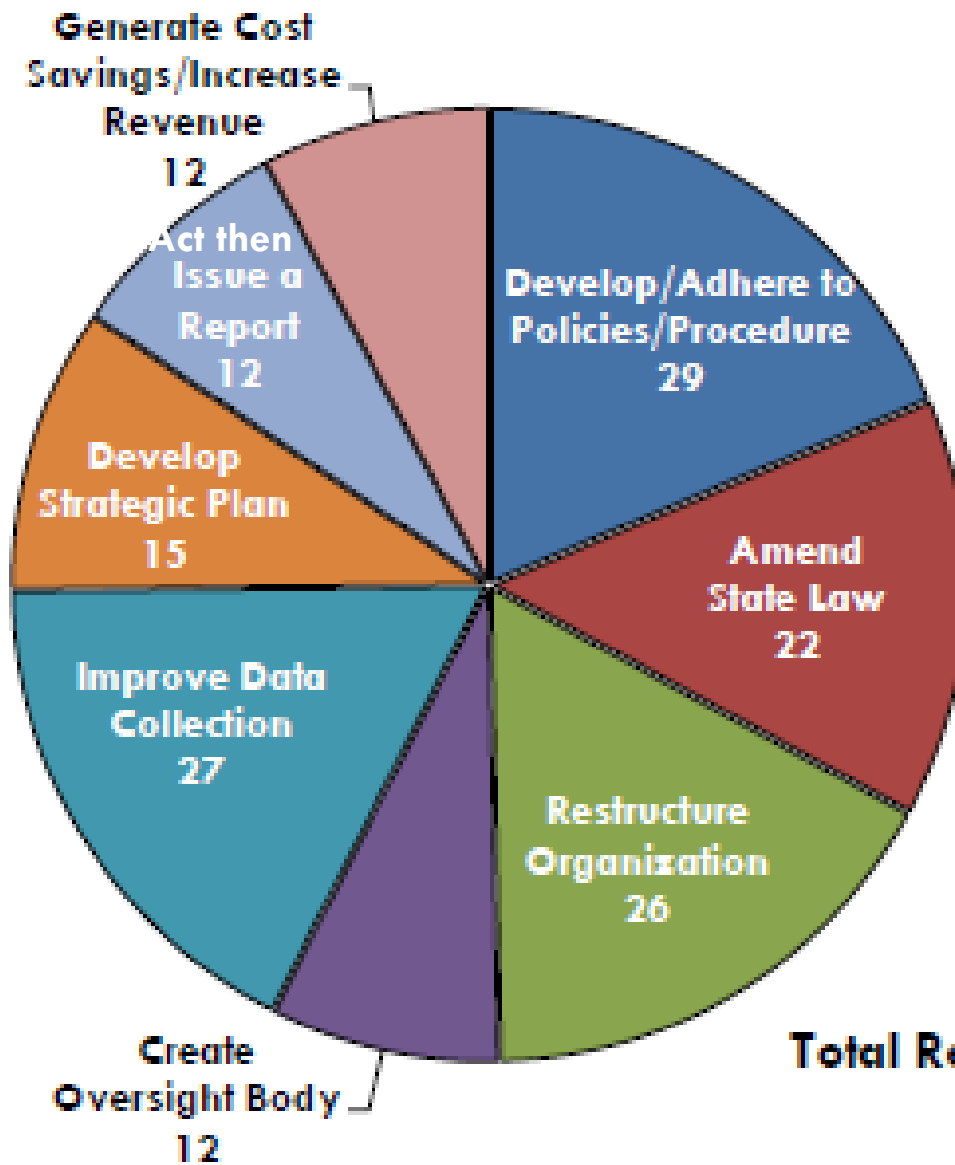
\$511 Million
41%
Not
Competitive

Report pp. 8-13

Prevalence of PED Findings




Prevalence of Recommendations



Total Recommendations = 155

**Exhibit 3,
Page 4**

Report available online at www.ncleg.net/PED/Reports/reports.html



PROGRAM EVALUATION DIVISION
NORTH CAROLINA GENERAL ASSEMBLY

August 2016 Report No. 2016-07

Special Report: Common Findings and Recommendations

The Program Evaluation Division. The Program Evaluation Division (PED) is a central, non-partisan staff unit of the Legislative Services Office of the North Carolina General Assembly. PED evaluates whether public services are delivered in an effective and efficient manner and in compliance with law. PED conducts independent evaluations of topics assigned by the Joint Legislative Program Evaluation Oversight Committee (JLPEOC) or directed by state law, then reports findings and recommendations to JLPEOC, which may recommend legislation proposed by PED or developed by the committee itself.

PED Reports. Since 2006, the Program Evaluation Division, among other types of publications, has issued 68 evaluative reports, almost all of which have contained findings and recommendations for improving effectiveness and efficiency. In its eight-year history, PED has been tasked with studying a comprehensive range of state public institutions and sectors, including criminal justice, economic development, education, general government, health care, and transportation, as well as localities such as County Departments of Social Services and Local Education Agencies.

Common Conditions Found. PED looked back on its collective work and noticed commonalities among agencies and programs examined and potential root causes of concern that the General Assembly could address in partnership with agencies and local governments. It is important to note that these patterns may not be evident for agencies and programs that the General Assembly has not asked PED to evaluate. In addition, PED may have surveyed all agencies but in certain cases did not find the conditions of concern noted in this report. However, for those entities PED examined or surveyed and found issues in need of attention, PED has noted repeated instances of avoidable maladies such as the following (see Exhibit 1 for specific examples):

- dysfunctional organization structures and operating procedures;
- under-performing programs and absence of performance targets and incentives;
- idle funds, surpluses, inefficiency, and waste;
- lax oversight of contractors, vendors, or state-funded entities;
- data paucity and lack of robustness of data collection systems;
- absence of strategic planning and lack of focus on funding and spending for program results; and
- persistent failures in contracting for services.

Action Recommended. PED is obligated after finding a problem to recommend how agencies or the General Assembly might take corrective action. Recommendation language reported by PED is specific and targeted, but in general the division most often advises one or more of the following courses of action (see Exhibit 2 for specific examples):

- develop and/or adhere to policies and procedures;
- enact or amend state laws;
- restructure an agency or its workflow;
- create an oversight entity or process;
- improve data collection;
- develop a strategic plan;
- issue a report, and/or
- generate cost savings and/or increase revenue.

Illustrations and Examples. Exhibits 3 and 4 show the prevalence of common findings and recommendations. PED hopes agencies and localities will use this report to help preempt potentially critical future evaluations.

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John.Turcotte@ncleg.net