



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Improved Oversight of Volunteer Fire Department Fund and Volunteer Rescue/EMS Fund Needed; \$8 Million Surplus Found

Summary

As directed by the North Carolina General Assembly's Joint Legislative Program Evaluation Oversight Committee, this evaluation examines the Volunteer Fire Department Fund and Volunteer Rescue/EMS Fund. The Volunteer Fire Department Fund provides up to \$30,000 in matching grants for fire departments to purchase equipment and make capital improvements. The Volunteer Rescue/EMS Fund provides up to \$25,000 in matching grants for rescue departments to purchase equipment and make capital improvements. For the 2013 grant cycle, the Department of Insurance awarded \$9.3 million to 658 fire departments and \$1.5 million to 112 rescue departments.

The Department of Insurance's failure to compare actual to projected receipts for both grant programs has resulted in a \$8 million surplus in the Volunteer Fire Department Fund. As of July 1, 2013, the Volunteer Fire Department Fund had a balance of \$18.4 million. After accounting for actual and projected disbursements, the Program Evaluation Division determined the fund will have a surplus of \$8 million as of June 30, 2014.

The Department of Insurance's oversight of the grant award and distribution process could be improved. Regarding the grant award process, the Department of Insurance lacks formal documentation specifying how the points that determine grant awards are assigned, erroneously assigned points to fire departments, and lacks a standardized method for determining the populations served by fire departments. Regarding the grant distribution process, the Department of Insurance lacks a standardized process for auditing grant purchases and does not have a policy for disposition of grant equipment in the event of a department's dissolution.

Based on these findings, the General Assembly should

- determine how to apply the \$8 million surplus in the Volunteer Fire Department Fund (if the General Assembly required the Department of Insurance to base grant disbursements on projected as opposed to actual receipts, the surplus would be \$17.3 million);
- direct the Department of Insurance to compare actual and projected receipts each year for both grant programs;
- direct the Department of Insurance to improve its oversight of both grant programs;
- amend statute to make fire department rating, as opposed to population served, a criterion for eligibility; and
- amend statute to require dissolved departments that received grant equipment less than five years ago to transfer that equipment to nearby departments.