State of North Carolina

Office of State Budget and Management

Michael F. Easley
Governor and Director
of the Budget

David T. McC
State Budget Officer

August 29, 2003

MEMORANDUM

TO: The Honorable Marc Basnight, President Pro Tempore of the Senate
        The Honorable James B. Black, Speaker of the House
        The Honorable Richard T. Morgan, Speaker of the House
        Co-Chairs, Joint Legislative Commission on Governmental Operations

FROM: David T. McCoy, State Budget Officer
        Howard Lee, Chairman, State Board of Education

SUBJECT: Session Law 2002-126, Section 7.13(b) Reorganization Study of DPI

Session Law 2002-126, Section 7.13(b), directed the Office of State Budget and Management (OSBM) to issue a Request for Proposals for an analysis of the structure and operation of the Department of Public Instruction. However, funding for the issuance of a contract was not provided in the bill. OSBM plans to conduct this study with staff from its Management Section. The study will include the specific items included in the legislation. The only cost will be for minor study-related travel. A copy of the scope of work is attached to this memorandum, for your further information. OSBM will prepare a report of its findings to the State Board of Education, who will then report to the legislature in the spring of 2004.

This alternative proposal has been discussed with the chairs of the Education Appropriations Committee, the Education Oversight Committee, the leadership of the House and Senate, and with staff of the Fiscal Research Division. All are in concurrence that this is an acceptable alternative.

The Office of State Budget and Management is available to respond to any questions you have regarding this matter.

Attachment

cc: Mr. Jim Johnson, Director, Legislative Fiscal Research
        Ms. Robin Johnson, Fiscal Research Division
        Mr. Adam Levinson, Fiscal Research Division
        Mr. Lynn Muchmore, Fiscal Research Division
        Mr. Mike Ward, State Superintendent of Public Education

SCOPE OF WORK – REORGANIZATION STUDY OF DPI

The Office of State Budget and Management (OSBM) is responsible for the following:

SERVICE ANALYSIS -- OSBM will review what DPI provides to the LEAs and other entities including but not limited to:

- Required services to LEAs and others — What is DPI mandated to provide including administrative services and program and policy services
- Required level of service — What is the minimum level of service required to meet the mandate
- Actual level of services — What is the actual service level being provided
- Optional services to LEAs and others — What has DPI traditionally provided and why is it deemed necessary although not mandated
- Service delivery methods — How does DPI provide services (identify technology, contracting, etc.)

ORGANIZATION ANALYSIS – OSBM will review DPI's current functions including but not limited to:

- *Function Analysis* — What functions are currently being performed to provide services to LEA's and to carry out their own departmental requirements as well
- *Statutory Analysis* — What is the statutory basis for each function
- *Human Resources Analysis* — How many and what level staff, contractors, and other local-based employees are currently deployed to carry out each departmental function
- *Document (Reports/Forms) Analysis* — What associated documents, forms, and reports are developed and with what frequency related to each function
- *Structure Analysis* — How does each functional area relate to others within DPI and to the LEA's

STAKEHOLDER ANALYSIS — Education in North Carolina is affected by its many stakeholders and this governs policy as well as workload. As such, the key to developing realistic recommendations regarding DPI's organization and staffing levels lies in the expectations of its key stakeholders including:

- State Board of Education (SBE)
- LEA and Local School Boards
- Parents
- Teachers
- Principals
- Students
- Universities and Community Colleges
- Legislature and Judiciary
- DPI employees
  - What do they expect of department
  - What can be done better
  - What could be eliminated
- Other stakeholders as deemed appropriate

TECHNOLOGY/SYSTEMS ANALYSIS

- What systems are in place in DPI that support each function?
- What software is in use for administrative, financial, and programmatic support and what is the status in terms of functionality, ease of use, decision support, etc.?
- What comparable systems are in use in the marketplace that are used for the functions that DPI currently provides (financial, student reporting, etc.)?

FEDERAL ACCOUNTABILITY LEGISLATION - Impact on DPI's organization and staffing levels

COMPARISON TO OTHER EQUIVALENT STATES - Analysis of how other comparable states organize each function. OSBM and DPI will mutually agree upon the states studied and shall use size, scope of state-level services, and other similar impacts to define equivalency.

METHODOLOGIES TO BE EMPLOYED:

1) Data collecting (staffing, budgets, legislative requirements, etc.)
2) Site visits and work observations at DPI
3) Employee interviews (managers, professionals, clerical, etc.)
4) Process mapping (flowcharting)
5) Surveys – internal and external
6) Benchmarking