

Minutes

Joint Legislative Program Evaluation Oversight Committee Meeting
January 22, 2018

Members Present

Senator Brent Jackson, Chair
Senator Chuck Edwards
Senator Valerie Foushee
Senator Jeff Tarte
Senator Joyce Waddell
Senator Andy Wells

Representative Craig Horn, Chair
Representative Becky Carney
Representative Ted Davis
Representative Pat Hurley
Representative Marvin Lucas
Representative Jason Saine
Representative Rena Turner

Call to Order

Representative Craig Horn, Chair, called the meeting to order by welcoming the committee's new Senate Chair, Senator Brent Jackson, and four new Senators: Chuck Edwards, Paul Newton, Jeff Tarte, and Andy Wells.

Representative Turner moved to approve the December 12, 2016 Minutes. Motion carried.

Presentations and Comments

Chairman Horn recognized John Turcotte, Director of the Program Evaluation Division, to present an overview of JLPEOC and PED. JLPEOC meets on the 2nd Monday of each month and at the call of chairs year-round because statutory and report due dates overlap legislative sessions. He also shared that PED had completed 98 reports since 2008 with recommendations leading to legislation producing annual savings of \$25.2 million and an additional \$36.9 million in non-recurring savings. The Division's annual return on investment is 15:1, equal to recurring annual savings of \$25.2 divided by PED's annual budget of \$1.7 million).

Chairman Horn recognized Kiernan McGorty, PED Principal Evaluator, to present an overview of the new Program Evaluation Division Measurability Assessment program. Pursuant to the Measurability Assessment Act of 2016, the General Assembly may require a measurability assessment of any proposed or existing state program to determine whether the program is or will be capable of reporting performance and return on investment. As the law required, the Program Evaluation Division established standards for assessor qualifications and for conducting and reporting measurability assessments; uses a competitive process to prequalify independent measurability assessors; and selects assessors when an assessment is required. Senator Tarte requested PED to provide a copy of the *Measurability Assessment Guidebook* to the committee.

Chairman Horn recognized Principal Evaluator Carol Shaw to explain the PED Work Plan process. The law requires the Division to operate from a work plan that JLPEOC approves. There may be other projects that come from legislation that direct PED to produce a report by a certain date. Shaw distributed a form to members to provide requests for future reports.

Chairman Horn explained that during 2017, PED completed four reports that were now being officially released. Each lead evaluator gave a brief description of findings and recommendations. The reports and draft legislation will be reviewed in detail at the next meeting; agencies may also be heard.

Jim Horne, CPA, Principal Evaluator – *Options Exist for Increasing Lottery Proceeds for Education*

Sara Nienow, Principal Evaluator – *Meeting Current Standards for School Nurses Statewide May Cost Up to \$79 Million Annually*

Sean Hamel, Principal Evaluator – *Local Education Funding Dispute Resolution Process is Effective and Economical, but Litigation Could be Eliminated*

Chuck Hefren – Principal Evaluator – *Reducing Off-Season Crossings, Adjusting Fares, and Using Partnerships Can Improve Ferry Division Efficiency*

Chairman Horn introduced Dr. Ed Humble from MGT Consulting Group, who gave a detailed presentation of the *Public School Construction Needs Survey and Recommendations for Funding Options for Selected Districts*. State law required the Legislative Services Commission to select a contractor to perform a review of school district facilities. After a competitive selection, the commission selected MGT Consulting/Parsons Architects to perform the assessments. The project involved field assessment inspections from November 2016 to Mid-February 2017 of facility needs of identified districts and analyses of capacity of each district/county to raise local revenue to support the facility needs identified. The nine counties selected were: Anson, Bertie, Clay, Davie, Greene, Harnett, Jones, Scotland and Yancey. Robeson County was originally included for assessment, but was deleted because of extensive damage to facilities caused by Hurricane Mathew that hit North Carolina early October 2016.

Conclusions:

- The total facility need of the nine districts included in the study is \$630,202,078.
- The district with the highest amount of need is Harnett County with a need of \$239,201,908.
- The districts with the highest amount of facility need per student are Anson County at \$37,714 and Jones County at \$33,888. The average need per student for the nine districts is \$17,270. No other district exceeds \$20,000 per student in facility need.
- The districts that would require the highest tax rate to meet the facility needs are Anson, Bertie, Jones, and Scotland, all of which would require a tax rate of over \$1.10. This can be compared to a statewide average of \$0.66 and an average of the nine districts included in the study of \$0.99. Based on this factor it can be said that these four districts reflect the highest amount of need in relation to the capacity to raise revenue.

Recommendations:

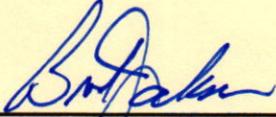
- The General Assembly should direct a systematic review of DPI's administration of the School Facility Needs Survey. The review should determine how DPI guidelines for school facilities are being used and if the current process yields accurate and reliable data. The review should make recommendations for developing a consistent methodology for determining capital construction need.
- Instead of depending on the local wealth of the county for funding, the State should consider (a) potentially establishing a revolving fund account or (b) recommending that NC look at additional resources to augment and/or supplement current sources such as income or sales tax appropriations for capital construction, state bond guarantees, or other dedicated revenue sources.
- Develop a consistent methodology for determining capital construction need. The current methodology for determining the overall need in NC is based on the self-reporting by each district. This resulted in a degree of inconsistency that is difficult to administer. DPI should

develop guidelines for school facilities that could be regularly updated and used to conduct consistent assessments across all districts.

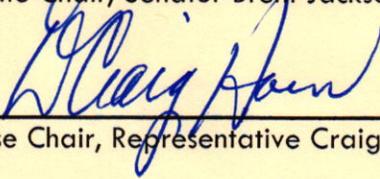
- Develop a system of prioritizing capital need. Whatever the source of funding it is unlikely it will address all needs. A process for prioritizing needs and funding allocation will be necessary.

Adjourn

With no further business, the committee adjourned.



Senate Chair, Senator Brent Jackson



House Chair, Representative Craig Horn