

Minutes

Joint Legislative Program Evaluation Oversight Committee Meeting
April 11, 2016

Members Present

Senator Fletcher Hartsell, Chair
Senator Don Davis
Senator Valerie Foushee
Senator Ralph Hise
Senator Tom McInnis
Senator Louis Pate
Senator Shirley Randleman
Senator Joyce Waddell

Representative Craig Horn
Representative Nelson Dollar
Representative Pat Hurley
Representative Marvin Lucas
Representative Ted Davis
Representative Ted Davis
Representative Rena Turner

Advisory Members

Senator Ben Clark
Senator Rick Gunn
Senator Joyce Krawiec

Call to Order

Senator Fletcher Hartsell, Chair, called the meeting to order.
Senator Shirley Randleman moved to approve the March 14, 2016 *Minutes*. Motion carried.

Presentations and Comments

Senator Hartsell recognized Carol Shaw, Principal Program Evaluator, to present the PED report, *Timeliness of Medicaid Eligibility Determinations Declined Due to Challenges Imposed by NC FAST and Affordable Care Act Implementation*. After discussion, Representative Dollar moved to instruct staff to draft legislation based on this report. Motion carried.

Senator Hartsell recognized Representative Ted Davis, Chair of the JLPEOC Subcommittee on Economic Development Tiers, to present the Subcommittee's report and recommendations based upon the December 2015 PED report, *North Carolina Should Discontinue the Economic Development Tiers System and Reexamine Strategies to Assist Communities with Chronic Economic Distress*. Representative Davis explained differences between three versions of draft legislation. Representative Davis moved to recommend the draft legislation from the Subcommittee that eliminates the current tier system and replaces it with an index that Commerce maintains. The draft establishes the time-limited commission that PED recommended with members to include representatives of the general public from the most distressed areas. The commission will also develop a replacement for the tier system and a comprehensive economic development strategy for North Carolina. Senator Hise observed that reliance on the unemployment rate was flawed as a sole indicator of availability of jobs and moved to amend the draft by including the rate of employment for counties and sub-county regions in any index. Representative Dollar moved to recommend the amended legislation for introduction. Motion carried

Senator Hartsell recognized Phyllis Pickett, Attorney, Drafting Division, to explain the draft bill to implement recommendations of the March 2016 PED report, *Opportunities Exist to Increase the*

Accountability and Independence of the Board of Review. Representative Carney moved to recommend the legislation for introduction. Motion carried.

Phyllis Pickett explained the draft legislation for state employee supplemental post-tax insurance. Of the three versions discussed, Representative Dollar moved to recommend for introduction the version proposed by Representative Gary Pendleton to improve the existing decentralized employee insurance committee system and require agency heads to appoint employee insurance committees, revitalize committees and require periodic rebidding by the committees of plans as an alternative to the PED recommendation to centralize administration of the plans. Motion carried.

Senator Hartsell recognized John Turcotte to present the April 2016 PED report, *Review of the North Carolina Guaranteed Admissions Program (NCGAP) Report*. The PED work plan required PED to report on the accuracy of a March 1 *North Carolina Guaranteed Admissions Report* by the UNC Board of Governors and State Board of Community Colleges. PED cautioned against relying on the UNC/SBCC report's recommendation to delay implementation of NCGAP pending determination if relatively new graduation rate improvement efforts by UNC and SBCC were achieving the same or better results than intended by NCGAP. PED said that the researcher's statistical regression produced a coefficient of determination that did not support dire predictions that NCGAP would fail to lower six-year graduation rates and would result in fewer bachelor's degrees. In addition, the PED said the report understated costs and associated debt avoided by NCGAP participants attending community college before completing study at universities and exaggerated and overstated the cost of counseling participants.

Senator David Curtis stated his support of NCGAP as is; of UNC, and the community college system; spoke about benefits he received personally from higher education; and provided a detailed account of the purposes and justification of NCGAP including extremely low graduation rates at certain universities. He emphasized the avoidable loss to state taxpayers and tragic emotional and economic impact on students who enter college, borrow for tuition and fees, and are unable to receive an associate or bachelor's degree. Finally, he stated firm opposition to any delay in NCGAP implementation.

Representative John Fraley read and submitted the following statement for the record to the committee about NCGAP.

Mr. Chairman and Members of the Committee:

Thank you. I am addressing the Committee today as the newly appointed Co-Chair of the House Committee on Education – Universities.

I believe there are four key statements to be made about NCGAP based on the UNC Board of Governors' and the North Carolina Community Colleges' report and the information provided in today's PED report. These are:

- 1. The UNC System, the Community Colleges and the General Assembly all agree the issues to be addressed by NCGAP legislation need to be addressed with an implementation plan, timeline and measurable goals. This is because the program can possibly lead to higher graduation rates with less student education debt and less cost to the state of North Carolina.*
- 2. The NCGAP report required by the General Assembly and commissioned by the UNC System and Community Colleges has data reliability questions as presented by PED today.*
- 3. There are currently numerous programs recently started or underway between NCCCS and UNC to address these various issues.*
- 4. Trying to force immediate implementation of NCGAP legislation is an example of trying institute a new program before fully understanding the results of programs already in place to address the issue.*

Therefore, I would request this committee recommend UNC President Spellings, Community College Interim President Fouts and selected members of the General Assembly convene a small group to develop an

implementation plan, timeline and goals agreeable to all and present it to the appropriate parties by June 15, 2016.

Senator Hise moved to send the PED report to the education committees and recommend that the Community College System and UNC General Administration, along with Fiscal Research and the State CIO, work together on implementation and tracking of NCGAP. As part of the motion, he requested that PED research how existing longitudinal education and employment data tracking efforts of the Government Data Analytics Center are progressing in general. Motion carried.

Senator Hartsell stated that in February 2016, the Chairs appointed a work group consisting of Representatives Carney, Horn, and Hurley and Senators Hartsell and Bingham. He summarized a proposal sent to the work group to index legislator salaries to a percentage of NC statewide median household income or to some other indicator. He also said that at a minimum, the committee may wish to recommend updating legislator mileage and per diem expense rates that are now fixed to IRS business and Federal Register rates put into effect in 1995. Those rates at least could be adjusted to the rates allowed by the same regulations that are in effect now. He said that he may have proposals for consideration at the May 9 meeting for approval and introduction during the short session.

Adjournment

With no further business, the committee adjourned to meet again May 9, 2016.

Senate Chair, Senator Fletcher Hartsell

House Chair, Representative Craig Horn