

**OFFICE OF PROGRAM EVALUATION REPORTING
AND ACCOUNTABILITY**

Session Law 2017-57, Section 11A.11



Report to
The Joint Legislative Oversight Committee on
Health and Human Services
and
Fiscal Research Division

By
North Carolina
Department of Health and Human Services

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Reporting Requirements

Session Law 2017-57, Section 11A.11 requires the Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the establishment and operation of the Office of Program Evaluation Reporting and Accountability. The report shall include at least all of the following:

- (1) A breakdown of all expenditures from the funds appropriated to the Department since the 2015-2016 fiscal year for the establishment and administration of the Office.
- (2) All steps taken by the Department to establish the Office pursuant to Part 31A of Article 3 of Chapter 143B of the General Statutes.
- (3) An organizational chart of the Office that includes all employees.
- (4) A list of all assessments and evaluations conducted or in progress by the Office.
- (5) An explanation of any obstacles to establishment and operation of the Office or fulfillment by the Office of any of the duties prescribed in G.S. 143B-216.56.

Summary of Actions

The General Assembly appropriated \$500,000 in the SFY 2015-17 biennium to establish the office. The Department established the following three (3) positions for the office:

- Director
- Lead Evaluator
- Administrative Assistant

No individuals have been hired into the positions. Further, there has been no expenditure of funds appropriated to the Department since the 2015-2016 fiscal year for the establishment and administration of the Office.¹

Recruitment by the DHHS Leadership team and Human Resources has been conducted for the Director's position since the 2015-16 year. It was determined that the qualifications initially set in legislation for this position made it difficult to recruit. The qualifications for the position were slightly modified in SL 2016-94. Several individuals have been interviewed since the position was created but none determined to be a successful candidate.

There have been no assessments or evaluations done under the auspices of this office.

In addition, the Department proposed during the 2017 legislative long session, to - incorporate the Office of Program Evaluation Reporting and Accountability (OPERA) into the Division of Budget and Analysis. Alternatively, consideration of this proposal is recommended.

By incorporating or aligning OPERA Unit with the Division of Budget and Analysis (B&A) -Program Performance Analysis Section, DHHS can optimize its work and responsiveness to key decision-makers

¹ In SFY 2016-17, under the authority of GS 143B-12, the Department was directed to transfer positions and operational funds for the NC Department of Military and Veteran Affairs. As a result, the salary reserve balance of the fund and other funds across DHHS were reduced to meet this requirement from the State.

regarding overall performance management and return on investment by evaluating whether the services provided are delivered in an effective and efficient manner and in accordance with the law which will better inform future planning and budget formulation, and ensure transparency and accountability.

Therefore, the primary goals of this incorporation are:

1. Produce meaningful information and analysis that help DHHS, members of the General Assembly and other key decision-makers and stakeholders make informed decisions related to program/services, policies, budgets and strategic planning;
2. Provide recommendation to improve program/services operations and performance;
3. Produce and disseminate evaluation, return on investment results and methodological tools useful to improve/advance performance.
4. An Emphasis on Return on Investment (ROI):
 - a. Measuring the costs of programs/services
 - b. Enumerating and measuring the outcomes
 - c. Valuing or converting the outcomes to dollars using direct or indirect economic calculations when applicable
 - d. Comparing the benefits and costs.

In addition, by further adopting the Pew-MacArthur Results First Initiative framework, DHHS can produce the necessary data analysis and evaluation to drive results for continuous performance improvement and enable the State to make better choices through evidence-based policymaking using the Pew five components of: (1) program assessment, (2) budget development, (3) implementation oversight, (4) outcome monitoring, and (5) targeted evaluation.

In the meantime, DHHS B&A is already leveraging its current capabilities, staff, and systems and operations to help to meet the requirements as defined in this legislation to assess, evaluate and report on the effectiveness of services and programs throughout the department.

The Division of Budget and Analysis (B&A) is an *independent* division of the Department. B&A is uniquely positioned to objectively assess and evaluate service/program performance across the various divisions of the Department. The role and responsibilities of B&A allow it to identify and understand the interrelatedness and alignment of services performed for the citizens of the State. As such, B&A is committed and has led as well as supported DHHS in adopting outcome –based performance management as our operating strategy to:

- Determine our most important results
- Monitor progress toward meeting goals
- Invest resources strategically
- Continuously improve performance, adjust operations in response to results, and achieve accountability for results

As with the statutorily required Office of Internal Audit which also sits in the Department, the Division of Budget & Analysis is established to provide department-wide independent reviews and analysis of various functions and services/programs to promote accountability and effectiveness apart from its budgetary oversight. Likewise, B&A is positioned to enforce appropriate firewalls and controls to ensure appropriate balance between evaluation and other accountability activities.

Further, the Department has already developed a web-based system that can or does contain the following requirements.

DHHS Performance Management System and OPERA Requirements for Web-based System

12A.3.(a) CREATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND ACCOUNTABILITY WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Program Evaluation Reporting and Accountability has the following duties:

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(3) *To develop an Internet Web site containing an inventory of departmental programs consisting of the program name and a link to a program profile. For each program, the profile must contain, at a minimum, all of the following:*

- a. *Legal authority for the program.*
- b. *Program performance for the past five fiscal years and year to date for the current fiscal year.*
 1. *Outcome. – The verifiable quantitative effects or results attributable to the program compared to a performance standard.*
 2. *Output. – The verifiable number of units of services or activities compared to a standard.*
 3. *Efficiency. – The verifiable total direct and indirect cost per output and per outcome compared to a standard.*
 4. *Performance standard. – A quantitative indicator based upon best practices, generally recognized standards, or comparisons with relevant programs in other states or regions for gauging achievement of efficiency, output, and outcomes.*
 5. *Benchmarks. – A broad societal indicator used for gauging ultimate outcomes of the program, such as U.S. Census data.*
- c. *Funding by source for the current and previous five fiscal years.*
- d. *Listing of filled and vacant employee positions as specified by the Office of State Budget and Management.*
- e. *Listing of contracts during the previous fiscal year and of the current fiscal year to date with individuals and firms and the actual and authorized cost, funding source, and purposes of those contracts.*
- f. *Categorization by evidence of effectiveness as determined by the Office.*
- g. *Potential return on investment of each program.*
- h. *Findings and recommendations from internal and external State or federal audits, Office program assessments, and program evaluations.*

(4) To assure that the Office Internet Web site allows users to list all of the following:

- a. Programs that exceeded, met, or did not meet performance standards for efficiency, outputs, and outcomes for the immediate preceding fiscal year.
- b. Programs by category of evidence of effectiveness.
- c. Programs by potential return on investment.
- d. Programs listed in a manner determined useful by the Office.

(5) To cooperate with and respond promptly to requests for program-level data and information from the Office of State Budget and Management, the Fiscal Research and Program Evaluation Divisions of the Legislative Services Office, and the State Auditor.

OPERA Requirements	DHHS Performance Management System	Notes
Inventory of Departmental Programs	✓	Data can be accessed multiple ways such as: by Division, by the performance goal and objective area under which it is aligned; or by name
	✓	
Legal Authority	✓	
Program Performance -5 years	✓	DHHS finalized its service structure in 2010. Although the development of effective measures has been ongoing, with the input of SFY 2015 data, will have 5 yrs. of data
Outcomes	✓	
Outputs	✓	
Efficiency	✓	
Benchmarks	✓	Used by some; plan to review/incorporate more broadly as appropriate.
Performance Standard		Capacity to add to specifically address and report on exists.
Funding By Source for Current Year	✓	
Funding By Source -last 5 Years	✓	DHHS restructured the budgets for the multiple divisions within DHHS in 2010 to reflect a broad service oriented approach rather than a divisional approach which allows us to measure effectively based on alignment to performance goals and objectives. In other words, if it is prevention services for children, those service budgets have the same coding across the Department and could be easily identified. We automated the financial component of the DHHS system with the state's accounting system (NCAS) to ensure accurate data. Prior to that, it was a more manual process.
List of Filled Positions	In Development	System currently reflects the number of positions for each service. Other specificity can be added.
List of vacant Employees		
Findings and recommendations from internal and external State or federal audits, Office program assessments, and program evaluations.	✓	Data can be uploaded per service/program; questions and other information gathered regarding it; recommendations may be reflected in new or changing measures and outcomes.
List of Contracts during the previous fiscal year and of the current fiscal year to date with individuals and firms and the actual and authorized cost, funding source, and purposes of those contracts.	✓	DHHS system contains all identified elements and more with the exception of contract expenditures. Can be developed. This Contracts are linked to the DHHS service (s) for which the contract provides part of or all of the required service delivery.