



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

March 5, 2024

Dear Governor Cooper,

Thank you for the opportunity to serve as Chair of the Governor's Advisory Committee on Performance Management. I express my gratitude to all Committee members, including Director Carol Burroughs, Dr. Julie Edmunds, Director Barbara Gibson, Dr. Nicole Lucas, Senator Vickie Sawyer, and Dr. ClarLynda Williams-DeVane, who are new to the Committee this year, for sharing their time and insights.

In recognition of the state's ongoing efforts, Results for America again named North Carolina as one of five leading states in using evidence to guide decision-making and investing taxpayer dollars in programs that work. This honor not only recognizes our state's efforts in evidence-based decision-making, but it also establishes North Carolina as an example that other states will turn to for leadership and guidance. As we continue to advocate for research and evaluation and applying performance management principles in the public sector, the Performance Management Advisory Committee celebrates this national recognition.

This year the Committee focused on challenges and potential solutions for improving state employee recruitment and retention and leveraging data to improve performance across state government. The attached report outlines the work of this body during 2023, including the Committee's recommendations, which begin on page 4 of the attached report.

Sincerely,

A handwritten signature in cursive script that reads "Kristin Walker".

Kristin Walker
State Budget Director, NC OSBM
Advisory Committee on Performance Management, Chair

Performance Management Advisory Committee

2023 Year in Review

Background

Governor Cooper established the [Governor's Advisory Committee on Performance Management \(PMAC\)](#) in May 2018 through [Executive Order No. 43](#) and continued it in [Executive Order No. 260](#). The Committee is composed of 13 members who are actively engaged with performance management activities across the state. Members include department heads, senior officials, legislators, as well as experts in the field of performance management and evidence-based policymaking.

The Committee's role is to advise the Governor on ongoing and new performance management initiatives, including North Carolina Results First; proposed or pending legislation; rules or policies related to performance management; and strategies for increasing evidence-based policy efforts.

This brief includes an overview of the Committee's work during the calendar year 2023, as well as guidance for the Governor and state agencies to address recruitment and retention of state employees and the need to better leverage data to improve performance.

Year in Review

The Committee meets bi-monthly to discuss current performance management initiatives and how to advance these efforts across state government. Meeting agendas and minutes can be found on the Committee's [website](#).

At the end of 2022, PMAC members shared suggestions on potential agenda topics with OSBM staff. For this year, PMAC's meetings focused on two specific issues facing NC state government: 1) recruitment and retention of employees, and 2) the need to better leverage data to improve performance. To cover these topics, the meetings included an overview, presentations from both national experts and in-state practitioners, and discussions on guidance to address these issues.

MISSION

To advise state agencies on performance management initiatives and evidence-based policy efforts; highlight successful efforts and promising initiatives; and offer advice on relevant legislation, rules, or policies.

VISION

North Carolina state government will be nationally recognized for its culture of continuous improvement, commitment to inter-agency collaboration, and use of data, evidence, and performance management tools.

Performance Management Advisory Committee

2023 Year in Review

MEMBERSHIP

Kristin Walker (Chair)
State Budget Director, NC OSBM

Carol Burroughs
Chief Data Officer, GDAC

Dr. Julie Edmunds
Director, Early College Research Center, UNC-Greensboro

Jessica Englert
Policy Director, Governor's Office

Terence Everitt
NC State Representative

Barbara Gibson
Director, NC Office of State Human Resources

Dr. Nicole Lucas
Associate Vice Chancellor for Institutional Effectiveness, Research, and Planning, Fayetteville State University

Natalie Murdock
NC State Senator

Ronald Penny
Secretary, NC DOR

Dennis Riddell
NC State Representative

Vickie Sawyer
NC State Senator

David Smith
Chief Deputy Commissioner, NC DACS

Dr. ClarLynda Williams-DeVane
Deputy Secretary for Operational Excellence, NC DHHS

Topics of Discussion

Kickoff

At the March meeting, Izzi Hernandez-Cruz, Budget Analyst at OSBM, reviewed the mission, vision, and evidence statement for PMAC members. He then previewed upcoming meetings and the structure for those presentations.

Ben Agsten, Budget Analyst at OSBM, summarized key performance management principles and initiatives in North Carolina. He shared the different objectives and approaches that practitioners use to improve results for the public.

Recruitment and Retention

At the May meeting, David Yokum, Chief Scientist at OSBM, provided an overview of the strategic planning process. He explained the purpose of Priority Questions (PQs), which OSBM encouraged agencies to include in their Strategic Plans for the first time this year. PQs are research questions that, if answered, would empower agencies to make better budgetary, policy, and programmatic decisions.

Glenda Farrell, OSHR Chief Deputy, and Ronnie Condrey, Special Advisor to the OSHR Director, presented data on recruitment and retention in North Carolina and highlighted steps taken to address those issues. Zaak Barnes, Policy Specialist at the National Conference of State Legislatures, then presented national statistics on labor force participation and state and local government job openings.

Members discussed agency challenges with recruitment and retention and their attempts to address them, including using internships to expand the pipeline and potential benefits that may make state government positions more appealing.

At the June meeting, a seven-person panel with state agency representatives answered questions about low salaries and worker burnout, staffing shortages and high vacancy rates, retention strategies, work-life balance, recruitment and talent development, and salary equity. This panel initiated the discussion that led to the recommendation of a working group to consider these types of issues, detailed below.

Leveraging Data to Improve Performance

At the June meeting, PMAC members also heard from Carol Burroughs, Director of the Government Data Analytics Center (GDAC). GDAC is an internal consulting group for the state,

Performance Management Advisory Committee

2023 Year in Review

established in 2008, and originally focused on data integration. GDAC runs close to 70 applications for state agencies and does enterprise entity resolution to match records across systems while minimizing movement of data across agencies to reduce risk. She stressed the value of partnerships, explaining how they work “at the speed of trust.”

Trip Stallings, Director of the NC Longitudinal Data Service (NCLDS), described the state’s vision for longitudinal data, the potential it holds, and what it will take to get there. NCLDS does not store data long term like a warehouse, but rather it is a process for retrieving, sharing, and using data from multiple sources at the same time, as needed. As a result, it requires building strong relationships with all the data contributors to provide a safe space for partners to work collaboratively on overlapping research agendas.

At the August meeting, PMAC members dug deeper into the systems and structures in other states and here in NC. First, Jonathan Womer, Director of the Rhode Island Department of Administration, shared an overview of integrated data systems in various states and covered multiple policy areas, such as health and workforce. He also discussed federal support for integrated data systems.

Next, Josh Martin, Chief Data Officer for the state of Indiana and Director of the Indiana Management Performance Hub (MPH), discussed their efforts to partner with agencies and provide cross-sector analytics. He discussed the legislation and actions that created and enabled MPH’s work and then delved into some specific projects.

Bob Coats, Governor’s Census Liaison and Coordinator of the NC State Data Center network, then summarized Log Into North Carolina (LINC), a data resource that holds federal and state data for NC counties and municipalities. He described how LINC has grown to meet user needs, now including dynamic charting to analyze the data within LINC and references for users to find original sources.

PMAC also heard from two panelists: Dr. Jessie Tenenbaum, DHHS Chief Data Officer, and Dr. Betty McGrath, Chief Data Officer, Labor and Economic Analysis Division, Department of Commerce. They described the data their agencies collect, how they incorporate that data into decision-making, and the importance of infrastructure and capacity to do this work.

At the October meeting, Dr. Julie Edmunds, Director, Early College Research Center, UNC-Greensboro, presented her research on Career and College Promise (CCP), a program that allows high school students to earn college credits tuition-free. Dr. Edmunds discussed the partners involved in the project and the challenges she encountered in creating a cross-sector dataset. She noted that her research effort had sufficient funding and cooperative partners, and met a legislative requirement, but obtaining the needed agreements and permissions was still a complicated, multi-year process.

Tim Johnson, Geographic Information Coordinating Council (GICC), described how the data recommendations under consideration could benefit the work of the GICC. In particular, the presumption that agencies will share data, a public inventory of datasets, and an open data policy resonated with the GICC. PMAC members then offered their feedback, highlighting potential obstacles, existing efforts, and other considerations to implement the proposals.

Performance Management Advisory Committee

2023 Year in Review

Recommendations

The Committee met six times in 2023 to consider issues facing state government, focusing on recruitment and retention of state employees and leveraging data to improve performance. The Committee developed two sets of recommendations that reflect input from committee members, agency representatives, and content experts from other states.

Leveraging Data to Improve Performance

Recommendation	Suggested Next Steps
Sharing Data	
1. Develop a website that directs prospective users to available data.	OSBM and DIT, in collaboration with individual agencies, should develop a plan for building and maintaining an inventory of state data (and highly relevant state-related data) as well as protocols for accessing and analyzing those data for permissible purposes. The inventory will flag which datasets contain aggregate data and which contain personally identifiable data, as well as list points of contact for further guidance. The inventory should be modeled after the federal data.gov website and build on existing resources, like OSBM's list of open data resources in NC state government .
2. Reinforce the state's commitment to responsible data collection and use on behalf of North Carolinians .	DIT, in collaboration with individual agencies, should establish a protocol for agencies to inform the public about the nature and purpose of personal data, when not collected through surveys or with explicit consent.
3. Develop an open data policy .	In consultation with DIT, OSBM should draft language for a statutory provision that facilitates interagency data sharing, establishes the presumption that agencies will share data (absent a reasonable exception), addresses existing legal restrictions to sharing data, and identifies necessary infrastructure. OSBM should recommend inclusion of the provision in the Governor's short session budget proposal.
4. Support and learn from current initiatives to make data more broadly available .	NCLDS should reflect on the rollout of its research-ready analytical hub and share updates in 2024, including lessons learned for expansion to more state agencies.
5. Create an enterprise data sharing memorandum of understanding (eMOU) .	OSBM, DIT, and partner agencies should develop language that establishes common terms, governance standards, and standard protocols for sharing data across agencies. This effort should build on DIT's work to modernize GDAC, which was funded in S.L. 2023-134.
6. Create a template data sharing agreement (DSA) to establish ground rules for making data available.	OSBM, DIT, and partner agencies should develop a model DSA that all agencies and/or external research partners can use as a default template, that establishes how they will be able to move, store, and retain data.
7. Create a template data use agreement (DUA) and guidance on use, for statewide reference.	OSBM, DIT, and partner agencies should develop a model DUA that all agencies and/or external researchers can use as a default template, that establishes how they may use shared data.

Performance Management Advisory Committee

2023 Year in Review

Recommendation	Suggested Next Steps
Building Capacity	
8. Evaluate options for establishing and maintaining a data switchboard/help desk to field questions about the state’s data resources.	OSBM and DIT should develop a budget proposal to staff and fund the creation and maintenance of a data switchboard / help desk for users of agency data.
9. Assess, and update as necessary, the OSHR classification series for data scientists, data analysts, and related positions.	OSBM, with agency subject-matter experts and academic practitioners, should initiate the class specification update process, submitting to OSHR Total Rewards the information and recommendations necessary for these classifications to better reflect agency needs and relevant applicant credentials.
10. Hire more data scientists, data analysts, and data-oriented positions , potentially in a hub-and-spoke model (a centralized team supporting analysts at agencies).	Individual agencies should evaluate existing resources and potential options to increase capacity for data analysis. OSBM should develop a framework for a hub-and-spoke model and work with agencies on evaluating funding options. OSBM and OSHR should also support agency initiatives to develop pipelines from the state’s university system to careers in state government that involve data.
11. Build data literacy and analytic capacity by expanding training opportunities for employees and building partnerships with external researchers.	OSBM and OSHR should support agency efforts to offer training in data sciences (including artificial intelligence tools) and consider the most effective assistance, such as providing tuition reimbursement or offering training modules through the Performance Management Academy or similar programs. OSBM should also provide guidance on how agencies can leverage external partners to supplement capacity.
Securing Resources	
12. Request resources to support implementation of these recommendations.	DIT, OSBM, and partner agencies should assess the infrastructure and software tools needed to support the recommendations above and look at funding options to secure those resources.

Recruitment and Retention of State Employees

Recommendation	Suggested Next Steps
Identifying Best Practices	
1. Convene a recruitment and retention working group to identify and share best practices.	PMAC, in consultation with OSBM and OSHR, should organize a working group, composed of panelists from previous sessions and other state agency representatives, to explore best practices and report to the Committee in 2024. The report should propose recommended activities, associated resource requirements, and implementation timelines.
2. Evaluate and publish findings from pilot programs to address recruitment and retention.	OSHR and partner agencies should continue to coordinate with partner agencies to create programs responsive to the needs of the state. OSHR should continue its practice of evaluating the effectiveness of existing pilot initiatives. Their feedback and measured outcomes will inform future policy and programs available to NC state government. OSHR will work with PMAC to

Performance Management Advisory Committee

2023 Year in Review

Recommendation	Suggested Next Steps
	identify partnerships with external researchers, such as those at institutions of higher education, which could add capacity to evaluate current and promising initiatives.
Diversifying Compensation Approaches	
3. Rethink benefits for state employees.	OSBM, OSHR, and the Department of the State Treasurer should connect with the recruitment and retention working group for guidance in developing policy and budget proposals in areas such as: <ul style="list-style-type: none"> • Career pathways and the training necessary to advance; • Performance-based bonuses and raises and how they align with a market-based system; • Workplace flexibility that reflects the demands of place-based responsibilities; • Affordable insurance benefits for retirees and family members; and, • Tuition benefits for state employees with children attending NC public universities or community colleges.
4. Consider the strategic use of compensation to retain employees.	The executive branch should continue to advocate for additional compensation funding and flexibility to support and evaluate retention efforts, including: <ul style="list-style-type: none"> • Retention bonuses; • Labor market adjustments; and, • Funding for salary increases for receipt-supported positions.
Growing the Pipeline	
5. Coordinate a marketing strategy for state government .	OSHR should continue its work to expand and improve its current marketing of what it means to work in state government and guide agency efforts to apply that strategy in their recruitment campaigns. OSHR, with assistance from OSBM, should consider funding options for this work.
6. Prioritize hiring of HR staff .	Agencies should prioritize filling HR vacancies to reduce delays in the hiring process, improve operational efficiencies, and increase capacity for recruitment and retention efforts.
7. Adjust the timing of the state internship application process.	DOA should revisit its application and decision deadlines and explore moving them earlier than January and late March, respectively, to better compete with other employers for top graduates.
8. Promote programs to expose students to opportunities within state government.	DOA and OSHR should continue to explore and expand programs to recruit and retain students in state government, including: <ul style="list-style-type: none"> • Keeping interns as temporary employees after the summer; • Offering more micro-internships during the school year; • Increasing use of the Ed2NC program to connect with students for entry-level career opportunities; • Welcoming students to shadow state employees to learn more about careers of interest;

Performance Management Advisory Committee

2023 Year in Review

Recommendation	Suggested Next Steps
	<ul style="list-style-type: none">• Facilitating student practicums (internships for credit) that both meet degree requirements and assist ongoing agency work; and,• Hosting apprenticeships that build qualifications for agency roles.
Securing Resources	
9. Request resources to support implementation of these recommendations.	OSHR, OSBM, and partner agencies should assess the infrastructure and capacity (funding and temporary or permanent positions) needed to support the recommendations above and explore bold, strategic options to secure those resources.

Good Governance in the Budget

To support good governance initiatives across state government, Governor Roy Cooper recommended investments at the agency level for the FY 2023-25 biennium. The following investments over two years would promote the responsible use of public funds and delivery of high-quality, effective services to North Carolinians.

- \$9 million across 21 state agencies and universities for additional internal auditor positions to confirm smooth operations and compliance with laws and regulations.
- \$5 million to OSBM to support research partnerships between state agencies and external experts.
 - \$4 million to continue state support for the Evaluation Fund and expand the program.
 - \$1 million to support collaborative projects that answer high-priority research questions.
- \$2.5 million to DHHS to modernize the state’s paper-based vital records system.
- \$800,000 to OSBM to develop and apply evidence to policies and programs through the Chief Scientist and Evidence Advisor positions.
- \$700,000 to DOT to verify drivers’ insurance status electronically.
- \$600,000 to the Department of the Secretary of State (SOS) for two positions to support the Remote Electronic Notarization Program.

SL 2023-134, the finalized budget, contained the following appropriations to support operational excellence:

- \$800,000 across three state agencies for additional internal auditor positions to confirm smooth operations and compliance with laws and regulations.
- \$8 million to DHHS to modernize the state’s paper-based birth and vital records systems.
- \$700,000 to DOT to verify drivers’ insurance status electronically.
- \$180,000 to SOS for a mail digitization machine to automate the opening and sorting of mail.

Looking Ahead

In 2024, the Committee plans to continue focusing on key challenges facing NC state government and exploring best practices to address them. The recruitment and retention working group will present its findings, and GDAC will provide a status update on its research-ready analytical hub. PMAC members will confer to identify additional policy issues to add to its 2024 agenda. On an ongoing basis, OSBM will inform members about its performance management work.