



The North Carolina Center for Public Policy Research

Your voice for good government

Accomplishments in 2011

Improving Public Policy

Even with all the changes in the political landscape in 2011, this was another great year for the Center in having our research affect public policy and improve the lives of the citizens of North Carolina.

■ **Making Federal Loan Programs Available to More Students in More of NC's Community Colleges** – In 2009, we were shocked to find that only 20 of North Carolina's 58 community colleges made federal loan programs available to their students. In 2010, we were invited to testify before the legislature's Joint Select Study Committee on State-Funded Student Financial Aid, and we recommended requiring all community colleges to participate. The 2010 legislature agreed and passed a law that required all 58 community colleges to make federal loan programs available to their students.

But then in 2011, the legislature passed a bill that would have allowed all 58 community colleges to opt out of offering federal loans to their students. The Center then wrote Governor Beverly Perdue and asked her to veto that bill. We pointed out that federal loans are the cheapest and safest way for students to borrow money for college. Federal loans charge 4.5 percent interest compared to the 16 percent interest students were paying on their credit cards for tuition. In April, the Governor vetoed the bill, citing the Center's research in her veto message. However, the legislature then came back with a legally questionable tactic of dividing what had been a statewide bill into four local bills. A governor cannot veto most local bills. Those four local bills allowed a total of 26 community colleges to opt out of offering federal student loans. Luckily, not all chose to opt out. As a result of the Center's research and efforts to educate policymakers and the public, 40 community colleges (double the number a year ago) now make federal loan programs available to 117,500 more students.



■ **Helping Parents and Students Save for College** – Our research on financial aid policy also found that families were about to lose a tax deduction that helps them pay for college. Families who are saving for a child's college education in a Parental Savings Trust Fund or 529 College Savings Plan get a deduction on their state income taxes, but this was scheduled to expire in January 2012. Our research prompted a successful bipartisan effort in the 2011 legislature to repeal the expiration date and make the 529 Plan more attractive to parents. Because of our key role in the 2011 legislation, we were invited to the ceremony when the Governor signed the bill into law.

In 2006, mutual fund evaluator Morningstar Inc. rated North Carolina's 529 Plan as one of the worst in the country, and our state then ranked only 44th in citizens' use of the savings plan. But, with changes advocated by the

"The N.C. Center provides a valuable service to the citizens of North Carolina. It is a trusted source for objective and nonpartisan research."

Johnathan Rhyne (R-Lincoln), N.C. House of Representatives, 1985-92 and 2009-11

"The North Carolina Center for Public Policy Research provides critical, meticulous, nonpartisan research on issues the legislature is or ought to be tackling. The Center's journal, North Carolina Insight, is valuable both as an initial research tool to identify the breadth of problems and as an in-depth, reasoned analysis of options for solutions. Center staff are, in fact, one of the first and best sources I turn to as a policymaker for accurate, intelligent, and objective information on vital issues affecting North Carolina."

Rick Glazier (D-Cumberland), N.C. House of Representatives, 2003-12

Center, Morningstar already has raised N.C.'s rating to "above average." CNN's *Money Magazine* now ranks the state's 529 Plan as one of the top 3 in the country. The number of N.C. 529 accounts increased this past year by 16 percent, and the fund value grew by 20 percent. N.C.'s Plan now has 94,516 account owners with more than \$766 million invested.

■ **Consolidating Financial Aid and Loan Forgiveness Programs: Saving State Funds, Helping Parents and Students** – In our research on financial aid policy, we found 14 different state programs that use financial aid to address work force shortages in such fields as teaching and nursing. Students receiving aid in these programs have their loans forgiven if they work in the needed occupations in N.C. But, parents and students found it difficult and confusing to apply for 14 different programs, so the Center recommended consolidating them. In another bipartisan effort, the 2011 legislature passed legislation combining 12 of the 14 into one program. This will be easier to administer and much simpler for parents and students that dream of a college degree. It also will save taxpayers' money.



■ **Reducing Fraud Against the Elderly** – In 2010, the Center released research showing that fraud committed against the elderly is on the rise in N.C. We made four recommendations to prevent and reduce fraud and testified before the Legislative Study Commission on Aging in January 2011. In response, Sen. Stan Bingham (R-Davidson) sponsored successful legislation to create a Task Force on Fraud Against Older Adults within the Consumer Protection Division of the Attorney General's office. That group is charged to study all our recommendations and make a final report with draft legislation by Oct. 1, 2012. Center staff were invited to the Governor's signing ceremony, and Director Ran Coble was appointed to the task force.

■ **Preventing and Reducing High School Dropouts** – In response to our 2007 study of ways to prevent and reduce high school dropouts, the legislature appropriated \$13-15 million each year for four years for dropout prevention grants. And, as we recommended, the legislature *evaluated* the results of the previous years' grants. As a result, the *statewide dropout rate now has declined for 3 years in a row*, and the graduation rate has increased 5 years in a row.

Educating the Public

We continued working to enhance government accountability and educate voters by publishing *Article II: A Citizen's Guide to the 2011-2012 North Carolina Legislature*. This is the first time the guide is available online and via mobile Internet-capable handheld devices. This citizens' guide has profiles and photos of all 170 members of the General Assembly with their business and home addresses, phone and fax numbers, counties in their districts, the number of terms served, and educational and occupational backgrounds. For members serving in the previous session, the guide lists five bills they introduced in that session and their votes on 12 bills of statewide interest. It also includes past rankings of each returning legislator's attendance, roll call voting participation, and effectiveness.

Sen. Richard Y. Stevens
 Republican, 17th District
 County of Residence: Wake
 Terms Served: 2003, 2005, 2007, 2009, 2011
 Date of Birth: 12/12/1948
 Age: 62
 Counties in District: Wake (part)

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Education
 A.B. UNC-CH 1970
 J.D. UNC-CH Law 1974
 M.P.A. UNC-CH 1978

Occupation
 Management Consultant, Self-Employed

Legislative Committees
 Appropriations/Base Budget (Co-Chair), Select Committee on UNC Board of Governors (Co-Chair), Commerce, Education/Higher Education, Finance, Judiciary I, Pensions & Retirement and Aging, State and Local Government, and Transportation.

Search Legislator Reports

Name/Keywords:

Chamber:



Where He/She Stands: Votes in the 2009-2010 General Assembly

Bill Number	Issue	House Vote	Senate Vote	His/Her Vote
H 2	Ban Smoking in Certain Public Places (Rat.)	62-56	30-18	Y
H 80	Ban Video Sweepstakes Parlors (Rat.)	86-27	47-1	Y
H 88	Healthy Youth Act/Sex Education (Rat.)	60-55	25-21	PN
H 748	State Compliance with U.S. Supreme Court Decision in Citizens United (Rat.)	57-47	28-18	N
H 961	Ethics, Campaign Finance, and Open Government Reforms (Rat.)	105-0	37-1	Y
H 1973	Various Economic Development Tax Incentives (Rat.)	72-31	31-17	Y
S 202	2009 State Budget Act (Rat.)	65-52	27-18	PN
S 287	State Health Plan Changes (Rat.)	60-56	29-19	N
S 461	Racial Justice Act (Rat.)	61-54	25-18	PN
S 526	School Violence/Bullying Prevention Act (Rat.)	58-57	26-22	N
S 897	2010 State Budget Act (Rat.)	66-50	28-15	Y
S 1015	Homeowner and Homebuyer Protection Act (Rat.)	89-26	32-16	Y

Rankings of Effectiveness, Attendance, and Roll Call Voting Participation for the North Carolina General Assembly

Effectiveness (how they are done)

2009	2007	2005	2003
13	17	22	25

Attendance (how they are done)

2009	2007	2005	2003
50	1 (tie)	1 (tie)	23 (tie)

Roll Call Voting Participation (how they are done)

2009	2007	2005	2003
1 (tie)	1 (tie)	21	9 (tie)

Center Wins National Award

In 2011, the Center won another prestigious national award from the Governmental Research Association (GRA), a nonpartisan group of 33 public policy nonprofits in 22 states. GRA organizations promote transparency in state and local budgets and provide information to citizens about the performance of government programs. The Center's study of financial aid policy won the top national award for **Outstanding Policy Achievement**, which goes to the policy group whose research leads to "tangible improvements in public policy." This recognized the Center's work in getting the legislature to improve students' ability to attend and pay for college. This is the seventh consecutive year the Center has won national GRA awards.

Conducting Nonpartisan Research on Key Public Policy Issues Facing North Carolina

Center Assesses Key Components of the State's Mental Health Reform Strategy – A decade ago, the N.C. General Assembly passed mental health reform legislation in response to a U.S. Supreme Court decision. That decision required all states to serve patients with mental disabilities in the least restrictive setting possible – in communities rather than state institutions such as psychiatric hospitals. In 2011, the Center released an evaluation of the pros and cons of three key components of the state's current mental health strategy: (1) the federal Medicaid Innovations Waiver; (2) the creation of large providers of services called CABHAs (Critical Access Behavioral Health Agencies); and (3) three-way contracts between the state, local mental health management entities, and local hospitals to buy bed space for mentally ill patients in crisis.

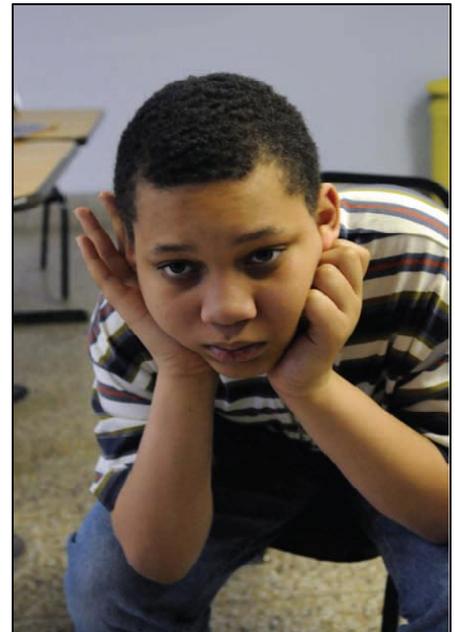
(1) The Federal Medicaid Innovations Waiver – Medicaid is the largest funder of mental health services both nationally and in North Carolina. North Carolina offers optional Medicaid services allowed by the federal government, including mental health services such as outpatient prescription drugs, inpatient psychiatric care for those under 21, and personal care services that enable people to live in the community rather than in more expensive institutions. On one hand, implementing the Medicaid Waiver statewide has the advantage of giving the state the ability to predict and control costs. On the other hand, implementation of the statewide waiver this quickly may lead to cuts in services.

(2) CABHAs: Critical Access Behavioral Health Agencies – Critical Access Behavioral Health Agencies, or CABHAs, will be the new comprehensive providers of services for clinical assessment, medication management, and outpatient therapy. The advantages of this approach include making sure that appropriate medical and clinical treatments are available and that ineffective or unwarranted services are not provided. But, critics worry about consumer choice if dissatisfaction arises with the services provided by the CABHA in their county, especially in rural areas. And, many small providers already have been forced out of business.

(3) Three-Way Contracts for Crisis Beds in Local Hospitals – These three-way contracts let the state purchase bed space in local hospitals to provide short-term inpatient care for mental health patients in crisis. This gives consumers who need inpatient treatment an alternative to state psychiatric hospitals. However, local hospital workers will need more specialized training to deal with mental health issues. Also, state payments to local hospitals have not always been timely. The Center will publish a major evaluation of these three-way contracts in 2012.

How the State Budget Shortfall Affects Mental Health Policy – The success of these three policy shifts depends on stable sources of funding, but mental health funding has been on a roller coaster ride during the economic downturn. The state increased funding for the Division of Mental Health from \$581 million in 2001-02 to \$743 million in 2008-09, but then reduced it to \$705 million in 2010-11 and \$666 million in 2011-12.

Funds Are Shifting from State Institutions to Local Community Programs – The Center found that 96 percent of those served by the public mental health system are served in the community, and only 4 percent are served in state institutions. And, 77 percent of total funding for mental health services goes to community services and 21 percent to state institutions. By contrast, a previous Center study in 1996-97 found that 43 percent of all mental health funding went to state institutions, though they served only 7 percent of the clients. In 1982-83, two-thirds of the funding went to institutions, which then served only 15 percent of the clients.



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Looking Ahead to 2012

Financial Aid Policy for Students in Public and Private Colleges and Universities

– The Center’s previous research on student financial aid policy already has led to significant changes in state policy

and increased access to federal loans for students at North Carolina’s community colleges. In 2012, we’ll continue our research on tuition and financial aid policy, focusing on issues that will increase access to financial aid, improve our state’s college-going rates, and eventually improve our college completion rates.

Evaluating the State’s Mental Health Reform Efforts – We’ll continue to evaluate the state’s mental health reform efforts. **Part II** of our study will feature new research on:

(1) evaluation of the three-way contracts between the state, local mental health management entities, and local hospitals to purchase beds at local hospitals for mentally ill patients in crisis; (2) the pros and cons of the state’s efforts to privatize mental health services; and (3) the demographics and structure of the public mental health system in North Carolina. **Part III** will analyze key work force issues and examine how mental health reform has worked or not worked in other states. We already have visited six states – three that have better mental health systems (Massachusetts, Minnesota, and Kansas), and three that have worse systems (Georgia, Michigan, and Nevada).

Issues Affecting the Aging – In 2011, the Baby Boom generation began turning 65, which will lead to the aging population in North Carolina almost doubling by 2030. In continuing our research, we’ll look at shortages in nursing and other health care professions and how our state can increase its capacity to train an adequate number of health care workers. We want to examine policy options for providing long-term care and in-home care. And, we’ll examine the impact of the growing aging population on the state budget.

State Water Policy – North Carolina has the fourth most surface water of any state. But, since 2008, all 100 counties in N.C. have been in a drought at some time. And, South Carolina sued North Carolina in the U.S. Supreme Court on the issue of inter-basin water transfers. The Center’s study of state water policy will assess the capacity of all reservoirs, which provide a third of the state’s drinking water. We also will look at what state and local governments are doing to deal with water supply and demand and how to move from crisis management in times of drought to a long-term state water policy.

Legislative and Lobbyist Rankings – We’ll continue our efforts to enhance government accountability and educate voters by publishing the 18th edition of *Rankings of Effectiveness, Attendance, and Roll Call Voting Participation for Members of the N.C. General Assembly* and the 16th edition of *The Most Influential Lobbyists in the General Assembly*.

Your Ideas

We welcome your suggestions for topics on which the Center’s independent, nonpartisan research could make a difference. Send ideas to **P.O. Box 430, Raleigh, NC 27602**, call us at **(919) 832-2839**, fax to **(919) 832-2847**, or visit our new website at **www.nccppr.org**. Thank you for caring about improving public policy and enhancing the quality of life in North Carolina.

Our Mission

The North Carolina Center for Public Policy Research is an independent, nonpartisan, nonprofit organization dedicated to the goals of a better-informed public and a more effective, accountable, and responsive government. The Center identifies public policy issues facing North Carolina and enriches the dialogue among citizens, the media, and policymakers. Based on our research, the Center makes recommendations for improving the way government serves the people of this state.