



June/July 2011

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## Education Will Benefit from Anticipated Budget Surplus

Public schools and community colleges will be the beneficiaries of most of the General Fund surplus that accumulates at the end of the current fiscal year on June 30, 2011. As of the end of May, the amount of the surplus was \$114.1 million. However, the Legislature has earmarked \$39.4 million of the surplus to carry forward and balance the FY 2012 budget, and \$56.3 million will go to education to satisfy maintenance of efforts agreements that Idaho made to receive federal stimulus dollars. Of that \$56.3 million total, \$50.7 million is estimated to go to public schools and \$5.6 million to community colleges. Any distribution made will occur in mid-July and will be based upon the actual revenues collected as of June 30.

The funding for public schools will first satisfy any negative variance that may accrue mainly due to unfunded student growth or transportation costs that would typically be paid for out of the Public Education Stabilization Fund. The remainder will be sent out to school districts as discretionary funding using year-end support unit calculations.

The College of Western Idaho, College of Southern Idaho, and North Idaho College will receive a pro-rata share of the \$5.6 million based upon their enrollment growth for FY 2011. This is a one-time payment from the state, and there is no deadline as to when the money must be spent by either the school districts or the colleges. A public announcement will be made in mid-July detailing the final revenue collections and distribution amounts for schools in each legislative district.

*Staff Contact: Cathy Holland-Smith*

## JFAC Tour, June 22-24

The Joint Finance-Appropriations Committee held its first interim meeting outside of the Boise area since 2008 when the committee traveled by bus to Nampa, Parma, McCall, and Cascade. Members heard presentations at Columbia High School in Nampa, visited the Parma Research and Extension Center, the McCall Summer Chinook Fish Hatchery, the McCall Outdoor Science School (MOSS), Ponderosa State Park, and the Roseberry Historical Town Site in Long Valley.

JFAC members had a live demonstration of the Idaho Education Network, a review of the Longitudinal Data System for public schools, and a tour of Nunhems USA, one of the world's leading suppliers of vegetable seed. Nunhems recently received a business and jobs development grant from the Department of Commerce.

Representatives from the Idaho Transportation Department joined the tour in Emmett and pointed out planned future improvements to Highway 16 from Emmett to Boise, showcased the new Ten Mile Interchange in Meridian, and updated the committee on improvements to Interstate 84 in the Boise/Meridian corridor.

## Legislative Council Holds Interim Meeting

The Legislative Council met in Boise June 3 to hear updates on the operations of the Legislative Services Office, the Capitol Services Committee, the Commission for Reapportionment, the General Fund, the Office of Performance Evaluations, and the revenue forecasting process. Members were appointed to Legislative Council interim study committees authorized during the 2011 legislative session and to the Health Care Task Force.

The Energy, Environment and Technology Interim Committee has scheduled a two-day meeting on July 12 and 13. Agenda items for this meeting include a report from the Strategic Energy Alliance about updating Idaho's 2007 Energy Plan, a report from the Department of Lands about proposed rules regarding oil and gas drilling, and a presentation by the Public Utilities Commission about ratemaking and how PURPA projects can affect utility rates. The Health Care Task Force will meet in Boise August 22; the meeting agenda will be posted on the Legislature's website when it becomes available.

### Interim Committee Appointments

#### Energy, Environment and Technology Interim Committee - HCR 4

|                               |                                |
|-------------------------------|--------------------------------|
| Sen. Curt McKenzie, Co-chair  | Rep. George Eskridge, Co-chair |
| Sen. Patti Anne Lodge         | Rep. Maxine Bell               |
| Sen. Russell Fulcher          | Rep. Bert Stevenson            |
| Sen. Steve Bair               | Rep. Eric Anderson             |
| Sen. John Tippetts            | Rep. Jeff Thompson             |
| <i>Position left unfilled</i> | Rep. Reed DeMordaunt           |
| Sen. Elliot Werk              | Rep. Wendy Jaquet              |
| Sen. Dan Schmidt (Ad Hoc)     | Rep. Brian Cronin (Ad Hoc)     |

*Staff: Mike Nugent, Toni Hobbs*

#### Natural Resources Interim Committee - HCR 3

|                               |                                 |
|-------------------------------|---------------------------------|
| Sen. Monty Pearce, Co-chair   | Rep. Dell Raybould, Co-chair    |
| Sen. Steve Bair               | Rep. Bert Stevenson             |
| Sen. Jeff Siddoway            | Rep. Scott Bedke                |
| Sen. Lee Heider               | Rep. Mike Moyle                 |
| Sen. Michelle Stennett        | Rep. Donna Pence                |
| Sen. Dean Cameron (Ad Hoc)    | Rep. Ken Andrus (Ad Hoc)        |
| Sen. Bert Brackett (Ad Hoc)   | Rep. John Vander Woude (Ad Hoc) |
| Sen. Russell Fulcher (Ad Hoc) | Rep. Grant Burgoyne (Ad Hoc)    |

*Staff: Katharine Gerrity, Ray Houston, Jackie Gunn*

#### Health Care Task Force

|                             |                             |
|-----------------------------|-----------------------------|
| Sen. Dean Cameron, Co-chair | Rep. Gary Collins, Co-chair |
| Sen. Joe Stegner            | Rep. Sharon Block           |
| Sen. John Goedde            | Rep. Carlos Bilbao          |
| Sen. Patti Anne Lodge       | Rep. Fred Wood              |
| Sen. Tim Corder             | Rep. Janice McGeachin       |
| Sen. John McGee             | Rep. John Rusche            |
| Sen. Dan Schmidt            | Rep. Elaine Smith           |

*Staff: To be determined*

## Redistricting is Underway

After several years of preparation, redistricting is now officially underway. Redistricting is the process of redrawing legislative and congressional district boundaries after the federal census, to provide similar population numbers in each district.

Secretary of State Ben Ysursa formally convened the Commission for Reapportionment on June 7, 2011. The six-citizen panel of commissioners is composed of three Republican and three Democrat appointees: Lou Esposito, Lorna Finman, Evan Frasure, Julie Kane, George Moses, and Allen Andersen.

After the commissioners were sworn in on June 7 in the Capitol Auditorium, nonpartisan Legislative Services Office staff Keith Bybee and Kristin Ford provided them with an orientation consisting of redistricting perspectives from Dr. Gary Moncrief, a Boise State University professor and national expert on the topic, as well as advice from former redistricting commissioners and the Office of the Attorney General. The commission then got down to work, electing Co-chairs Frasure and Andersen, establishing policies and procedures, and learning the map-drawing software "Maptitude."

The commissioners held public hearings in Boise and Caldwell on the evenings of June 7 and 8. They heard the opinions and desires of local citizens about where legislative and congressional district boundary lines should be drawn. The commissioners have also held public hearings in Rexburg, Idaho Falls, Pocatello, Soda Springs, Sandpoint, Coeur d'Alene, Moscow, Lewiston, Burley, Twin Falls, and Hailey, and will be holding a hearing in Meridian on July 13. Public turnout has been good, and commissioners are gratified by the number of citizens who have taken the time and effort to draw their own maps and submit them to the commission for consideration.

More than 425 people have registered to draw maps on Maptitude, and 38 plans have been formally submitted to the commission. You can too! The commissioners would like to encourage everyone to try their hand at drawing maps of legislative and congressional districts to balance out the population. Each legislative district should consist of about 45,000 people, and right now Idaho's legislative districts, which were created ten years ago, vary from 34,000 to nearly 77,000, thanks to population growth and shifts. The 1<sup>st</sup> Congressional District has nearly 12,000 more people than the 2<sup>nd</sup> Congressional District, so those districts also need to be divided equally.

Please visit [www.redistricting.idaho.gov](http://www.redistricting.idaho.gov) to read more about the legal requirements for redistricting, as well as to draw maps and to view maps submitted by others. The commissioners must complete their work no later than September 4, so don't delay in submitting *your* suggestions or proposed maps.

*Staff Contact: Kristin Ford*

**The Commission for Reapportionment has until September 4 to complete the once-in-a-decade task of redrawing legislative and congressional district boundaries. Follow the work of the commissioners on their website: [www.redistricting.idaho.gov](http://www.redistricting.idaho.gov).**

## Legislative Audits Releases 22 Reports

Since last reported in the November 2010 issue of *Legislative Perspective*, the Legislative Audit Division has issued 14 management reports for the following agencies: Department of Labor, Department of Lands, Commission on the Arts, Department of Health and Welfare, Commission on Hispanic Affairs, Office of the Lieutenant Governor, Department of Administration, Office of the Superintendent of Public Instruction, Professional Engineers and Professional Land Surveyors, Department of Environmental Quality, Board of Accountancy, Liquor Division, Department of Insurance, and the Department of Water Resources.

The **Commission on the Arts** report includes four findings and recommendations:

- ▶ Entertainment and related costs of \$5,100 are not allowable under federal regulations or Idaho Code. The report recommends that the commission comply with federal regulations and Idaho Code when incurring costs, to ensure amounts are allowable and necessary in the public service.
- ▶ Federal funds are requested based on unsupported estimates. The report recommends that the commission document and retain support for the estimates used to request federal funds and that the commission use the formula provided by the federal grantor to request National Endowment for the Arts grant funds.
- ▶ No process exists to ensure that federal funds received in advance are for costs incurred within 30 days, as required. The report recommends that the commission comply with federal regulations over federal funds requested and consider requesting a borrowing limit from the Division of Financial Management to eliminate the need to request funds in advance.
- ▶ The large number of errors and adjustment transactions indicates the need for improved oversight and review. The report recommends that the commission evaluate the entry and review process for recording transactions, and provide additional training to reduce the volume of errors and adjustment transactions.

The **Department of Health and Welfare** report had two findings and recommendations:

- ▶ Child Care Grant costs are not charged to the appropriate funding source or clearly identified as required by federal regulations. The report recommends that the department charge Child Care Development Block Grant costs to the appropriate funding source and clearly identify vendors that received ARRA "stimulus" funds, in accordance with federal regulations.
- ▶ Contracts with the public health districts are not monitored. The report recommends that the department properly monitor contracts with the public health districts to ensure reimbursed costs are allowable to federal grants and comply with the terms of the contract.

The Audit Division also issued eight opinion audit reports for Idaho Public Television, Idaho State Independent Living Council, DEQ Clean Water State Revolving Fund, DEQ Drinking Water State Revolving Fund, and Public Health Districts 2, 4, 5 and 6.

**Idaho Public Television** report had one finding and recommendation:

- ▶ Internal control weaknesses exist in the process of preparing financial statement notes. The report recommends that Idaho Public Television make every effort to research and implement new accounting standards, as required.

The **Idaho State Independent Living Council** report had three findings and recommendations:

- ▶ Internal control weaknesses exist in the process for preparing the financial statements. The report recommends that the council review and strengthen the internal controls over the preparation of financial statements to ensure the accuracy and integrity of the information presented.
- ▶ Requests for federal funds were not based on actual program costs, as required by federal regulations. The report recommends that the council request federal funds in accordance with federal regulations and base these requests on disbursements for program costs.

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## OPE Update

The Office of Performance Evaluations is currently in the process of conducting five evaluations, which were assigned by the Joint Legislative Oversight Committee at its March meeting. The evaluations have tentative release dates of November 2011 and January 2012.

### Higher Education Funding Equity

After first surfacing as a concern in the early 1990s, questions about whether Idaho's four-year higher education institutions receive equitable levels of state-appropriated funds surfaced again in 2001 and again during this year's legislative session. In response, OPE will explore equity within Idaho's approach to higher education funding. The study will focus on identifying the factors that influence how the state funds higher education, discuss the extent to which this approach results in an equitable allocation and, if inequity exists, offer recommendations to more equitably allocate state-appropriated funds.

### Renal Disease Program

Idaho's renal disease program was created in 1970 to assist those suffering from chronic kidney failure with the cost of lifesaving medical services. Three years after the implementation of Idaho's program, Medicare also began covering treatment for kidney failure. Recipients of Medicaid are not eligible for the program, and Idaho Code prohibits the program from providing assistance for medical expenses covered by Medicare. The study will assess Idaho's need for state funded renal care and describe the program's eligibility process. OPE intends to identify any duplication of covered medical expenses and what safeguards are in place to prevent duplication. It will also discuss options for the most effective agency to house this program.

### Idaho State Lottery

The State Lottery is a self-governing agency with oversight from a five-member commission. The lottery was established in 1988 through a citizen initiative, and since its inception has distributed over \$500 million to Idaho's public schools and the Permanent Building Fund. The study will look at areas for operational improvements and ways to increase the dividend paid to the state. It will also evaluate the structure for charitable gaming activities associated with not-for-profit organizations.

### Barriers to Postsecondary Education

Given Idaho's relatively low rate of postsecondary education, OPE will study factors that affect high school graduates when making decisions about whether to pursue training or education beyond high school. OPE will evaluate the role of the state and other organizations in encouraging additional education and weigh the alignment of Idaho educational goals with employment projections.

### Creating an Efficiency Commission in Idaho

Recent challenges in balancing the state budget have affected agency services provided to citizens. The creation of an efficiency commission could help the state examine and recommend changes to improve Idaho's fiscal outlook. OPE will look at what can be learned from other states and Idaho's own special topic commissions. The study will identify any best practices and the benefits or potential outcomes of an efficiency commission. It will also explore what other options exist for accomplishing the intent of an efficiency commission.

**The Office of Performance Evaluations is located at 954 W. Jefferson St., 10<sup>th</sup> St. entrance, 2<sup>nd</sup> floor. The office number is 332-1470. Reports published by OPE are available online at [www.idaho.gov/ope](http://www.idaho.gov/ope).**

*Staff Contact: Rakesh Mohan*

## Jeannine Wood to Retire

Secretary of the Senate Jeannine Wood has announced her intention to retire in August, following a lengthy career of service to the Legislature. President Pro Tem Brent Hill said, “Jeannine has served the Idaho State Legislature for over 30 years. We have come to rely on her in innumerable ways. We will greatly miss her help and service, but even more, we will miss our daily association with her during the legislative session. We wish her the very best.”

Jeannine began her service in 1976, working for the Legislative Council. She went on to serve as secretary to the Senate Transportation Committee, then worked in various positions for the Senate and as staff to interim committees for the Legislative Council. During her career, Jeannine served as Senate majority pool secretary, journal clerk, assistant to the secretary of the Senate and, since 1991, as secretary of the Senate.

## Legislative Services Staff Update

### *Budget and Policy Analysis*

**Amy Johnson**, principal budget and policy analyst, will be leaving the Legislative Services Office on July 15 to accept a position as assistant director of government relations and policy manager in the office of the president of Boise State University. **Robyn Lockett** will be leaving her position as LSO’s Capitol services coordinator to begin a new career path as a budget and policy analyst, filling the vacancy created by Amy’s departure. Robyn will assume the transportation and general government assignment at the end of July. She has a bachelor’s degree in journalism from Gonzaga University. As the relocation specialist for LSO from 2006 through 2010, Robyn was an integral part of the historic and successful move out of the Capitol to the Capitol Annex, and then back in to the Capitol. She also co-managed the \$5 million budget to procure furniture and equipment for the restored Capitol. As Capitol services coordinator for the past year and a half, Robyn has overseen the tour program, the gift shop, the information center, rotunda exhibits, and the Capitol dining room.

### *Information Technology*

**Adam Martineau**, who had provided core networking support for over five years, resigned in May to accept a position with CompuNet, Inc. **Jeremy Larsen** will be joining the staff in mid-July to fill this vacancy. He and his wife will be relocating from Albany, Oregon, where Jeremy has been providing network support for the Central Willamette Community Credit Union. He has a bachelor’s degree in computer science from Western Oregon University.

### *Legislative Audits*

Managing Auditor **Gene Sparks**, a 27-year employee, retired in April. Two new auditors will join the staff in July: **Greg Stalling** graduated from the College of Idaho with a bachelor’s degree in business, accounting concentration. He went on to Northwest Nazarene University to earn a master’s degree in business administration. Greg successfully passed the CPA exam in April. **Karina Myles** graduated from Boise State University with a bachelor’s of business administration degree in accounting. Karina is in the process of obtaining her CPA license.

### *Research and Legislation*

**Paige Alan Parker** retired in June from his position as principal legislative analyst after six years with LSO’s Research and Legislation Division. **Ryan Bush** has been selected to fill this vacancy. Ryan is a graduate of the University of Michigan Law School and has worked as an attorney in a private law firm in Dallas, Texas, as well as being a lead researcher for the University of Michigan Law School. He is a member of the bar in Texas and Idaho.

## Capitol Tours

Since reopening a year and a half ago, the Idaho State Capitol continues to welcome a record number of visitors. More than 26,000 guests have taken guided tours since January 2010. Visitors state they are most impressed by the magnificent, yet warm, feel of the Statehouse. They comment on all of the natural light that streams into the marble rotunda and into the new underground wings. Guests are also grateful, and often surprised, that they are able to go inside so many areas within the building, particularly the Legislative Chambers and the Governor's Ceremonial Office.

The Capitol Tour Program is seeking volunteers to guide Capitol tours. Tours are offered year-round, Monday – Friday. Potential guides are provided a tour script and will also “shadow” existing guides to learn information about the building and the route visitors are taken on their tours. Being a volunteer guide is a wonderful opportunity to be an ambassador for our great state of Idaho. Please e-mail [capitol tours@lso.idaho.gov](mailto:capitol tours@lso.idaho.gov) if you're interested in volunteering.

*Staff Contact: Robyn Lockett*

## Shop Idaho!

The Idaho State Capitol Gift Shop is now online:

<https://www.accessidaho.org/ai/payport/online/lso/index.html>

Browse more than 130 specialty items from the comfort of your computer!

Idaho-themed items include Spuddy Buddy plush toys, t-shirts, books and board games, as well as mugs and golf balls emblazoned with the state seal. Be sure to browse each category.

The shop accepts Visa, MasterCard, Discover, and American Express. Shipping costs are included in the sales price, making check-out easy. Happy Shopping!

*For more information contact:*

Idaho State Capitol Gift Shop  
Garden Level Rotunda  
700 W. Jefferson St.  
Boise, ID 83720  
208-332-1013

[capitolgiftshop@lso.idaho.gov](mailto:capitolgiftshop@lso.idaho.gov)

## Legislative Perspective

*An Internet Newsletter —*

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## Legislative Audit Report

*— Continued from page 4*

- ▶ Federal expenditure reports for the Violence Against Women Grant do not agree with the accounting records. The report recommends that the council reconcile federal expenditure reports with the accounting records and consider establishing a review process by other staff to ensure amounts are accurate and supported.

The **DEQ Clean Water State Revolving Fund** report had one finding and recommendation:

- ▶ Material errors in the financial statements were not detected by current internal control procedures. The report recommends that the department review and strengthen the internal controls and processes for preparing financial statements and notes to reduce the risk of errors and omissions.

The federally required statewide reports for fiscal year 2010 have been completed. The Comprehensive Annual Financial Report (CAFR) was issued on December 3, 2010, the Internal Control Report was issued on January 31, 2011, and the Single Audit Report was issued on March 30, 2011. The Audit Division is in the process of completing the follow-up reports for the six findings included in the Internal Control Report and the 17 findings in the Single Audit Report.

*Staff Contact: Don Berg*