

Minutes of the Joint Legislative Oversight Committee  
March 22, 2010  
West Atrium Wing Room WW17, Capitol Building  
Boise, Idaho

Co-chair Elliot Werk called the meeting to order at 1:35 p.m. Attending the meeting were Senator John McGee, and Representatives Cliff Bayer, Maxine Bell, Donna Boe, and Shirley Ringo. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff. Senators Jim Hammond and Edgar Malepeai joined the meeting within 15 minutes of starting.

Senator Werk welcomed the audience and acknowledged the following attendees:  
Senators Joe Stegner, Patti Anne Lodge, Tim Corder, Charles Coiner, and Bert Brackett  
Representatives Darrell Bolz and Wendy Jaquet  
Director Brent Reinke, Department of Correction  
Director Kim Toryanski, Commission on Aging

**APPROVAL OF MINUTES**

**Senator McGee moved to approve the minutes of the February 24, 2010, meeting. Representative Ringo seconded the motion, and the motion unanimously passed by voice vote of the five members present.**

**SECOND FOLLOW-UP REPORT RELEASE: *USE OF AVERAGE DAILY ATTENDANCE IN PUBLIC EDUCATION FUNDING***

**Representative Boe moved to receive the report *Use of Average Daily Attendance in Public Education Funding*. Representative Bayer seconded the motion, and the motion unanimously passed by voice vote of the five members present.**

Maureen Shea, senior performance evaluator, summarized the findings, recommendations, and implementation status of the report. She said the department's new data system should address outstanding recommendations of student attendance reporting and collection, and the methods by which districts and charters receive funding.

**Senator McGee moved to close the report. Senator Malepeai seconded the motion, and it unanimously passed by voice vote of the six members present.**

**SELECTION OF NEW EVALUATION TOPICS FOR OPE ASSIGNMENT IN THE COMING YEAR**

Mr. Mohan said JLOC had received ten requests for evaluation. He said the office could take on four projects, as long as they were a mix of small and medium scopes. He said his reason for asking for more projects this year was threefold: (1) the state of the economy had presented many issues for the Legislature and he wanted to conduct more studies with immediate fiscal, policy, or programmatic impact, (2) he wanted to be responsive to the needs of more legislators,

and (3) he wanted to provide leadership opportunities to more OPE staff. Mr. Mohan introduced Lance McCleve who was working as an intern at OPE and had authored several briefings on topics for request.

Mr. Mohan briefly discussed each request. Senator Elliot Werk called on legislators who submitted requests and were attending the meeting to present their topic to the committee.

1. *Review of Sentencing Laws and Comparison with Other States*. Senator Joe Stegner presented the request.
2. *Sales Tax Exemptions—Best Practices for Reviewing Exemptions*. Senator Tim Corder and Representative Wendy Jaquet presented the request.
3. *Structure of Area Agencies on Aging and Delivery of Services by the Elder Opportunity Agency*. Representative Darrell Bolz presented the request.
4. *Comparison of Idaho's EMS System with Other States and Review of Best Practices*. Senator Patti Ann Lodge presented the request.
5. *Operation and Management of the Idaho State Liquor Dispensary*. Representative Bell presented her request, and Senator Werk indicated the director was supportive of an evaluation.
6. *Streamlining Paperwork Load of School District Administration Costs*<sup>1</sup>
7. *Cost-Benefit Analysis of Charter, Magnet, and Traditional Public Schools*<sup>1</sup>
8. *Alternative Sentencing Programs in Partnership with Washington Legislative Institute for Public Policy*. Representative Bell addressed the request and said she would be the legislator to place the request before JLOC. Director Brent Reinke also addressed the request.
9. *Evaluating and Clarifying Administrative Rule Procedure*. Instead of asking Senator Bert Brackett to present the request, Senator Werk asked for a motion for requests 8, 9, and 10, which were not evaluative in nature, to be assigned to OPE as special projects.
10. *Victims Compensation Fund*<sup>1</sup>

In addition to the ten requests provided in committee notebooks, two written requests came in during the meeting from Senator Gary Schroeder:

11. *Involvement of Elected Officials in the Funding of Public Buildings*<sup>1</sup>
12. *Responsibilities and Funding of the Department of Parks and Recreation*<sup>1</sup>

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<sup>1</sup> The requestor for the study was not in attendance at the meeting, so no additional presentations were made.

**Representative Bayer moved for OPE to work on requests 8, 9, and 10, and acknowledged that these requests were small projects and not program evaluations. Senator McGee seconded the motion, and it passed unanimously by voice vote.**

**Senator John McGee moved for OPE to conduct evaluations of requests 3, 4, and 5. Senator Hammond seconded the motion.**

Senator McGee said the motion to conduct an evaluation of request 3 should also include transportation services. He said that request 4 had been in front of the Senate Health and Welfare Committee for five years. He indicated that request 5 was selected because Representative Bell had made a compelling case for it.

Senator Hammond said that an evaluation of request 4 would provide needed objectivity and a different point of view. He said that request 5 may help the Legislature know whether the state was providing a service that could be provided privately.

Representative Ringo asked whether OPE could take on an additional small project like request 2. Mr. Mohan said the office could easily handle three medium projects and could take on a small project as long as JLOC assigned a priority order and did not require all four to be completed by the 2011 session.

**Representative Ringo made a substitute motion to conduct an evaluation of requests 3, 4, and 5, and should OPE have time for a small project, request 2. Senator Malepeai seconded the motion.**

Representative Boe said that she would like to vote on each request separately.

**Representative Ringo withdrew her substitute motion with the concurrence of Senator Malepeai.**

**Representative Boe made a substitute motion to vote on requests 1–7 separately for the selection of three medium requests and one small request. Senator Malepeai seconded the substitute motion.**

The committee discussed the substitute motion, with some members indicating that the selection process would be flawed, giving distinct advantage to requests at the top of the list.

**Representative Ringo made an amended substitute motion to conduct an evaluation of requests 3, 4, and 7, and should OPE have time for a small project, request 2. Not receiving a second, Representative Ringo's amended substitute motion failed.**

**The committee voted on Representative Boe's substitute motion, and it failed by voice vote.**

**The committee voted on Senator McGee's original motion of requests 3, 4, and 5, which included expanding request 3 to include transportation services. The motion passed by roll call vote with five members voting yes and three members voting no.**

In response to a question from Senator Malepeai, Mr. Mohan said the office could take a small project with the understanding that it may not be completed and released before January 2011.

**Senator Malepeai moved to conduct an evaluation of request 2 as a lower priority project to complete when OPE had time. Representative Ringo seconded the motion.**

Senator Malepeai said OPE had established a history of lending credibility to issues, and a study on sales tax exemptions could provide the Legislature with information for serious discussion.

Representative Bayer said he did not support the motion and provided reasons why. The motion to study Area Agencies on Aging expanded the project to include transportation services, which had increased OPE's workload to more than three medium studies. He expressed concerns about how JLOC should proceed in light of OPE's statutory charge, quoting section 67-458(2) of Idaho Code that performance audits or evaluations shall mean an examination of the programs of state agencies. He said a review of sales tax exemptions seemed like a study of pure policy.

**The motion to conduct an evaluation of request 2 as a lower priority project failed by a roll call vote with four members voting yes and four members voting no.**

#### **FOLLOW-UP STATUS OF OPEN REPORTS**

Mr. Mohan reviewed the schedule for follow-up reports. He said an executive order had incorporated all recommendations in the *Idaho Transportation Department Performance Audit*, and ITD staff were working on them. A follow-up study would begin in fall 2010 or after the 2011 session. He explained two reasons for waiting until the fall: (1) the department had a new director, and (2) the Governor's Taskforce was still working on issues relating to the report. Mr. Mohan said that he had a recent conversation with ITD Board Chair Manning about a follow-up report and agreed that waiting until fall would be better timing. He said they agreed to meet during the summer to work out follow-up details. The second follow-up study on *Governance of Information Technology and Public Safety Communications* was currently underway and JLOC acceptance of the report would possibly be conducted by e-mail.

Mr. Mohan said the next meeting of JLOC would occur with the release of one of the new studies, possibly in the first week of December.

*The meeting adjourned at 3:00 pm.*

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## Idaho State Senate

**SENATOR JOE STEGNER**  
ASSISTANT MAJORITY LEADER

March 10, 2010

Senator John McGee  
Committee Member  
Office of Performance Evaluation  
P.O. Box 83720  
Boise, ID 83720-0055

Re: JLOC Topic Suggestions

Dear Senator McGee,

Following the recent JLOC report dealing with the lost cost opportunities resulting from the delayed parole of correction inmates, please consider asking your committee for a comparative report dealing with Idaho's sentencing laws for criminal justice. The report should examine, at a minimum, Idaho's sentencing laws in comparison to other states and national standards.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Joe Stegner".

Joe Stegner  
Assistant Majority Leader  
Idaho Senate



## House of Representatives State of Idaho

March 16<sup>th</sup>, 2010

Dear Honorable Members of the Joint Legislative Oversight Committee,

It has come to our attention that many other states are reviewing their sales tax exemptions and eliminating certain exemptions in the short term in order to address and balance their state budgets.

Two bills have been proposed this legislative season that address the review of sales tax exemptions. Senator Winder's bill, S 1381, would allow the legislature "to review and discuss in a manner, established by Senate and House leadership, the sales tax exemptions currently in Idaho Code and to provide for a five year sunset of any new exemptions enacted after July 1, 2010." A second bill, H 396, would create the Idaho Tax Review Commission and add that the commission "shall review exemptions to the sales and use tax" in an eight year cycle. Reviewing sales tax exemptions would help to address Idaho's budget, but more importantly the review would determine the fiscal impact of each exemption, evaluate it in accordance with the criteria contained in the Final Report of the 2007 Interim Committee on Tax Exemptions, and report its findings and recommendations to the Legislature and the Governor.

We would like to request that the Office of Performance Evaluation conduct a study of sales tax exemptions. The requested study would address how an Idaho approach to review sales tax exemptions could be conducted as well as how other states review sales tax exemptions, how Idaho has reviewed exemptions in the past, the outcomes of prior reviews, the history/ chronology of Idaho's current sales tax exemptions, how Idaho's sales tax policies compare to neighboring states, whether best practices exist for effective review of tax exemptions, and what data the Idaho Tax Commission tracks regarding sales tax exemptions.

Sincerely,

Handwritten signature of Senator Corder in blue ink.

Senator Corder

Handwritten signature of Representative Wendy Jaquet in blue ink.

Representative Wendy Jaquet

Handwritten signature of Senator Winder in blue ink.

Senator Winder

Handwritten signature of Representative Burgoyne in blue ink.

Representative Burgoyne

# Brief History of Tax Exemption Reviews in Idaho

Prepared by  
Office of Performance Evaluations  
Idaho Legislature

## 2007 Interim Committee on Tax Exemptions

### Membership

- 14 member committee, 7 Senators and 7 Representatives

### Charge

- SCR 119 authorized the committee to study the state's tax exemptions, deductions, and credits
- Make recommendations for a strategy to limit, in statute, the state's tax exemptions, deductions, and credits more specifically so as to meet their original intended use

### Recommendations

1. The committee adopted principals for evaluation of state tax exemptions, deductions, and credits for the legislature's germane committees to follow:
  - Equity and fairness
  - Certainty
  - Convenience of payment
  - Economy in administration
  - Simplicity
  - Benefit objectives
  - Transparency and visibility
  - Appropriate government revenues

The committee also reviewed the possibility of rating each of the principles by a point system – this document (Tax Principles Evaluation) can be found on the Legislature's website:  
<http://legislature.idaho.gov/sessioninfo/2007/interim/interimcommittees.htm#tax>

2. The committee agreed upon those exemptions, deductions, and credits that should be subject to review by the 2008 Legislature's germane committees and organized them into a prioritized list that included two tiers within each of the following types:
  - Uses of Income Not Taxed and Sources of Income Not Taxed
  - Sales Tax Expenditures Specific Uses Not Taxed
  - Sales Tax Expenditures Goods Not Taxed and Services Not Taxed
  - Sales Tax Expenditures Specific Entities Not Taxed

**Senator Corder mentioned draft legislation calling for OPE to review exemptions, deductions, and credits but it did not pass. Senator Corder asked if OPE could conduct this type of evaluation.**

## **2005 Property Tax Interim Committee**

### **Charge**

- The property tax committee was created to complete a study of the state's property tax structure in all of its aspects, with the goal of the committee's recommendations being to develop a strategy to implement a property tax structure over the succeeding years that is balanced in its application and effect, that encourages economic development, that meets the revenue needs of local units of government, encourages and assists economic development and answers the concern over rising property values and property taxes.
- To fully understand property taxes in Idaho a comprehensive and global look at the overall tax structure was provided in supplemental documents to the committee (currently available on-line on the Legislature's website). One document covers the whole tax system (as of FY2004) in a PowerPoint presentation including information of how Idaho compares to other states in all taxes. The document, *Idaho Property Taxes and the Idaho Tax Structure*, was created by Dan John at the State Tax Commission can be found at <http://legislature.idaho.gov/sessioninfo/2005/interim/proptaxstructure.pdf>

## **2003 Sales Tax Task Force**

### **Membership**

- 8 member committee, 4 Senators and 4 Representatives

### **Charge**

- To examine Idaho's sales and use tax structure in light of the evolution of the state's economy from a products-based economy to a service-side economy, and to recommend changes to make Idaho sales tax structure more relevant to that evolution in today's global economy.

### **Recommendations**

- None
- "We submit this report without recommendation because the task force was divided in its opinion."

## **1993 Legislative Council, Interim Committee on Taxation Matters, Subcommittee on Sales Tax**

### **Membership**

- 12 member committee, 6 Senators and 6 Representatives
- HCR 28 only asked for 8 members, but Legislative Council increased it to 12

### **Charge**

- HCR 28 by House Revenue and Taxation (passed) authorized and directed the Legislative Council to undertake and complete a study on taxation matters.

## **Recommendations**

1. Lower the sales tax. It is producing more revenue than anticipated and need to “keep faith” with the people
2. Amend Idaho Code by removing certain exceptions regardless of action on other recommendations
3. Repeal specific exemption – INL
4. Repeal specific exemption – pollution control
5. Require some services be taxed as sales including dry cleaning, bookkeeping, automobile repairs, etc.
6. If recommendation #5 is enacted then the overall sales tax should be examined and reduced
7. Recodify the main sales tax exemption statute so all exemptions are found in the same place
8. An additional study on shifting from retail tax to a gross receipts tax
9. Additional study on having taxes paid up front and then refunded for exemptions

## **1993 Governor’s Tax Policy Package (Appendix D)**

- Broaden the tax base for tax revenues to include sales tax on services and repeal specific exemptions.
- According to the report: “Sales tax base broadening will reverse several decades of sales tax base erosion. While over the past 30 years we have shifted from a predominately goods consuming to a predominantly service consuming economy, the *Idaho Code* has been stuffed with exemption upon exemption upon exemption – to the point where the list is well on its second trip through the alphabet.”

## **1988 Legislative Council, Interim Committee on Taxation Matters, Subcommittee on Sales Tax**

### **Membership**

- 10 member committee, 5 Senators and 5 Representatives (2 alternates per chamber)
- Subcommittee on Sales Tax had 7 members

### **Charge**

- SCR 144 (passed) authorized and directed the Legislative Council to undertake and complete a study on taxation matters.

### **Recommendations**

1. Conduct an in-depth study on the issue of taxing catalog sales
2. Repeal a specific exemption (related to Boy Scouts)
3. Clarify the definition of nonprofit corporations to be redefined in order to eliminate confusion about which groups or businesses are exempt from paying sales tax.
4. A method for identification of persons entitled to the production exemption from sales tax should be pursued.

## **1986 Legislative Council**

### **Membership**

- Unknown

### **Charge**

- To undertake and complete a study of the “proper division of responsibility between state and local governments for raising revenues”

### **Recommendations**

- Recommended and (said to be issued) a bill on local option tax which would authorize county’s and/or cities to levy and impose local sales tax (or local income tax) *but* with a requirement that such taxes be used for a specific project.

# States Recent Use of Modifying Sales Tax Exemptions To Generate Additional State Revenue

Prepared by  
Office of Performance Evaluations  
Idaho Legislature

## 1. FY2010 & FY2011 Actions and Proposals to Balance State Budgets

Source: National Conference of State Legislatures  
<http://www.ncsl.org/default.aspx?tabid=17253>  
<http://www.ncsl.org/?tabid=19654>

State	Fiscal Year	Proposal	Estimated Savings	Status
Colorado	2010	Eliminate cigarette sales tax exemption for 2 years	\$31 million in 1 <sup>st</sup> year	Enacted
Colorado	2011	Eliminate candy and soda sales tax exemption	\$17.9 million	Proposed
Colorado	2011	2 year suspension of sales tax exemption on energy used in manufacturing	\$48 million	Proposed
Colorado	2011	3 year suspension of sales tax exemption on to-go containers and condiments used in restaurants	\$2.1 million	Proposed
Colorado	2011	3 year suspension of sales tax exemption on printed materials used in direct-mail advertising	\$1.5 million	Proposed
Colorado	2011	3 year suspension of sales tax exemption on variety of compounds used in agriculture	\$1.5 million	Proposed
Florida	2010	Eliminate several sales tax exemptions	\$79.5 billion per year	Legislation failed
Florida	2010	Eliminate sales tax exemption on bottled water	Not provided	Legislation failed
Kansas	2010	Reduce statute of limitations from 3 years to 1 year for sales/use tax refunds	\$13.7 million	Enacted
Kansas	2011	Close exemptions on 5.3% sales tax	Not provided	Proposed
Kentucky	2010	Eliminate sales tax exemption on alcohol sales (now taxed at 6%)	\$51.9 million in 1 <sup>st</sup> year	Enacted

Massachusetts	2010	Extend sales tax to retail alcohol sales	\$78.8 million	Enacted
New Mexico	2011	Remove sales tax exemption on soft drinks	Not provided	Proposed
New Mexico	2011	Tighten sales tax exemptions on foods to include only staple foods	Not provided	Proposed
New York	2010	Eliminate sales tax exemption on clothing sales under \$110	Not provided	Legislation failed
North Carolina	2010	Repeal sales tax exemption on mailed magazines	\$3.4 million in 1 <sup>st</sup> year	Enacted
Pennsylvania	2010	Governor stated that only sales tax exemptions that should remain are those for food, clothes, and pharmaceuticals	Not applicable	
Tennessee	2010	Eliminate sales tax exemption on in-house software used by companies	\$1.5 million in 1 <sup>st</sup> year	Enacted
Virginia	2011	End retailer reimbursements for sales tax	Not provided	Proposed
Washington	2010	Modify business exemption certifications	\$29 million in 1 <sup>st</sup> year	Enacted
Washington	2011	Eliminate a sales tax exemption for some out-of-state residents who buy products in Washington	\$521 million	Proposed

## 2. Washington State Tax Preference Commission and JLARC Reviews<sup>1</sup>

Source: <http://www.citizen taxpref.wa.gov/>

- The seven-member Commission is made up of five appointees (two appointed by the House, two appointed by the Senate, and one appointed by the Governor) and two non-voting members: the State Auditor and the Chair of the Joint Legislative Audit and Review Committee (JLARC).
- Primary role of the Commission is to develop a schedule to review all tax preferences at least once every 10 years
- Tax preference reviews are conducted by JLARC according to a schedule established by the Commission. For each tax preference, JLARC will evaluate whether the public policy objective is being met and provide recommendations to continue, modify, schedule for future review, or terminate the preference. JLARC may also recommend accountability standards for future reviews of tax preferences.

<sup>1</sup> JLARC, the Joint Legislative Audit and Review Committee, is OPE counterpart in Washington.

- JLARC must report its findings and recommendations and the Commission reviews and comments on the JLARC report. The final JLARC reports are submitted to the House Finance and Senate Ways & Means Committees for joint public hearings.
- Examples of JLARC findings and recommendations from 2009 Review of Tax Preferences:
  - Casual sales exemption forfeits \$25.6 million in sales tax
    - JLARC recommended that the exemption continue in order to avoid an administrative burden
  - Janitorial services exemption forfeits about \$33 million in sales tax
    - JLARC recommended that the exemption continue but the commission disagreed and recommended elimination of the exemption
  - Feed and seed exemption forfeits about \$57 million in sales tax
    - JLARC recommended that the exemption continue due to the negative impact eliminating this exemption would have on farmers and their workers

### 3. Kansas Hesitant to Give Up On Tax Breaks

Source: [http://www.forbes.com/feeds/ap/2010/02/22/business-financial-impact-us-kansas-tax-debate-analysis\\_7375111.html](http://www.forbes.com/feeds/ap/2010/02/22/business-financial-impact-us-kansas-tax-debate-analysis_7375111.html)

- House Taxation Committee rejected legislative rule that would have prevented passage of new tax exemptions for 3 years
- Many Democrats view exemptions as costs to state while most Republicans view tax breaks as an integral part of economic development and are skeptical about estimated revenue losses as they say estimates can be misleading because they rarely include figures on job creation, etc.
- Recent audits suggest revenue losses of \$669 million due to tax credits with sales tax exemptions worth \$4.2 billion per year

### 4. Other Sources

Stateline: [http://www.stateline.org/live/static/Legislative\\_Year\\_in\\_Review\\_2009](http://www.stateline.org/live/static/Legislative_Year_in_Review_2009)

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## House of Representatives State of Idaho

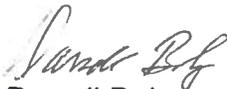
March 17, 2010

Joint Legislative Oversight Committee  
Attention: Rakesh Mohan

Dear Committee Members:

In response to your request for evaluation issues, I would like to submit a request for a study of senior services and structure of the Area Agencies on Aging (AAA) and delivery of services by EOA (Elder Opportunity Agency, Inc.).

Sincerely,

  
Darrell Bolz  
Representative

db/scf

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(Session only)



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## Idaho State Senate

### SENATOR PATTI ANNE LODGE

Chairmen Bayer and Werk  
Office of Performance Evaluations  
Boise, Idaho 83720  
March 18, 2010

Dear Chairmen Bayer and Werk,

An EMS Task Force has been working on legislation for over 4 ½ years. This year legislation was brought by members of that task force. Many hours of discussions found issues that could not be resolved by the many groups interested in the legislation.

Therefore, we are asking OPE for a study of the EMS system in Idaho. We are also asking that the 4 ½ years of work by the task force have an outside evaluation of the legislation that task force brought forward. Their major stumbling block is the governance of the EMS System.

We are also concerned that any system Idaho might adopt include clinical coordination, equality and availability of services as well as efficiency to get the best service for the tax and rate payers.

Other answers we seek include:

1. What are the successes and failures of EMS Systems in other states.
2. How are other EMS Systems funded.
3. What is the Status of EMS services in Idaho.
4. How can we transform what is available in Idaho into a functioning EMS system where patient care is the top priority.
5. What are the best ways to assure training and support for both professional and volunteer EMS providers .

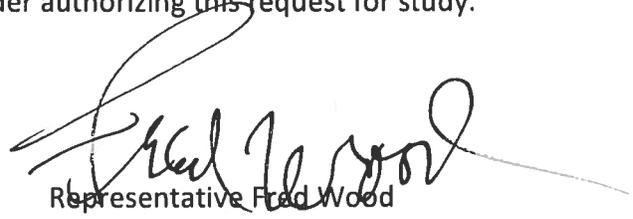
We have included a copy of SB 1391 and two amendments which could not be agreed upon by the committee. Also, included is a draft of a proposed EMS Study Scope provided by Dia Gainor of the Idaho Emergency Medical Services Bureau.

We believe that this issue is a good one for the Office of Performance Evaluation to study and request that the Joint Legislative Oversight Committee consider authorizing this request for study.

Sincerely,



Senator Patti Anne Lodge



Representative Fred Wood

Senator Charles Coiner

Representative John Rusche

## Memorandum

To: Joint Legislative Oversight Committee

From: Representative Maxine Bell

Date: March 22, 2010

Subject: Request for an Evaluation of the Operations and Management of the Idaho State Liquor Dispensary

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In an effort to evaluate whether the Idaho State Liquor Dispensary is organized and manages its operations to maximize revenues to the state, a performance evaluation by the Office of Performance Evaluation of the Idaho State Liquor Dispensary (the Dispensary) organization and management structure is requested.

### **Background**

Following the repeal of Prohibition, the Idaho State Liquor Dispensary was created by state statute in 1936. The Dispensary was charged with exercising its powers to curtail the intemperate use of alcoholic beverages. By state law it is forbidden to attempt to stimulate the normal demands of temperate consumers of alcohol, irrespective of the effect on the revenue derived by the state from the resale of intoxicating liquor.

Idaho is one of 18 states that control the sale of distilled spirits. The sale of alcoholic beverages is controlled in Idaho through the operation of the State Liquor Dispensary. The Dispensary has several core functions including the regulation of liquor traffic and the operation of liquor stores. Part of the Dispensary's mission calls for the education of Idahoans to help prevent the sale of alcohol to minors as well as prevent the excessive consumption of alcohol. Revenues from Dispensary operations are distributed to Idaho's cities, counties, and state-funded programs.

The Dispensary is a division of the Office of the Governor. Its central office and warehouse are located in Boise and it currently operates 164 retail outlets throughout the state—65 state liquor stores staffed and operated by Dispensary employees and 99 contract agencies.

In fiscal year 2009, the Liquor Dispensary reported the actual expenditures of \$15.4 million and had 197 authorized FTP. The Dispensary reported \$135.1 million in liquor sales and distributed \$45.2 million in liquor profits throughout the state. These profits are distributed to: the General Fund, Public Schools, the Substance Abuse Treatment Fund, the Cooperative Welfare Fund, Community Colleges, Cities, Counties, the Court Services Fund, and the Court Supervision Fund.

Operations and management of the Dispensary have not been evaluated by the legislature in recent memory and have never been evaluated by the Office of Performance Evaluation. In addition, many questions have come up over the years about whether Idaho would be better served by privatizing the sale of liquor.

While the dispensary is a source of revenue for the state General Fund and many critical programs we do not know whether more revenue can be generated by improving operations nor whether altering or privatizing current operations may result in added revenues while still adhering to the stated goal of the dispensary to "curtail the intemperate use of alcoholic beverages".

**Proposal**

A performance evaluation seeking to analyze the current operation and management structure of the Dispensary will allow the legislature to understand whether the Dispensary is maximizing revenues that fund critical programs and elements of state and local government. In addition, with the ascent of the executive director of the Dispensary, I would request an evaluation of the merit of privatizing all or part of the operations of the Dispensary to maximize revenue generation and benefit for the citizens of our state.

This request is particularly timely since the state has spent millions of dollars over the last few years to modernize Dispensary infrastructure. A better understanding of the operations and management of the Dispensary will allow the legislature to help maximize revenues associated with these infrastructure upgrades.

In addition, the Dispensary has added a number of stores and contract agencies in the last decade. An evaluation of operations and management would provide valuable information regarding the effectiveness and profitability of added outlets and the decision-making process that is used to add new outlets.

**Necessity**

Revenue generated by the Dispensary is critical to many programs that are beneficial to the people of the state of Idaho and to other state budgeted operations. From drug and family courts to substance abuse treatment, to public school programs to court services and supervision these funds have a direct, positive impact on individuals and families throughout the state. Maximizing the revenues available to these valuable services represents a very high priority – especially during these lean times.

Evaluating the operation and management of the Dispensary will ensure that Idaho maximizes the revenues go to critically needed programs and help to minimize other budgetary costs, such as corrections costs. Ensuring efficient and effective operations at the Dispensary will benefit all Idahoan's and reduce strain on the state budget.

The Idaho State Liquor Dispensary is a valuable part of Idaho state government operations. Evaluating its effectiveness and efficiency is timely and necessary.

# Background Information on State Controlled Liquor Distribution

Prepared by  
Office of Performance Evaluations  
Idaho Legislature

## Overview

Liquor distribution policies fall under two broad categories: license and control jurisdictions.

- License jurisdictions allow wholesale and retail sales of liquor and wine to rest wholly in the hands of private sellers. Private sellers are allowed to run their businesses in accordance with market forces but are still subject to government regulation.
- Control jurisdictions hold a monopoly on the sale of liquor at various levels of the three-tier system<sup>1</sup> by establishing state owned and operated warehouses and retail outlets. Control jurisdictions also regulate the sale of alcohol through price setting. Some jurisdictions, including Idaho, under certain circumstances allow private individuals to obtain a license to operate outlets that are not state run but are state controlled.

Eighteen states,<sup>2</sup> plus Montgomery & Worcester County, Maryland are control jurisdictions. These jurisdictions control the sale of distilled spirits and, in some cases, wine through government agencies at the wholesale level. Twelve<sup>3</sup> of those jurisdictions also exercise control over retail sales of off-premises consumption. Off-premises consumption refers to alcohol purchased to be consumed off of the premises where the alcohol was purchased. Idaho is one of those twelve jurisdictions.

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<sup>1</sup> The three tier system comprises the manufacturing, wholesale, and retail levels of alcohol distribution and functions at the federal and state level.

<sup>2</sup> The Eighteen control states are: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming.

<sup>3</sup> The twelve states are: Idaho, Mississippi, Montana, New Hampshire, North Carolina, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, and Wyoming.

Control jurisdictions formed as a reaction to the end of prohibition. In 1933 the federal government allowed the regulation of alcohol to revert to the states for control. Subsequently, nineteen jurisdictions chose to become control jurisdictions. Of the states surrounding Idaho, Washington, Oregon, Utah, Wyoming, and Montana are all control jurisdictions. Each of the states surrounding Idaho (with the exception of Nevada) has a strict state monopoly on the wholesale and retail sales of liquor for off-premises consumption.

## **Intent of Idaho Statutes and the Control Jurisdiction**

Per Idaho State Code section 23-203(c) the Idaho State Liquor Division is responsible for establishing, maintaining, and discontinuing warehouses, state liquor stores, and distribution stations. The division operates at the warehouse and retail level of the three-tier system. By separating the manufacturing, wholesale, and retail of liquor, the three-tier system seeks to eliminate market manipulation and prevent the irresponsible promotion of liquor consumption.

The assumed benefit of a control jurisdiction over a license jurisdiction is that, by controlling the price and availability of liquor, the incentive to maximize alcohol consumption for a maximum profit might be mitigated, therefore decreasing the total level of alcohol abuse. Another assumption behind control jurisdictions is that the state would have revenues necessary to manage alcohol abuse and any subsequent problems. Idaho code section 23-203(g) explains that the Idaho State Liquor Division is to use its powers to curtail the abuse of alcoholic beverages regardless of the effects on revenue. Section 23-217 requires the division to levy a surcharge on all liquor sales in order to generate revenues which shall be credited monthly to the drug court, mental health court, and family court services fund, as set forth in Idaho Code section 1-1625, in order to manage alcohol abuse and associated problems.

## **Idaho's Control Method**

Idaho exercises control over retail liquor sales for off-premises consumption through government owned and operated retail outlets in communities that have large enough populations to justify a state-operated liquor outlet. In communities that have a population too small to support a state-operated liquor outlet, the division may approve a licensee to establish and operate a retail outlet. State approved retail outlets are called contract stores. Although contract stores are operated by licensees, the division still controls all operational aspects of the contract store including, the sales prices and conditions under which these stores can operate. Of Idaho's 166 liquor stores, about 62 percent are contract stores while only about 38 percent are state-operated. Of the twelve control jurisdictions that regulate off-premises liquor

sales, only a few, including Idaho, maintain state owned and operated liquor outlets while also making provisions for contract outlets. Control states usually use either completely state operated stores or state contract stores but rarely both.

**Distribution of Idaho State and Contract Retail Outlets**

District	State-operated	Contract-operated	Total	Percent State	Percent Contract
1 Southern Idaho	15	26	41	36.6	63.4
2 Eastern Idaho	16	27	43	37.2	62.8
3 Northern Idaho	17	23	40	42.5	57.5
4 Western Idaho	16	26	42	38.1	61.9
<b>Total:</b>	<b>64</b>	<b>102</b>	<b>166</b>	<b>38.6</b>	<b>61.5</b>

*Source: Office of Performance Evaluations analysis based on Idaho State Liquor Division Data*

**Potential Alternatives for Idaho**

The state of Washington recently included an overview of various options for liquor distribution in their State Government Performance Review outlining opportunities for Washington.<sup>4</sup> Washington is currently a control jurisdiction. Like Idaho, Washington allows for contract stores in rural areas but less than Idaho. The report offered six options for the state to consider as a viable means of liquor distribution. The following six options were evaluated based on revenues and not social implications: 1) make no change to current policy, 2) change all state stores to contract stores, 3) privatize the distribution center, 4) privatize retail outlets by auctioning licenses for existing outlets, 5) privatize retail outlets with no limit on additional retail outlet licenses, 6) the state completely withdraws from the sale of liquor and allows market forces to determine the amount of retail outlets and prices for liquor (become a license jurisdiction). The potential revenue range projected in the Washington is about -\$41 million for the contract store option using a flat tax to \$243.9 for privatizing retail outlets by auctioning licenses for existing outlets (based on an optimistic economic outlook).

The Washington report noted that the average consumption of liquor between 1997 and 2007 per capita per year for people over the age of 14 is about .66 gallons in control jurisdictions and about .76 gallons for license jurisdictions indicating that, on average, license states have a slightly higher alcohol consumption rate than control jurisdictions.

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<sup>4</sup> *State Government Performance Review: Opportunities for Washington* (reissued January 2010). Washington State Auditor, [Http://www.sao.wa.gov/AuditReports/AuditReportFiles/ar1002726.pdf](http://www.sao.wa.gov/AuditReports/AuditReportFiles/ar1002726.pdf).

## Conclusion

The legislatures of several control jurisdictions<sup>5</sup> have commissioned reports on the efficiency of state controlled liquor markets. Of these reports, only a few compare control and license jurisdictions in terms of state revenues and efficiency. Most existing studies focus on the efficiencies of a particular control policy or agency. Because Idaho has such a large proportion of existing contract outlets and maintains control of all liquor sales, Idaho is uniquely situated and therefore, making a comparison between Idaho's liquor distribution policy and existing studies may provide some insight into potential options for Idaho. However, existing reports do not consider Idaho's unique liquor distribution laws and therefore provide very limited relevance specifically to Idaho. Idaho may benefit from a study examining the liquor distribution options that could benefit Idaho.

## Sources

Alcohol Policy Information System, <http://www.alcoholpolicy.niaaa.nih.gov/>.

National Alcohol Beverage Control Association, <http://www.nabca.org/>.

*North Carolina's Alcohol Beverage Control System Is Outdated and Needs Modernization* (Issued December 2008). Program Evaluation Division, North Carolina General Assembly, [http://www.ncleg.net/PED/Reports/documents/ABC/ABC\\_Report.pdf](http://www.ncleg.net/PED/Reports/documents/ABC/ABC_Report.pdf).

*State Government Performance Review: Opportunities for Washington* (reissued January 2010). Washington State Auditor, <http://www.sao.wa.gov/AuditReports/AuditReportFiles/ar1002726.pdf>.

State of Idaho Liquor Division, <http://www.liquor.idaho.gov/>.

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<sup>5</sup> Minnesota, Mississippi, North Carolina, and Washington are some control states that have commissioned reports.



## **Idaho State Senate**

State Capitol  
P.O. Box 83720  
Boise, Idaho 83720-0081

March 18, 2010

Senator Elliot Werk, Chairman  
Representative Clifford R. Bayer, Chairman  
Joint Legislative Oversight Committee (JLOC)

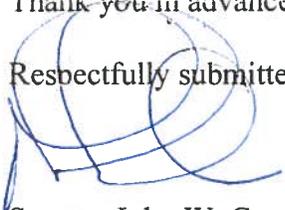
Dear Chairmen,

The Senate Education Committee, at their meeting, today came up with two recommendations for potential studies by the Office of Performance Evaluation:

1. Dr. Nick Hallett suggested that streamlining the paperwork load of administrators might lead to better time for educational leadership. I have enclosed a copy of that letter. Maybe a study of paperwork could be included in a broader study of administrative costs which would be valuable to the State of Idaho.
2. Idaho has several choice options currently in place. We suggest a cost and benefit study of charter schools, magnet schools and traditional public schools be considered. Senator Mortimer cited what he called the BYU Idaho model which allows for 1/3 more students to attend using the same school buildings and staff.

Thank you in advance for your consideration of these studies.

Respectfully submitted,



Senator John W. Goedde  
Chairman

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February 13, 2010

Senator John W. Goedde  
Idaho State Legislature  
State Capitol Building  
P.O. Box 83720  
Boise, Idaho 83720-0081

Dear Senator Goedde:

At my confirmation hearing for membership on the Charter School Commission I was asked about reducing administrative costs and personnel in public school and I promised the Senate Education Committee that I would suggest ways to minimize paperwork and bureaucracy for public school administrators. I consulted with some colleagues and then came to the realization that eliminating or streamlining reports and mandates was not the answer. This would only be a temporary fix since the compelling urge for control would soon result in a return to unnecessary and counterproductive reports and mandates.

We need to attack the cause of oppressive and never ending mandates and reports. In the name of accountability and educational reform we have state, federal, and district level policymakers attempting to exert oppressive controls over local schools. Teachers and principals are so busy complying with those who wish to exert control over them that they are left insufficient time to devote to the real mission of providing quality education. Authentic educational reform would address the need to empower building level educators with time and resources to achieve high quality education. Empowered educators can and should be held accountable, but such accountability should not be the rationalization for excessive control, bureaucracy, and endless reports and mandates. In short, we need to focus upon empowerment and accountability while minimizing bureaucracy and paperwork.

Unlike some of my colleagues, I do not believe that Idaho legislators are among those seeking control over local schools. My impression is that our legislators respond to various individuals and groups who are seeking additional controls and who do so in the name of accountability and school reform. To a very large extent, our problem is with bureaucrats and policymakers who have lost touch or never were in touch with classrooms and students.

Thank you for your consideration and approval of my appointment to the Idaho Charter School Commission. I am very impressed with your interest and support of public education.  
Sincerely,

Sincerely,



Dr. Nick Hallett



# IDAHO DEPARTMENT OF CORRECTION

*"Protecting Idaho through Safety, Accountability, Partnerships,  
and Opportunities for Offender Change"*

C. L. "BUTCH" OTTER  
Governor

BRENT D. REINKE  
Director

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## Memo

To: Joint Legislative Oversight Committee  
Senator Elliott Werk, Co-chair  
Representative Clifford R. Bayer, Co-chair

From: Brent D. Reinke  
Director

Date: February 1, 2010

Re: Follow-up Request to Operational Efficiencies in Idaho's Prison System

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During the recent Joint Legislative Oversight review of the Operational Efficiencies report, I requested permission for the Office of Performance Evaluations (OPE) to help build a relationship that could result in an outcome study for Idaho's prisons' programs. This letter is to further outline that request.

The Idaho Department of Correction (Department) has undertaken a focus on alternatives to incarceration as part of its "Controlled Growth" effort, which involves reducing inmate population growth into the future. Legislative proposals introduced this year would develop alternatives to incarceration with shorter lengths of stay coupled with treatment. Evidence-based research shows that these short-term treatment options effectively and dramatically reduce bed needs into the future.

To enhance these diversion efforts, the Department requests that the Joint Legislative Oversight Committee consider allowing the OPE to develop a relationship with the Washington State Institute for Public Policy to initiate and develop an outcome study on three identified alternatives to incarceration: 1) Correctional Alternative Placement Program (90-day treatment), 2) New Directions Retained Jurisdiction Program (120-day treatment), and 3) proposed Therapeutic Community Rider Program (270-day treatment).

The Department does not seek to utilize OPE staff in the long-term. This request only is to help build a relationship with Washington State Institute for Public Policy and, once developed, for the three agencies to work together to develop an outcome study on the three identified alternatives to incarceration as listed in the previous paragraph.

BDR:tj

**EVALUATING AND CLARIFYING THE RULES PROCEDURE**

1. LAW SAYS CAN AMEND OR MODIFY A RULE BUT COURTS SAID LEGISLATURE CANNOT. THERE IS CONFUSION AND IT WOULD BE WELL TO CLARIFY THIS POINT.
2. IN PRACTICE LEGISLATORS REJECT "ALL OR IN PART" BUT I CAN FIND NOWHERE IN WRITING THAT IT STATES "IN PART."
3. WHEN REJECTING "IN PART" IS IT SECTION OR SUBSECTION?
4. LEGISLATORS GET CONFLICTING ADVICE FROM LSO STAFF, ATTORNEY GENERAL'S OFFICE AND DFM. THAT SHOULD NOT HAPPEN. THEY SHOULD GIVE A CONSTANT ANSWER AND THE LEGISLATORS SHOULD HAVE A COMMON UNDERSTANDING.
5. THERE IS A NEED FOR A SHORT CONCISE GUIDE THAT EVERYONE INVOLVED WITH THE RULES PROCESS CAN REFER TO AND USE THE SAME APPROACH.

## Margaret Campbell

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**From:** Representative Stephen Hartgen  
**Sent:** Friday, March 19, 2010 10:58 AM  
**To:** Margaret Campbell  
**Cc:** Representative Erik Simpson  
**Subject:** RE: JLOC to Select Topics for Evaluation on Monday  
**Attachments:** image001.jpg; image002.gif

Margaret.....In the House Commerce Committee this year, we hear some figures concerning the Victims Compensation Fund...The fund has about \$4.2m coming in annually from federal sources, but only \$45,000 actually goes to victims. We were told the balance goes to victims counselors and to the Industrial Commission, which manages the fund oversight. We would like to see more transparency of this fund and a report on its intended uses and how the expenditures conform with the legislative intent.

Rep. Eric Simpson

District 32

Idaho House of Representatives

Rep. Stephen Hartgen  
District 23  
Idaho House of Representatives

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208-420-6761(c)

See my Website at:  
[www.StephenHartgen.com](http://www.StephenHartgen.com)

# **Office of Performance Evaluations Idaho Legislature**

## **24-Hour Review**

# **Idaho Crime Victims Compensation Program**

*The Idaho Industrial Commission provides assistance to eligible victims of violent crime through the Crime Victims Compensation Program. Discussion about the program during the 2010 legislative session sparked interest in the program's purpose and funding. We conducted this brief review in response to Representative Stephen Hartgen and Representative Erik Simpson's request. The review was completed by Hannah Crumrine and Lance McCleve of the Office of Performance Evaluations.*

## **Program Overview**

The 1984 federal Victims of Crime Act acknowledged the importance of crime victims in the criminal justice process and ensured that victims receive assistance. Federal Code 42 U.S.C. 10602 affords crime victims the right to compensation.

Idaho's Crime Victims Compensation Program was created in 1986 and is overseen by the Idaho Industrial Commission. Idaho Code § 70-1002 declares that "it is to the benefit of all that victims of violence and their dependents be assisted financially and socially whenever possible," and allows for the commission to provide compensation for injuries suffered as a direct result of a crime.

### **Idaho Determines Program Benefits and Administration**

Although federal grant requirements exist, the act provides states flexibility to create their individual programs. Idaho Code § 72-1019(5)a limits total victim compensation to \$25,000. Statute also places compensation caps on specific services such as

Compensation awards and limitations are determined by the state.
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mental health services, funeral benefits, and lost wage benefits within the greater \$25,000 limit.

According to commission officials, the Crime Victims Compensation Program is a reimbursement program and has been since its creation in 1986. All compensation payments, with the exception of lost wage benefits, are made directly to service providers as outlined in IDAPA17.05.01.011.06.<sup>1</sup>

As outlined in administrative rule, Idaho's Crime Victim Compensation Program is a reimbursement program.

### Compensation Benefits

Idaho Code § 72-1019 identifies six compensation benefits. According to commission officials, the federal government established these benefits in the original Victims of Crime Act.

- Medical compensation for eligible victims such as physician and hospital services, medication, and other approved treatment.
- Mental health counseling services for eligible victims. Mental health services are capped at \$2,500 unless extenuating circumstances are identified.
- Counseling benefits for dependents and other family members affected by the crime. Family counseling benefits are capped at \$1,500 per family, with an individual cap of \$500 per person.
- Weekly compensation for the victim's lost wages as a direct result of the crime. No victim may receive more than \$175 in weekly wages.
- Funeral expenses no greater than \$5,000 may be awarded when all other available sources have been exhausted.
- Death benefits, not exceeding \$25,000, for the dependents of victims who are deceased as a result of the crime.

### Compensation Eligibility Requirements

The Crime Victims Compensation Act applies to crimes committed in Idaho after July 1, 1986. Victims may file a claim through an application process that includes a review of various documents detailing the crime.<sup>2</sup> The victim may also

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<sup>1</sup> If a victim has already paid the provider, the victim will be reimbursed directly for the charge.

<sup>2</sup> The application does not require victims to submit demographic data. As a result, the program does not have comprehensive demographic information about victims beyond age and gender.

be required to provide additional information before the commission makes an award decision.<sup>3</sup> Idaho Code § 72-1016 details seven specific conditions for compensation eligibility. The commission only awards compensation after all other sources of payment are exhausted.

## **Program Funding**

In fiscal year 2010, the Idaho Crime Victims Compensation Program had a budget of \$5,909,300 and 13 full-time positions. Of that, \$980,500 went to personnel costs and operating expenditures. At the end of fiscal year 2010, the spending authority of \$2,741,422 was reverted. The commission does not receive general funds to operate the program and provides compensation without the use of state tax dollars. Instead, according to commission officials, the program receives funding through a combination of four sources. They are listed here in order of highest revenue typically generated:

- Fines imposed as a result of felony or misdemeanor conviction
- Federal grant awards
- Offender restitution payments or subrogation earnings
- Donations

### ***Offender Fines Provide Majority of Program Funding***

As outlined by Idaho Code § 72-1025, courts must impose an offender fine upon conviction. The legislature increased the offender fine schedule during the 2009 session. Currently, offenders must pay \$37 for misdemeanor offenses, \$75 for felony offenses, and \$300 for sex offenses.<sup>4</sup> Courts may also require that the offender pay a larger fine amount, or restitution, as part of his or her sentence. Additionally, statute entitles the program, through subrogation, to first lien on any award resulting from a victim suing an offender's insurance. These fines are then deposited into the program's dedicated fund and used to reimburse or compensate victims.

In fiscal year 2010, the program collected \$2,173,943 in offender fines. Offender restitution and subrogation brought in a collective total of \$469,772. The program also received \$93,242 in donations. Commission officials told us that

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<sup>3</sup> Crime victims can receive awards regardless of whether the offender was prosecuted or convicted.

<sup>4</sup> Fines are waived for offenders found to be indigent.

more often than not, donations come from the Idaho Department of Correction on behalf of inmates.

### ***Program Receives Federal Grant Funding***

The Victims of Crime Act authorizes federal funds to assist states in providing financial assistance and reimbursement to victims of crime. The grant amount is based on compensation payments two years prior to the grant award, and states receive 60 cents for every one state dollar paid to victims. Idaho meets the minimum requirements to receive federal assistance.<sup>5</sup> Program revenue and expenditure information shows that Idaho received \$682,009 in federal assistance during fiscal year 2010.

Under the Victims of Crime Act, states may spend up to five percent of their grant funds for administrative purposes. According to commission officials, Idaho does not use federal grant funds for administrative purposes. The commission prefers to use dedicated funds to pay for administrative costs.

The program does not use federal grant money to pay for administrative costs.

As an additional condition of eligibility for federal grant funding, states may not deny victim compensation based on residency or citizenship. According to commission officials, the federal Office for Victims of Crime has interpreted that the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as it applies to the federal Crime Victims Grant Program, does not disqualify victims based on citizenship.

### ***Recent Legislation Intended to Control Program Costs***

Increasing health care costs have limited the commission's ability to keep pace with medical expense payments on behalf of victims. The program's total treatment and service payments increased approximately \$1.26 million during fiscal years 2007 and 2008. As a cost-control measure, the program reduced all treatment and service payments by 25 percent during fiscal years 2008 and 2009.

As an additional cost-control measure, legislation passed during the 2010 session allows the commission to set a fee schedule for medical payments on behalf of victims. The commission adopted the Resource-Based Relative Value Scale and determined payment standards with service providers and medical facilities

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<sup>5</sup> At minimum, states must offer reimbursement to victims for expenses related to medical and dental care, counseling, funeral and burial services, and lost wages.

ranging between 90 and 50 percent of the reasonable patient charge.<sup>6</sup> The legislation also prohibits service providers from charging victims for any remaining balance and was implemented on July 1, 2010. The commission is currently updating its administrative rules under the Crime Victims Compensation Act to reflect the new statutory changes.

According to commission officials, on average, service providers are reimbursed at an 80 percent rate.

### ***Distribution of Funds Is Transparent***

The commission provides annual budget information about the program to both the executive and legislative branches. The commission must also submit an annual performance report to the federal Office for Victims Crime identifying how its grant funding was spent.

### **Program Outcomes**

During fiscal year 2010, 70 percent of eligible victims utilized benefits through the program. The commission's performance goal is 72 percent. In fiscal year 2010, the program approved 1,390 applications for payment and denied 569.<sup>7</sup> The majority of denied applications were denied due to insufficient evidence.<sup>8</sup>

The amount reimbursed or compensated per victim varies by crime type and severity of injury. However, according to commission officials, the average amount paid per claim was \$2,472 for fiscal year 2010. During that same fiscal year, the program paid out a total of \$2,175,278 to victims through reimbursements or compensation. Table 1 on the next page provides a breakdown of payments made to victims by service category.

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<sup>6</sup> The Resource-Based Relative Value Scale is published by the Centers for Medicare and Medicaid, U.S. Department of Health and Human Services.

<sup>7</sup> Because the Industrial Commission is not a law enforcement agency, it does not track the number of crimes committed in Idaho for a comparison of the number of crime victim applications.

<sup>8</sup> The total applications approved and denied in fiscal year 2010 do not equal the total applications received. Applications are submitted on a continual basis and therefore applicants are not necessarily approved or denied in the same fiscal year they submitted an application.

**Table 1. Victim Compensation Paid by Service Category, Fiscal Year 2010**

<b>Service Category</b>	<b>Amount Paid</b>
Medical Expenses	\$1,573,140
Sexual Assault Exams	\$209,258
Counseling (victim)	\$196,133
Wage Loss	\$74,713
Dental Expense	\$51,340
Funerals	\$34,294
Dependent Death	\$17,248
Counseling (family)	\$10,079
Prescriptions (medical)	\$4,872
Travel Expenses	\$3,431
Prescriptions (psychiatric)	\$770
<b>TOTAL</b>	<b>\$2,175,278</b>

Source: Idaho Crime Victims Compensation Program, Industrial Commission, December 2010.

**GARY J. SCHROEDER**

DISTRICT 6  
LATAH COUNTY

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## Idaho State Senate

**SENATOR GARY J. SCHROEDER**  
CHAIRMAN - RESOURCES AND ENVIRONMENT COMMITTEE

March 19, 2010

Rakesh Mohan, Director  
Office of Performance Evaluations  
700 W State St Ste 10  
Boise ID 83720-0055

Dear Director:

Currently, requests for permission to proceed with building plans from all agencies are placed before the Permanent Building Fund Advisory Council, regardless of whether those buildings are funded from the Permanent Building Fund or not.

The result is that the Germane Committees are asked to support fee increases to fund these projects after they are built, but have no input into the initial decision to build. Thus, agencies really have very little legislative scrutiny of agency building projects.

Equally important are those instances in which agencies solicit private funding and start programs and construct buildings without legislative oversight. Once started, the legislature is then asked to fund overhead costs, including staff, even though the legislature was not involved in the decision-making process.

A review of how other states involve their elected legislatures in this process would be helpful as well as a review of those processes complete with possible oversight processes.

Respectfully,

A handwritten signature in black ink that reads "Gary Schroeder".

Gary J. Schroeder  
IDAHO SENATE

**GARY J. SCHROEDER**

DISTRICT 6  
LATAH COUNTY

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1289 HIGHLAND  
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## Idaho State Senate

**SENATOR GARY J. SCHROEDER**  
CHAIRMAN - RESOURCES AND ENVIRONMENT COMMITTEE

March 19, 2010

Rakesh Mohan, Director  
Office of Performance Evaluations  
700 W State St Ste 10  
Boise ID 83720-0055

Dear Director:

Please accept the following study recommendation on the Department of Parks and Recreation for OPE during the interim.

- Identify core responsibilities of Department.
- Are current funding levels adequate to meet these responsibilities? If not, what funding level is necessary?
- Is the Department administratively top heavy?
- Have administrative costs resulted in the curtailment of park programs that serve the public?
- Is current funding sufficient to prevent a deterioration of the infrastructure of our parks?

Respectfully,

A handwritten signature in black ink, appearing to read "Gary Schroeder".

Gary J. Schroeder  
IDAHO SENATE