Minutes of the Joint Legislative Oversight Committee
March 31, 2011
EW20, Capitol Building
Boise, Idaho

Co-chair Representative Cliff Bayer called the meeting to order at 7:35 a.m. Attending the meeting were Senators Elliot Werk (co-chair), Jim Hammond, Dean Mortimer, and Michelle Stennett and Representatives Maxine Bell, Elaine Smith, and Shirley Ringo. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff.

Representative Bayer welcomed the audience and acknowledged the following attendees:

- Senators John Goedde, Joyce Broadsword, and Diane Bilyeu
- Representatives JoAn Wood, Marv Hagedorn, and Wendy Jaquet
- Chairman Darrell Manning, Idaho Transportation Board
- Executive Director Mike Rush, Office of the State Board of Education
- Deputy Chief of Staff Jason Hancock, Department of Education
- Intergovernmental Relations Manager Mollie McCarty and Aeronautics Division Manager JV DeThomas, Idaho Transportation Department

APPROVAL OF MINUTES

Senator Hammond moved to approve the minutes of the March 28, 2011, meeting. Senator Mortimer seconded the motion, and the motion passed unanimously by voice vote.

Senator Werk moved to approve the minutes of the March 29, 2011, meeting, with a few changes. Senator Hammond seconded the motion, and it passed unanimously by voice vote.

TOPIC SELECTION

Mr. Mohan reviewed topics for consideration and commented on any potential challenges associated with each topic:

1. Comparison of Charter Schools with Traditional Public Schools. The request was split into two requests because of its size.

   (A) Funding and Expenditure/Resources

   (B) Participation and Performance

   The committee needed to consider the timeliness of the study requests in light of recent educational reform legislation. The studies would require a consultant for statistical analysis.

2. Effective Tax Commission Structure and Best Practices.

3. Local Highway District Accountability. OPE had recommended an evaluation of local highway districts in its 2009 ITD performance audit. The separation of local and state government would be a policy issue. Data availability would be a challenge.

4. Lessons Learned for Future IT Systems. OPE had conducted an evaluation of the Department of Education's ISIMS project in 2006 and provided a checklist for large IT projects.

5. Renal Disease Program.

6. (A) Equities in Higher Education Funding Base and Workload Adjustments.

   (B) K–12 Educator Recruitment, Attrition, Retention, and Projected Need. The committee needed to consider the timeliness of the study request in light of recent education reform legislation. Also, data availability could be a challenge.

7. Factors Affecting Rates of Post-Secondary Enrollment. Challenges include availability of data, access to current and former high school students, and a consultant for statistical analysis and design of a large survey.

8. Best Practices for a Statewide Efficiency Commission. The study may be ironic because JLOC may already be functioning as that commission.

9. Lottery Commission Operations.

10. Factors Leading to K–12 Student Performance. Challenges: The request suggested picking the top ten and bottom ten school districts for comparison purposes. Identifying specific districts may be perceived as bias.

11. Revenue Allocations Areas (RRAs) in Urban Renewal Districts. Key challenge is data availability.

12. Costs and Services of the Aeronautics Division of ITD.

Senator Werk asked about the availability of funds to hire consultants for topics that required additional expertise. Mr. Mohan said the operating budget did not include funds for consultants, but he usually managed to find a modest amount in the budget.

With committee consensus, Representative Bayer said he would ask requestors to speak to their proposals. He said JLOC would select proposals according to the mission of OPE, the arena, and the dynamic challenges such as data availability. He said he intended to review the topics individually so each was fairly and objectively considered.

Senator Stennett asked about JLOC's selection criteria and whether it included a mix of timely topics and topics that had not been done for awhile. She suggested that the education projects may be chasing the tail of reform and would be better to consider at a later date. Representative

Bell said she thought requests 1A, 1B, 6A, 6B, and maybe 10 fell into the category of education reform and could be valuable to consider in 6 to 12 months.

Senator Werk said JLOC was looking at a large slate of excellent proposals, and he expressed appreciation for the response of the Legislature. He asked if Budget and Policy Analysis staff would be in a better position to consider the last question of the renal disease request because the question asked for a value judgment. Representative Bell said that budget staff crunch numbers and were careful not to touch policy. She said this topic would be better suited for OPE.

Representative Bayer called on sponsors of the requests to address the committee:

- Senator Diane Bilyeu outlined her request to look at revenue allocation areas in urban renewal districts.

- Representative Wendy Jaquet discussed her request to look at the governing structure in the Tax Commission.

- Representative Marv Hagedorn outlined his request for an evaluation of local highway district accountability. Senator Werk questioned the timing of the study since the Legislature had recently funded new financial systems. Senator Mortimer said the highway districts did not have a mechanism to report expenditures. He too questioned whether the timing was right.

- Senator Joyce Broadsword spoke to her request for a study on whether the state still needed a renal disease program.

- Senator John Goedde discussed his two requests for equity in higher education funding and for issues that matter most to K–12 teachers.

- Representative Shirley Ringo discussed her request to look at factors affecting the decisions of high school seniors to not seek post-secondary education. Senator Mortimer said the goal of the Board of Education was to increase the pursuit of post-secondary education to 60 percent of high school seniors. A study would help the board achieve that goal. Senator Werk said the study could also look at the universities' efforts to retain students.

- Representative Maxine Bell outlined her request to study efficiency commissions as another tool in addition to JLOC's function. Senator Werk said he had not seen JLOC's role as an efficiency committee, which used a planned approach. Senator Stennett said JLOC did not weigh in on budget structures and a commission could complement JLOC.

- Senator Michelle Stennett spoke to her request for a review of the Lottery Commission and the formulas for prizes and contributions to schools. She also wanted to look at efficiency and how the commission approached charitable fund raisers.

Senator Hammond said he saw value in conducting an evaluation of 1A and 1B. He said the state was spending a substantial amount on charter schools and should have a gauge for the return on its investment. Senator Werk said he valued 1A and 1B, but was concerned about recent legislation and the extra load that legislation placed on districts. Senator Hammond said OPE would not need to go into districts but could analyze longitudinal data on student performance. Senator Mortimer said longitudinal data was just being implemented and the accuracy was being verified. He said he thought the state was still one year away from analyzing the data.

Senator Werk moved to conduct an evaluation of requests 2, 4, 7, 8, 9, and as a bonus, squeeze in 12 as a last priority. The motion died for lack of a second.

Senator Hammond moved to conduct an evaluation of requests 3, 6A, 7, 8, and 9. Senator Mortimer seconded the motion.

Senator Hammond said he saw the need for local highway district accountability and a resolution to higher education funding. He said that programs encouraging further education were not showing increased rates in post secondary enrollment, and the state could benefit from understanding the best practices for a statewide efficiency commission and Lottery operations.

Representative Bayer indicated that Senator Hammond's motion had one study more than OPE could possibly manage in a year.

Representative Smith made a substitute motion to conduct an evaluation of requests 7, 8, and 9. Senator Stennett seconded the motion. Representative Smith said the three requests had been included in the previous two motions. Additional requests could be made individually.

Senator Hammond amended his original motion to conduct an evaluation of requests 3, 6A, 7, and 8. Senator Mortimer concurred.

The committee voted on Representative Smith's substitute motion, and it passed by roll call vote with three members (Hammond, Mortimer, Bayer) voting no. After passage of the substitute motion, the amended original motion by Senator Hammond died.

Representative Bell moved to conduct an evaluation of request 5. Senator Mortimer seconded the motion. Representative Bell said an evaluation of the renal disease program was timely to consider.

Representative Ringo made a substitute motion to conduct an evaluation of request 2. Senator Stennett seconded the motion. Representative Ringo said an evaluation of the Tax Commission structure should look at more than personnel. The commission was not operating as well as it should and was well worth the committee's attention.

Senator Hammond amended the substitute motion to include requests 5 and 6A. Senator Mortimer seconded the motion. Representative Bayer indicated that Senator Mortimer could not be a second for more than one motion under consideration. The amended substitute motion failed for lack of a second.

The committee voted on Representative Ringo's substitute motion, and it failed by roll call vote with four members (Hammond, Mortimer, Bell, Bayer) voting no.

The committee voted on Representative Bell's motion, and it passed by roll call vote with one member (Werk) voting no.

Senator Hammond moved to conduct an evaluation of request 6A. Representative Bell seconded the motion. Senator Hammond said higher education needed a new baseline established.

Representative Ringo made a substitute motion to conduct an evaluation of request 11. The substitute motion died for lack of a second.

The committee voted on Senator Hammond's motion, and it unanimously passed by roll call vote.

The committee indicated that studies 5 and 6A were higher priority and would be nice for JFAC to consider at the beginning of the 2012 session. Studies 8 and 9 were given lower priority. No priority was indicated for study 7.

The meeting adjourned at 9:30 a.m.

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House of Representatives
State of Idaho

SPEAKER OF THE HOUSE

February 7, 2011

Mr. Rakesh Mohan
Office of Performance Evaluation

Hand Delivered

Dear Rakesh:

At today's meeting of the Joint Legislative Oversight Committee I would like to make a request to include a performance evaluation of the effect of the charter school initiative on the children and public schools of Idaho.

Specifically, I would like you to consider the following questions:

1. What effect has the addition of charter schools had on state and federal funding for traditional K-12 school districts (start-up costs and student enrollment)?
2. Are minority students and students of poverty represented in charter schools in the same proportion that they exist in the attendance area served by the traditional public school district in which the charter school resides (a demographic comparison of public charter schools and the school districts in which they reside)?
3. What statistical evidence is there that public charter schools add academic value above and beyond those opportunities available to students in the traditional public schools? Do public charter school students progress at a greater rate than those in traditional K-12 schools?
4. Idaho Code 33-5202 provides a list of seven outcomes the Idaho Legislature intended for public charter schools. Based on objective data, what progress has been made toward reaching these intended outcomes in the last ten years?
5. Compare the true costs of educating one student for one year, including ALL local, state and federal expenditures, between Idaho charter schools on average and Idaho traditional schools on average.
6. Compare the drop-out rates of Idaho's public charter high schools with their traditional counterparts using state averages.

7. Using any of the State sponsored and/or required academic measurements (tests) compare on average charter school students with traditional school students, particularly looking at longitudinal growth of individual students because so many charter school students are starting from a deficit position.
8. Compare Idaho's charter schools with traditional schools in the availability of on-line instruction or virtual schools. Given the variation in school size, look at the total population of charter school students for the averages.
9. Compare the average class loads by grade of charter school and traditional school elementary teachers.
10. Compare average salaries of charter school and traditional school elementary teachers.
11. Compare the costs to build schools between traditional school districts and charter schools. Specifically, in a defined time span, for a 450 student elementary school, compare the costs of a new school.
12. Compare the funds from State sources that are used specifically for teacher salaries.
13. Compare the two types of schools as to expenditures for ancillary personnel (those positions both classified and professional) that are not considered teaching positions.

If there are any questions regarding this request, please don't hesitate to contact me.

Sincerely,

Lawerence P Denney

Lawerence Denney
Speaker of the House

ld/scf

Comparison of Charter Schools with Traditional Public Schools

Evaluation Request by Speaker Denney

Note: Because the scope of the original request is very broad, I have divided the evaluation request into two studies – each study will require 2-3 person team and 9 months to complete if necessary data are readily available. References to the original questions are in brackets.

Funding and Expenditure/Resources Review

1. How do the funding mechanisms for traditional K-12 districts and for charter schools in Idaho compare?
    a. What are the state funding levels and/or average annual expenditures specifically associated with teacher salaries in charter and traditional schools? Do these vary by level (elementary, middle/junior high, and high school)? [Questions 1, 10, 12]
    b. What are the average annual expenditures for ancillary non-teaching personnel, inclusive of classified and professional positions, in charter and traditional schools? [Question 13]
2. What are the average total annual expenditures per pupil, including all local, state and federal funding sources, for charter schools and traditional schools in Idaho? [Question 5]
3. How do average elementary school or campus construction costs for schools in traditional districts or charters compare, over the last three years? [Question 11]
4. What are the average class sizes or average pupil-teacher ratios, by grade level, in charter and traditional school districts? [Question 9]
5. What are the most common forms of instructional delivery in charter and traditional school districts? What is the student participation in on-line instruction and virtual schools across the charter schools and traditional schools? [Question 8]

Review of Participation and Performance

1. Describe the student demographics and program participation rates in charter and traditional schools in Idaho? Include the following characteristics and programs: racial/ethnic distributions, percent economically disadvantaged (eligibility for Free/Reduced Price Meal program), percent identified for special education, percent of students with limited English proficiency, attendance rates, mobility rates, and percent of students considered academically at risk [Questions 2, 7]
2. How does student performance compare across charter and traditional schools in Idaho on the following performance indicators:

a. Dropout and/or graduation rates [Question 6]

b. Passing rates or other performance gauges based on test scores, including an analysis of individual-level growth over time [Question 3]

3. What evidence is available to document the progress of Idaho's charter schools towards the seven outcomes specified in Idaho Code 33-5202? [Question 4]

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House of Representatives
State of Idaho

March 11, 2011

Rakesh Mohan
Director of the Office of Performance Evaluation
954 W. Jefferson
Boise, ID 83702

Dear Director Mohan,

This letter is in regard to the Office of Performance Evaluation research done in 1996 to estimate Idaho's "tax gap," as well as the evaluation on the Tax Commission's efforts to reduce the gap through tax enforcements. I continue to have a governance issue with the Commission.

On page 53 of the "Estimating and Reducing the Tax Gap in Idaho" study it states, "We were unable to determine any clear monetary or managerial gains from restructuring the Tax Commission's governance structure." With regard to this statement I would like to know if OPE could review and update the current governance of other state Tax Commissions and if efficiency and transparency gains could be made with a different governance model at the Idaho Tax Commission.

If you have any questions or need clarification please contact me by email at wjaquet@house.idaho.gov or by phone at (208)332-1079.

Sincerely,

Representative Wendy Jaquet
District 25

Rakesh Mohan

From: Representative Marv Hagedorn
Sent: Thursday, March 24, 2011 4:36 PM
To: Rakesh Mohan
Cc: Representative Leon Smith; brad.little@lgo.idaho.gov; Representative Frank Henderson
Subject: Limited Scope Performance Evaluation of Local Highway Districts Request

Idaho House of Representatives

Legislature.Idaho.Gov

An in-depth review of the Idaho Transportation Department's performance identified many areas of concern and recommended corrective action including a comprehensive plan, formulated with measurable criteria, which focused on corrective actions of the areas of concern. This has caused significant improvements within that department. The performance audit also identified areas of concern within our transportation infrastructure, specifically regarding local highway districts throughout the state that did not fall under the transportation department's purview, but that of the local highway districts throughout the state.

As a result of the performance audit, a task force was appointed by the Governor to better understand various funding mechanisms and funding deficiencies for the Idaho transportation infrastructure. Information that came to light during those task force meetings indicated that there was as much or more revenue being spent at the local district level than there was at ITD; and with what appeared to be a lack of accountability, transparency or means of measuring the effectiveness of expenditures.

Therefore, we would like to request that OPE address the following questions:

1. How are local highway districts funding and operations accomplished in Idaho?
2. How do Idaho local highway districts funding and operations compare to best practices in other states?
    a. What level of cooperation and coordination exists between ITD and local highway districts, and among local highway districts?
    b. Are there common planning, maintenance and operation (M&O), and expenditure plans throughout all of the local districts?
    c. Is there a common methodology for planning, M&O, and improvements of the infrastructure across the state? Are there incentives to do so?
    d. Are there effective and accountable planning, M&O, and expenditure ties between ITD and the local districts?
    e. Are there gaps that exist between the current and the needed level of cooperation and coordination between ITD and local highway districts?

3. What level of cooperation and coordination between ITD and local highway districts is necessary to ensure accountability, transparency, and cost effective management of the state highways and roads?
    a. Could successful systems and practices implemented by ITD, such as strategic planning and asset management, be implemented by, and benefit, local highway organizations statewide?

    b. Would the state's infrastructure benefit from a closer relationship between ITD and the local highway districts? If so, how would that best be accomplished?

4. How cost-effective, accountable, and transparent is spending on local roads?
    a. Are there any financial incentives in State code or rule that either hinder or promote local districts to make the most cost-effective improvements?
    b. How are tax revenues spent on local roads reported statewide and locally? Are there opportunities for improving such reporting?
    c. What role does LHTAC have in overseeing and holding local districts accountable for planning, M&O, and expenditures? Should this role be strengthened or would this role be better served elsewhere?
    d. Are there, and what should be, criteria for which local projects get funded and by whom?

This request will give us the opportunity to review these concerns in depth. This will help us understand how tax dollars are being expended in the most efficient manner. Taxpayers need the transparency to effectively review those expenditures to ensure they are meeting local needs.

I have contacted the list of "CC" above and have only confirmed that Rep. Henderson currently wants to also sign on to support this request. Having The LtGov and Rep. Smith are aware of this request (both on the Governor's Transportation Taskforce with me) and I am awaiting their approval. Once I hear, I will let you know.

Cheers,
Marv

Rep. Marv Hagedorn
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Idaho State Senate

Senator Joyce M. Broadsword

March 21, 2011
JLOC/OPE
Co-Chairs – Sen. Elliot Werk, Rep. Clifford Bayer
Director Rakesh Mohan
Re: Vocational Rehabilitation Services Renal Disease Program

Sirs;

In writing the budget for Vocation Rehabilitation Services this year, I discovered the Renal Disease Program under Voc Rehab. It has been in place since 1970 and is funded solely by State General Fund dollars. This program was originally put in place to help folks with end stage renal disease. At the time it was started, neither Medicare nor Medicaid paid for dialysis or kidney transplants. Both are now covered benefits.

I am asking OPE to conduct a study to determine;

1. If there is still a need for the program;
   a. What services are provided and how many people are served under the program?
   b. How much is spent on paying for actual services and how much is spent on administration?
   c. If the program is still need, would it be beneficial for the program to be housed within the Department of Health and Welfare?
2. If sufficient rules are in place to assure no duplication of services or items covered and, if so, the extent to which those rules are recognized and enforced.
3. If there is an adequate asset test to assure those who receive the services need help from the state.
4. If in these tight economic times this program is the best use of $504,000 in general funds.

Thank you for your consideration.

Sincerely,

Joyce Broadsword
Senator Joyce Broadsword

Shawn Keough
Senator Shawn Keough

Fred Wood
Representative Fred Wood

Wendy Jaquet
Representative Wendy Jaquet

<u>Memorandum</u>

To: Joint Legislative Oversight Committee
From: Elliot Werk
Date: March 22, 2011
Subject: Request for Recommendations to Avoid Future IT System Project Problems and Failures

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This proposal follows an evaluation that was performed by the Office of Performance Evaluation (OPE) on the Department of Health and Welfare to understand the genesis and current status of the problems associated with Idaho's implementation of a new Medicaid Management and Information System (MMIS). It is the intent of this proposal to seek recommendations for executive agencies and statutory changes for the legislature that that would ensure that similar issues are avoided within all Idaho state agencies in the future.

Background

In December 2007, the Idaho Department of Health and Welfare recognized that the electronic Medicaid billing and information system that it had for 30 years under contract with Electronic Data Systems was outdated, and would benefit from replacement to maintain quality data tracking and streamlined payment distribution. The Department awarded a $116.5 million, seven-year contract to Unisys Corporation to oversee this transition and implement a new billing software program. The first two years would be devoted to system design, development, and execution, and the following five years would focus on operations management. After two years of crafting the new Idaho MMIS, Unisys announced in October 2009 that it was selling the MMIS side of its business to Molina Healthcare Incorporated, a managed care organization serving government-sponsored health plans in nine other states. Molina acquired this role in Idaho just one month before Idaho's new system was launched in June of 2010.

The new system was originally intended to go live in November 2009, but the launch was delayed until February 2010 and then again until June 2010. This series of delays prevented any overlap between the phasing out of the old system and start up of the new one. This eliminated any transition period from the old to the new system. During the months following the launch of the new system a variety of mishaps occurred with the new system that caused grave concern. Because the old system was not available as a backup, the Department had no alternative but to continue using the new system and actively working to fix its myriad problems.

Most significantly, problems included delayed payments to many of the nearly 15,000 Medicaid providers across the state, putting several at risk of going out of business and denying care to their Medicaid patients. Some providers were *over*paid, causing confusion and extra workload from both the provider and the Department. Calls from providers raising complaints and asking for explanations poured in, but clear communication between Molina representatives and Medicaid providers was inadequate. Businesses were irritated and confused, and Molina CEO Mario Molina openly acknowledged the issues and apologized to the providers and to the state at a press conference at the end of August 2010, after an emergency meeting with Governor Otter and Health and Welfare Director Richard Armstrong.

While the situation has indeed improved since the summer of 2010, some issues remain unresolved to this day—seven months after the launch of the new system. OPE recently performed an audit investigating what went wrong during this transition and how the Department and Molina are currently handling the situation, but it remains to be seen how it could have been averted, and whether the legislature has a role to play in assuring that an issue like this does not occur again, in *any* state government agency.

Proposal
A performance evaluation analyzing the series of events that led to the situation described above and the procedural and statutory pathways that permitted them to occur will allow the legislature to understand what lawmakers can do to prevent these mistakes from happening again.

Specifically, the following questions are proposed for investigation by OPE:

1. What particular recommendations can OPE identify for changes to procedures and rules in state agencies regarding computer system upgrades and contractor changes, to avoid or better respond to a similar situation?
2. What amendments could be made to Idaho Code to prevent or mitigate a reoccurrence of this predicament within all state agencies?
3. What guidance can be provided to executive agencies to ensure these mistakes are not repeated?

Necessity
The results of this study will give state legislators grounds for making necessary policy changes to provide the state with the tools and leverage required to best handle a comparable situation in the future, or prevent it from happening altogether.

It is suggested that this evaluation be timely so that positive policy changes can be identified and implemented as quickly as possible, to correspondingly expedite improvements in procedures and regulations in state agencies to prevent this from happening again.

When the state enters into a multi-million dollar contract, to fund a Medicaid billing system or any other agency program, it is tremendously important that every one of those precious dollars be used to the benefit of Idaho citizens, and that they not be wasted in addressing issues that could have been avoided with better foresight, strategy, and policy. This evaluation will provide recommendations for legislative and executive branch remedies to these issues.

John W. Goedde

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COMMITTEES

Chairman
Education

Commerce & Human Resources

Health Care Task Force

March 23, 2011

Senator Elliot Werk and Representative Clifford Bayer
Joint Legislative Oversight Committee
HAND DELVIERED

Dear Senator Werk and Representative Bayer:

Below you will find recommendations by the Senate Education Committee to the Joint Legislative Oversight Committee. It would suggest the Office of Performance Evaluation pursue these for evaluation in the coming year:

- Higher education funding – explore equity in base and workload adjustments
- Public school educators – educator recruitment, attrition, retention, projected future needs

Sincerely,

Senator John W. Goedde
Chairman, Senate Education Committee

cc: Rakesh Mohan, Office of Performance Evaluation
/scp

House of Representatives
STATE OF IDAHO
CAPITOL BUILDING
P.O. BOX 83720
BOISE, IDAHO 83720 – 0038

Thursday, March 24, 2011

Chairman Bayer, JLOC
Chairman Werk, JLOC

Dear Chairmen Bayer and Werk,

We ask the Joint Legislative Oversight Committee and the Office of Performance Evaluations to consider studying why Idaho has such a low rate of post secondary education.

In particular, we would like to have OPE identify barriers to post-secondary academic success, including an assessment of the effect of culture, family expectations, financial resources, k-12 academics, concurrent enrollment and availability of preschool and other factors on the rate and ability of high school graduates to "Go On" and further their education.

Knowledge of the barriers and ideas to overcome them will allow us to better tailor educational reform as time goes on.

Thank you for your consideration.

Sincerely

John Rusche

Representative John Rusche
House Minority Leader
District 7

Shirley Ringo

Representative Shirley Ringo
District 6

March 25, 2011

Rakesh Mohan
Director, Office of Performance Evaluation
Idaho State Capitol
Boise, ID 83720

Dear Director Mohan:

The purpose of this letter is to request that OPE undertake a preliminary study and create a proposed action plan for the Governor and the Legislature which will focus on how other states are creating efficiency commissions. Given our state budget situation, we believe this is an opportune time to join together with Governor Otter to enact possible improvements in our state's fiscal outlook by rethinking programs and refocusing policy.

It is our understanding that when done successfully efficiency commissions can eliminate wasteful spending, streamline government processes and increase our performance and ability to deliver services. A Governor's Management Task Force under Governor Evans in 1979 created an objective examination of government efficiency. That project, staffed by loaned executives and financed through private sector contributions put forth recommendations to improve the management aspects of existing programs. The Chair, Thomas C. Frye, made the point that "while government does not have the same 'bottom line' as the private sector, the tools required by the managers and the need to measure results to determine the level of efficiency can be quite similar."

GOVERNING OnLine Forums have recently pointed out that reorganization or reinvention commissions often fail because they may be weighed down by partisan politics or an inability to implement their recommendations. They have identified the following as keys to an effective efficiency commission and we would ask that your research for an action plan for us include:

Why transparency and succinct recommendations are vital to commission success.
How efficiency commissions can put states and localities back on strong fiscal footing.
Which key factors will determine an efficiency commission's success or failure?
What are some best practices from efficiency commissions around the nation?

Thank you for your consideration.

Sincerely,

Senator Dean Cameron
Co Chair, JFAC

Representative Maxine Bell
Co Chair, JFAC

cc. Wayne Hammon, Director, Division of Financial Management

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Idaho State Senate

SENATOR MICHELLE STENNETT
MINORITY CAUCUS CHAIR

To: Joint Legislative Oversight Committee
From: Senator Michelle Stennett
Date: March 28, 2011
Subject: Request for Evaluation of the Operations of the Idaho Lottery

In an effort to evaluate whether the Idaho Lottery is performing to the best of its capacity in maximizing revenues that benefit Idaho Public Schools and the Permanent Building Fund.

Present

After prizes paid to the players, the largest amount of Lottery revenue is the annual dividend, the profit made for the benefit of Idaho's public schools and the state's permanent buildings. On average, about twenty-five cents per each dollar played in the Lottery is returned to the state. Sixty percent (60%) of Lottery sales revenue is for prizes and the remaining 15% is used for marketing/communications, administration, program operations/game support, and retailer commissions. Retailer commissions, at 6%, earned $8.7 million.

Lottery dividends are shared by the Idaho Department of Education's Public School Building Account and the Department of Administration's Permanent Building Fund. A statute change in 2009 (which sunsets in 2014) sets aside a portion of Lottery funds above the Fiscal Year 2008 funding level of $34 million for the Idaho Bond Levy Equalization Fund. The Levy has received $3.5 million between 2008 and 2010.

Like the dividend monies, the districts are allowed flexibility in their use of Lottery funding. Many use their funds for continued facility maintenance and repair, while others use it for technology improvements, installation of safety and security systems, and special programs for at risk students.

Concerns

1) Other states give less percentage of revenue to prizes and more to the state. It would be beneficial to see how the Idaho Lottery' formulas are created and how the system works. With this information, make an assessment of efficiencies and recommended improvements.

2) [Add]

3) There is a multitude of gaming activities that are overseen by the Idaho Lottery, not just the main Lottery itself, but also charitable bingo, raffles, duck races, holiday Christmas tree fundraisers, quilt

Are the school districts still allowed to operate with funds from the Idaho Bond Levy Equalization Fund with the changes in the Education Structure?
Will the new Education bills/statutes impact this Fund and

auctions, and so on. The rules, licensing, records keeping, vendors fees, and disciplinary actions are all assessed equally under the control of the Idaho Lottery. The difficulty arises in the expectation to pay for licenses and fees for even the smallest of entities and the expectation to keep records indefinitely instead of a shorter period of time. The current statute allows for 15% of the gross revenues to be used for administrative expenses. For many charitable entities, this is not enough to run a fundraiser. A new organization with no history of gross revenue must pay a fee of $100. An annual nonrefundable license fee for other established charities is between $100 and $300 annually. Civil penalties for a violation can be as high as $10,000. Even the Lottery admits to inconsistencies and ambiguities in current statutory language which should be clarified and remedied.

Proposal

This proposal requests a performance evaluation to analyze how the current system works, how it compares with other similar State Lotteries (if comparable), and if improvements can be made.

A review of the laws guiding charitable gaming and how the statutory language can be clarified to assist all participants is necessary. A reassessment of fees and reporting should be included in the discussion.

Thank you for your consideration.

Respectfully,

Michelle Stennett

Senator Michelle Stennett

Margaret Campbell

From: Representative Steven Thayn
Sent: Friday, March 25, 2011 12:08 PM
To: Rakesh Mohan
Subject: Education evaluation by Rep. Thayn

Potential Study for the Office of Performance Evaluation by Rep. Steven Thayn

Compare the top 10 school districts or schools in the state with the bottom 10 school districts in the state. The purpose is:

- See if there are any commonalities between the high performers
- See if there are any commonalities between the low performers
- See if there are common differences between the high and low
- Also, see if pay for performance factors identified in SB 1110 correspond to the items that show up in the high performing school districts or a lack of them in the high performing school districts

A high performing district would be identified based upon student achievement or a low performing school district based upon the lack of student achievement. Such items could include:

1. ISAT scores
2. Graduation rates
3. ACT or SAT scores
4. College, military, or technical school attendance rates
5. Remediation rates in state colleges
6. Number taking dual enrollment classes
7. IRI scores for elementary schools

The next step would be to try to identify what factors impact student learning. Potential factors:

- Family background and support
- Social economic status
- Teacher demographics
- Superintendent impact
- Funding levels
- Factors identified by local school leaders

- Community factors
- Others

The hope is that the success of high performing schools can be replicated.

Rakesh Mohan

From: Jonathan Carkin
Sent: Wednesday, March 30, 2011 9:58 AM
To: Rakesh Mohan
Subject: Request from Senator Bilyeu

Good Morning Rakesh,

Senator Bilyeu would like to update her request for an audit on Urban Renewal Districts. Below is the request.

Idaho State Senate

Legislature.Idaho.Gov

Request for Audit of Urban Renewal Districts:
I formally request that the Office of Performance Evaluation perform an audit on all cities that are operating Urban Renewal Districts. I would like to know the answers to the following questions as they apply to each City utilizing an Urban Renewal District.

1. How many Revenue Allocations Areas (RRA's) are currently in your urban renewal district?
2. When does your RAA end?
3. What are the total moneys being allocated for RAA projects in your city/county?
4. Did you hold a public hearing before approving your RAA?
5. Do you have a separate account that covers administrative and/or operational costs aside from the money that is specifically designated for urban renewal?
6. What is the balance in each account?
7. How many times have you bonded for a project in your area?
8. How many projects have you funded outside the revenue allocation area?
9. If your RAA has ended, have you refunded tax dollars to taxing districts?
10. What percent of your city's assessed value is included in your urban renewal area and what percent of your city's assessed value is in your RAA area/areas?
11. Do you recalculate your 10% of city valuation in the RAA's each year as required by section 50-2903 of Idaho code and who do you report that recalculation to?
12. Do you adopt and publish an annual estimate of revenues and expenses for the following fiscal year as required in section 50-2903 of Idaho Code.

I thank you for your consideration of this request.

Respectfully,

Diane Bilyeu

Diane Bilyeu

To: JLOC

Request for evaluation by Representatives Joe Palmer and Frank N. Henderson

Question:

Is state ownership of three aircraft with their associated operational, maintenance, insurance, training and personnel costs economically justified? Is there a more economical program available which will provide safe, efficient air transportation for state executives and other personnel?

Background:

The state owns at least three aircraft: a King Air multi passenger plane and two Cessna aircraft. All are believed to be hangered at the Boise airport. These are used at irregular times by the Governor and other institutional officers and occasionally by others involved in state business.

The Cessna aircraft are sometimes used to transport prisoners, for law enforcement and to monitor forest fires and issues of air quality. Can these services be privatized? It is unknown to us whether or not these aircraft are ever used for purposes assigned by the Department of Homeland Security or other federal agencies on confidential or classified assignments.

We do not know how many persons are on the state payroll to pilot these aircraft and to maintain them to FAA standards. We think there are at least two pilots licensed to fly commercial, multi-engine aircraft and perhaps one other pilot for the Cessna.

Opinion:

We believe an evaluation of all direct costs of the Aeronautical Department of ITD may show significant savings in a program of using only chartered aircraft on an "as needed" basis. Several companies at the Boise airport have sufficient capacity for state needs. As an alternative to using chartered aircraft, an evaluation of "fractional ownership" in which Idaho would share all operational costs with other "fractional owners" of an aircraft could also be made.