

Minutes of the Joint Legislative Oversight Committee  
March 10, 2014  
Lincoln Auditorium, Room WW02, Capitol  
Boise, Idaho

Cochair Representative Shirley Ringo called the meeting to order at 3:40 p.m. Attending the meeting were Senators Dean Mortimer (cochair) and Cliff Bayer and Representatives Maxine Bell, Gayle Batt, and Elaine Smith. Senators Cliff Bayer and Elliot Werk arrived shortly after the meeting started. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff.

**APPROVAL OF MINUTES FROM FEBRUARY 27, 2014**

**Representative Smith moved to approve the minutes of February 27, 2014. Senator Mortimer seconded the motion, and it passed unanimously by voice vote.**

**NEW EVALUATION TOPICS FOR OPE**

Cochair Ringo asked Mr. Mohan to explain the process for topic selection. Mr. Mohan said the committee had received 16 topics from 21 legislators: 16 legislators were Republicans and 5 were Democrats. He said he thought the nature and number of the requests and the complexity of questions reflected legislators' confidence in OPE to conduct thorough, nonpartisan, and objective studies.

Mr. Mohan asked the committee to consider whether the evaluation requests had a limited focus or a broad interest with statewide implications. Members could also consider whether the request was timely, how the study will be used and whether it would inform a bill, and whether it could increase efficiencies in agencies. If the request asked to look at a program for compliance, members could consider the evidence leading to the request. He encouraged the committee to discuss the requests before selecting topics.

Cochair Ringo asked the requestors to present their request and limit their comments to two to three minutes. (Proposal letters have been attached to the minutes.)

**1. Contracting for Legal Work by Agencies, Boards, and Commissions**

Representative John Gannon presented his request to look at private outsourced attorney work in the State of Idaho for the past five years and include a compilation and examination of all attorney fees and costs awarded against the state and in the state's favor.

**2. Workload of the Attorney General's Office and Contracting for Legal Work**

Representative Steven Miller presented his request to evaluate the workload of the Office of the Attorney General, the legal contract work done for all agencies, and requests submitted to the Attorney General's office.

**3. Using a Different Inflationary Index for State Contracts to Save Tax Dollars**

Senator Dan Johnson presented his request to evaluate whether using the Chained Consumer Price Index in state contracts and statutory funding requirements would more accurately measure inflation and increase general fund revenues. Representative Bell, referring to RS22185 from the 2013 session, asked if the reason the bill was never heard was because of lack of support or shortage of time. Senator Johnson indicated that time ran out to hear it.

#### **4. Advantages and Costs of Using Salary Savings for Compensation and Benefits**

Senator Tippetts presented his request to evaluate the use of salary savings to fund compensation and benefits for state employees. The evaluation would also look at holiday pay for employees working a nontraditional work schedule and the effect on department functionality of employees must take time off in lieu of paying for extra holiday hours. Senator Werk asked about the Governor's recommendation for using salary savings. Senator Tippetts said the Governor did not include funding for increased compensation in fiscal year 2015 but encouraged agencies to use salary savings.

#### **5. Policy and Procedures Review of Risk Management**

Representative John Rusche was not present to address his request.

#### **6. Usefulness and Costs of Schoolnet**

Senator Roy Lacey was not present to address his request.

#### **7. Effectiveness of Schoolnet and ISEE**

Senator John Goedde was not present to address his request.

#### **8. Efficiency of ISEE to School Districts**

Representative Darrell Bolz presented his request to evaluate the Idaho System for Educational Excellence (ISEE), specifically whether the system addressed the following superintendent concerns: (1) data returned to the districts was not the same as the data sent in, (2) number of individuals required to input data and the cost to districts, and (3) appropriate types of personal data entered into the system.

#### **9. Use and Satisfaction of the Idaho Education Network**

Senator Dan Schmidt was not present to address his request.

#### **10. Need for Public Preschools**

Representative Hy Kloc was not present to address his request.

#### **11. Operational Review of Child Protection Services**

Representative Christy Perry presented her request to evaluate the nexus between child protection services and the juvenile justice system and state and county guidelines as compared with national guidelines. She asked for a best practices review, reasonable options for placement of resources, and policy options for early intervention. Cochair Ringo asked about recent legislation. Representative Perry said the legislation was a small change that was easy to do. An evaluation might possibly complement the legislation.

#### **12. Public Health District Financing**

Senator Bert Brackett presented his request to evaluate public health district financing and the distribution formula for districts' general fund appropriation. In light of the loss of federal grant funding for STD testing, he asked for an evaluation of demands or requirements that have been placed on the districts by the Legislature.

#### **13. Fish and Game Policies and Procedures**

Senator Monte Pearce was not present to address his request.

#### **14. Management Practices of the Department of Lands**

Representative Ed Morse presented his request to evaluate whether the department was meeting its fiduciary duties in managing and exchanging properties. Senator Werk asked about the rate of return to use the land and about Morse's history with the department. Representative Morse said the rate of return has been historically low at about 1–1.5 percent. He indicated he was a real estate appraiser and had represented the Priest Lake State Lessees' Association in the past. In response to Representative Batt's question, Representative Morse indicated that his concerns could be addressed by an interim committee.

#### **15. Road Construction and Maintenance Funds Paid for Sales and Use Taxes**

Senator Jim Rice presented his request to evaluate the total road construction and maintenance dollars paid for sales or use taxes as well as costs to the Tax Commission to enforce the tax. Senator Werk said the proposal seemed to a gathering of data. Was there another way to get that data? Senator Rice referred to a recent OPE report "Assessing the Need for Taxpayer Advocacy" and it's finding that the Tax Commission did not segregate any data. He said an evaluation would need to look at road construction data in the highway districts and ITD.

#### **16. Services of the Local Highway Technical Assistance Council as Compared with ITD**

Representative Joe Palmer presented his request to evaluate whether LHTAC and ITD duplicate services to assist local transportation jurisdictions. If duplication exists, would absorbing LHTAC and its programs into ITD be more efficient and cost effective? Senator Werk asked what LHTAC's overall budget was. Representative Palmer did not know but provided staff size.

#### **17. Lessons Learned from GARVEE**

Senator Chuck Winder presented his request to evaluate the GARVEE program (the request came in during the meeting and was not listed with other requests). He said he had been chairman of the Board of Transportation and brought GARVEE to the Legislature for approval. GARVEE was currently in its final stages and he wanted an evaluation to determine whether the Legislature got what he had promised. An evaluation would look at lessons learned for application in the future. Senator Werk asked if the lesson would be whether the Legislature wanted to engage in a GARVEE-style program again. Senator Winder said that would be one outcome.

Senator Mortimer indicated that he was aware of a few more proposals that did not make the committee's list and suggested postponing a vote until those proposals were submitted. Mr. Mohan said he had sent all legislators an e-mail indicating that Friday, March 7 was the deadline to submit proposals. The committee had originally planned for two meetings, one to hear topics and another to select topics, but in planning for this meeting, he found little available time to meet. Next week was the last week of session, and the committee still needed to release a report. He did not know if scheduling another date to select topics would be possible.

Representative Smith asked if proposals 1 and 2 could be combined because they were so similar. Also 6, 7, and 8 were quite similar.

Cochair Ringo said her immediate concern was to hear from those proposals that were not represented by the sponsor. Because JLOC had heard proposal 8 and proposals 6 and 7 were similar, she indicated that they had been sufficiently heard. As a result, the proposals that had not been heard were preschools, Risk Management, and Fish and Game.

Regarding the Risk Management proposal, Senator Mortimer said he had heard HB549 in committee. This bill would give universities the option to purchase certain services on their own, such as liability insurance and contracting for building. However, if universities withdraw from services provided by the Department of Administration, other agencies may see an increase in cost.

Senator Bock suggested JLOC was not positioned to take a vote because not all requestors had presented. He suggested meeting another time. Cochair Ringo indicated that once session was over, members must think about their schedules and whether they would be available to come back for another meeting. Not only did the committee need to select topics, but they had to release a report.

Mr. Mohan said he had notified all the requestors to come to the presentation today. Senator Mortimer said it was good to know Mr. Mohan had contacted requestors. He indicated that perhaps JLOC could proceed with a vote. He also indicated JLOC could narrow the proposals to a select few and hold off making a final decision until another time. Cochair Ringo said she was not comfortable ranking a few proposals if more would be coming later.

Senator Bayer said that because several proposals were similar, they could be bundled. He asked about ranking studies by size, so a combination of sizes could be selected. Representative Bell noted the contract for Schoolnet had terminated, so it may not be a good contender for an evaluation. She indicated that the need for preschool was not a performance evaluation, but she saw a need to evaluate ITD. She agreed with bundling proposals if the process did not make studies too big.

Mr. Mohan said proposals 1 and 2 should be bundled, which would make the study big. Also, proposals 6, 7, and 8 could be bundled, which would make that study big. As far as ranking the studies by size, Mr. Mohan said his efforts to do so in the past had not been accurate—estimating this early was too difficult. He said he could take four studies—five studies had been too many. If JLOC were to combine proposals 1 and 2 and proposals 6, 7, and 8, these studies would be very big and office resources could only handle one more study.

Senator Werk asked if eliminating Schoolnet from proposals 6, 7, and 8 would lessen the scope of the study. Mr. Mohan said the study would still be big, but it could be treated like any other study.

Senator Werk said LHTAC had \$11 million in expenditures in fiscal year 2012. ITD's expenditures were in the \$500 million range. Later in the meeting, Representative Batt said LHTAC expended \$11 million, but it managed \$132 million.

Senator Mortimer, referring to eliminating Schoolnet from the bundled study, said that even though the contract for Schoolnet had been terminated, the program closely intertwined with ISEE and will be maintained by the state. He asked whether JLOC wanted to pick an alternative study in case a study became too big or too small.

Cochair Ringo said she would like to discuss the two proposals that had not received a hearing. She said she would speak to the preschool proposal and asked Senator Mortimer to speak to Fish and Game. Cochair Ringo reviewed the proposal for the need for preschools and Senator Mortimer reviewed the Fish and Game proposal.

Mr. Mohan said he would provide a priority sheet for members to rank proposals. The sheet could either have members' names or the priority could be anonymous. The priority would then be viewed so members could make a motion. **Senator Werk indicated he would prefer to rank proposals anonymously and asked for unanimous consent.**

Senator Mortimer suggested prioritizing the studies twice. The second ranking would be after members determine what was most important. A second ballot would more represent the will of the committee. Cochair Ringo said that last year, the second ballot had varying degrees of change. Mr. Mohan said he had received negative comments from two legislators about the second ballot. Senator Bayer said he was aware of the pros and cons of the last deliberation; however, the process was based on what was being compared. There was some objectivity to that approach. **Senator Mortimer asked for unanimous consent to use two ballots in ranking requests.**

Members ranked their top 10 priorities on the first ballot, bundling similar proposals so only 14 proposals were voted on. The results of the first ballot were as follows:

6, 7, & 8	Effectiveness of Schoolnet and ISEE	24
1 & 2	Legal work contracted by agencies, boards, & commissions	28
4	Salary savings for compensation and benefits	34
12	Public health district financing	45
16	Services of the LHTAC as compared with ITD	48
9	Use and satisfaction of the Idaho Education Network	55
15	Road construction/maintenance funds paid	58
10	Need for public preschools	64
11	Operational review of child protection services	64
13	Fish and Game policies and procedures	66
14	Management practices of the Department of Lands	70
3	Inflationary index for state contracts to save tax dollars	74
5	Policy and procedures review of Risk Management	78
17	Lessons learned from GARVEE	84

**Senator Bayer moved to rank the top seven studies on the second ballot. Senator Werk seconded the motion, and it passed unanimously by voice vote.**

Mr. Mohan said that if JLOC selected the combined proposals for ISEE and the combined proposals for the Attorney General, then the office would be able to take one more study.

Members ranked their top 7 priorities on the second ballot. The results of the second ballot were as follows:

6, 7, & 8	Effectiveness of Schoolnet and ISEE	19
1 & 2	Legal work contracted by agencies, boards, & commissions	25
4	Salary savings for compensation and benefits	30
9	Use and satisfaction of the Idaho Education Network	34
12	Public health district financing	36
16	Services of the LHTAC as compared with ITD	38
15	Road construction/maintenance funds paid	42

Senator Werk asked if Schoolnet could be pulled from the ISEE study. Senator Mortimer said that since the state would continue to maintain Schoolnet, JLOC should see what they can get. He asked Mr. Mohan about pulling it apart. Mr. Mohan said pulling Schoolnet from the ISEE study would be difficult and the study would still be big.

**Senator Werk moved to approve the combined proposals of 6, 7, and 8, the combined proposals of 1 and 2, and proposal 4 for studies in the coming year, with proposal 9 held in reserve if, when scopes were completed on the other three studies, OPE found room to add one more. Senator Bock seconded the motion, and it passed unanimously by voice vote.**

Mr. Mohan said he was happy the topics were selected today. OPE would be issuing a report on financial costs of the death penalty before session ends. Cochair Ringo announced that JLOC will meet after session for a workshop on other committee business.

The meeting adjourned at 6:00 p.m.