

Minutes of the Joint Legislative Oversight Committee

March 23, 2015

Lincoln Auditorium, Capitol, Boise, Idaho



Cochair Senator Cliff Bayer called the meeting to order at 8:04 a.m. Attending the meeting were Senator Steve Vick and Representatives John Rusche (cochair), Maxine Bell, and Gayle Batt. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff. Audience members included the following:

Representatives Wendy Horman, Phylis King, Steve Monks, Kelley Packer, and Ilana Rubel
Brandon Woolf, State Controller; Audrey Musgrave, Deputy Controller
Robyn Lockett, Principal Analyst, Budget and Policy Analysis Division
David Fulkerson, Interim Administrator, Division of Human Resources

Approval of meeting minutes from March 16, 2015

Representative Rusche moved to approve the minutes of February 16, 2015. Representative Bell seconded the motion, and the motion passed by voice vote.

Report release: Idaho's Instructional Management System (Schoolnet) Offers Lessons for Future IT Projects

Senator Vick moved to receive the report. Representative Rusche seconded the motion, and the motion passed by voice vote.

Cochair Bayer called on Rakesh to present the report. Rakesh indicated that Lance McCleve, the team lead of the report, was home sick. He said that he would present a summary of the report and any detailed questions could possibly be referred to the Department of Education. Request for the evaluation came from Senator John Goedde on behalf of the Senate Education Committee and from Representative Lacey.

Rakesh said that Schoolnet is an instructional management system that provides teachers, principals, and administrators with accurate, up-to-date on student performance as well as access to curriculum, professional development, and student assessment resources. Nationally, it was common for districts to use this system, but not as part of a statewide system.

In July 2010 the Department of Education entered into a contract with Schoolnet for \$900,000. Because the department wanted a statewide system, Schoolnet agreed to redesign its system to make it statewide. This evaluation report concludes that poor management, poor decisions, and poor system functionality compounded themselves and prevented the goals for a statewide instructional management system from being realized. The net result is that the project has sunk costs of about \$61 million, and the Department of Education and the Legislature are left with few options to consider when deciding the future of the program.

Rakesh indicated that one of the lessons offered by this report was that we should learn from our past mistakes. He said he was not surprised that the department did not listen to OPE recommendations in the 2006 ISIMS report, but he was surprised that the department ignored the advice contained in three rejection letters for funding—one from the federal government and



two from the J. A. and Kathryn Albertson Foundation. Evaluators found the department's project lacked the following:

- Clear, complete, and comprehensive descriptions of all project plans
- Measurable goals and metrics with realistic outcomes
- State and local policies in support of the project
- Evidence of project or system sustainability
- Evidence of stakeholder engagement in developing the project and support of implementation or participation

Rakesh said the report offered another lesson—project planners and implementers should carefully manage contract risks that can prevent performance problems such as the inability of a vendor to deliver the expected product.

The pilot project has ended without having established a statewide instructional management system as an integral part of Idaho education. Stakeholders remain uncertain about the value of a centralized statewide instructional management system. The department continues to host Schoolnet, but so far, it has been unable to demonstrate that a statewide instructional management system offers any unique value to districts.

Rakesh said the Albertson Foundation committed \$21 million for the project and the state committed \$57 million, \$21 million to match the foundation's contribution plus an additional \$36 million. Of the total \$77.7 million commitment for the project, about \$10 million was for Schoolnet software and maintenance.

Cochair Bayer asked about the plans for disseminating the report. Rakesh said the office had given the report to the two education committees with an offer to present to the committees.

Representative Rusche said the department had problems building the project. He asked whether the problems involved other departments. Rakesh said the primary problem was with the Department of Education's management of the project. He did not know who issued the contract—whether it was the Department of Administration or the Department of Education. He said that regardless of who signed the contract, the responsibility for contract management and oversight fell on the shoulders of the department.

Representative Rusche asked whether the project's requisition by a different vendor partway through implementation, like Molina, created additional difficulties. Rakesh said basic contract management and oversight was missing.

Representative Batt said the results were sickening and asked for another presentation from Lance when he recovered. She said \$61 million could have gone a long way for roads. Cochair Bayer asked about options to accommodate another presentation. Rakesh said that if Lance was feeling better before session ended, the committee could have a meeting for this report. He said that if the Senate or House Education committees or JFAC had time in their agendas, the office could make a presentation.

Cochair Bayer said JLOC would not take action until a more comprehensive presentation could be made. He asked for comments from the governor or the Department of Education. No one in the audience was represented by these offices.

Representative Rusche said this report was more than disheartening. Even though the department had changed leadership, he said the Legislature needed to make sure things were



investigated better so this did not happen again. He said that every year an agency presents a plan that sounds like a great idea but ultimately is not managed well. The state spends tens of millions of dollars of citizens' money and then cannot support teachers or other services. More accountability was needed. He said he had not seen accountability from the executive branch thus far, so the Legislature should be doing it.

Representative Batt asked if the program was ongoing and received continued funding from the state. Rakesh said the program was ongoing and the department was receiving a \$2.5 million maintenance budget from the state. In conversations with the department, however, he said Tim Corder had indicated plans to scale back the project.

Presentation of evaluation request

Cochair Bayer called on Representative Monks to address the committee. Representative Monks said this year was his first on JFAC, which gave him an opportunity to look through line items for IT equipment. He noticed that some agencies requested replacement for equipment that was two years old and some that was five years old. He had asked budget analysts about the standard of age for replacement, but they did not know of any standards. What frequency was normal and what was reasonable? What about the use of extended warranties? With this information, the state could come up with a guideline so JFAC could make a better assessment of which equipment need to be replaced when.

Representative Rusche asked if Representative Monks was requesting a survey of policies but not the development of standards or best practices. Representative Monks said he would like to have both and a recommendation for replacing IT equipment. He wanted to understand agencies' rationale for replacing equipment. Representative Rusche said he anticipated seeing variation in the length of time agencies requested new equipment.

Representative Bell said she assumed this was not a request about counting equipment but about policy—who had it in place and who ensured the policy was followed. Representative Monks agreed. He said he was looking for replacement frequency policies.

Report release: Application of the Holiday Leave Policy

Representative Batt moved to receive the report. Representative Rusche seconded the motion, and the motion passed by voice vote.

Cochair Bayer called on Rakesh to introduce the report. Rakesh said that last year Senators Tippetts and Guthrie asked the OPE to look into the application of holiday leave. Their request had also included questions about salary savings, but the office had released the information in two separate reports (salary savings was released in January 2015). He thanked the Office of the State Controller for helping the OPE with data for the report.

Amanda Bartlett and Bryon Welch presented the report. They said holiday leave was a part of the state's total compensation plan, which sought to attract, motivate, and retain a productive workforce to serve the citizens of Idaho. For the 21,000 plus benefitted states employees, statute directs that they be "compensated as if they actually worked" on the holiday.

Evaluators found inconsistency in how agencies grant holiday leave to employees. Most agencies restrict holiday leave to a maximum of 8 hours per holiday, and some agencies grant holiday leave equal to the number of hours the employee would be regularly scheduled to work. To



resolve this inconsistency, evaluators offered four options to policymakers to clarify the holiday leave benefit.

Evaluators recommend that, regardless of the policy option pursued, clear direction and guidance should be communicated to all agencies for the application of the holiday leave policy.

Cochair Bayer asked what would happen if a holiday fell on an employee's day off, if that employee was working a nontraditional schedule. What would happen when a holiday fell on a day that a full-time employee was scheduled to work only four hours. It seemed that the workweeks should balance to 40 hours whether the employee worked a traditional or nontraditional schedule. Amanda said policies address what should happen when a holiday fell on an employee's day off. The most common strategy would be to take the holiday leave on the closest regularly scheduled day of work. If full-time employees were scheduled to work four hours on a holiday, the agency could let them take four hours of leave or take eight hours and adjust their schedule so the hours worked and holiday leave did not exceed 40.

Cochair Bayer asked if agencies would like to have more flexible schedules. Amanda said she had found that in discussion of the proposed legislation in 2000, agencies testified that providing 10-hour days was a big advantage. Some agencies had seasonal workloads and needed the flexibility to meet the demand. Most agencies considered 10-hour days to be a benefit to their employees. Bryon said that in the compensation report released in 2013, an OPE survey showed that employees rated schedule flexibility a valued benefit.

Cochair Bayer asked if the OPE had found a connection between funding source and agency policies on holiday leave. Amanda said no.

Cochair Bayer invited the Controller to respond to the report. Mr. Woolf thanked Rakesh and the office for their work. He said he concurred with the guidance from the Office of the Attorney General for the holiday leave policy. Administrative rule had tried to clarify the policy, but it was still inconsistent. He believed that the policy needed to be addressed at the statutory level because it would address classified and nonclassified employees.

Cochair Bayer invited Mr. Dave Fulkerson to respond to the report. Mr. Fulkerson said he echoed the Controller's comments and thanked OPE. He firmly believed that a statutory change was the best way to address the issue. His office had tried in 2014, but only one body had supported it.

Rakesh suggested a follow up of the study to see whether progress had been made by the Legislature, either in the CEC Committee or germane committees. These committees could consider the options and present a bill during the next session. Cochair Bayer asked if the information had been released to the germane committees. Rakesh said he had given Senator Tippetts and Representative Hartgen the report. Cochair Bayer asked whether the entire committee would benefit from receiving a report. Rakesh said he could present to the committees if they so desired.

Representative Bell moved to suggest statutory action to make a more equitable and fair system and to report back in a year's time. Senator Vick seconded the motion, and it passed by voice vote.

Rakesh discussed holding a meeting for topic selection either tomorrow at 8:00 am or Wednesday at noon. Before the selection began, he said he would like to brief JLOC of the office workload. Cochair Bayer asked if all JLOC members could attend. Rakesh said if the five



members attending could confirm which time would work best, he could finalize the agenda this afternoon. Members indicated that Tuesday morning could work.

Representative Bell moved to adjourn and Representative Batt seconded. The motion passed by voice vote.

The meeting adjourned at 9:13 am