

# Minutes of the Joint Legislative Oversight Committee

## March 14, 2019

### Room EW42, Capitol, Boise, Idaho



Cochair Representative Mat Erpelding called the meeting to order at 3:34 p.m. Attending the meeting were Senators Mark Harris (cochair), Dan Johnson, Michelle Stennett, Cherie Buckner-Webb, Representatives Caroline Nilsson Troy, Paul Amador, and Elaine Smith. Also present were Rakesh Mohan, director, Margaret Campbell, administrative coordinator, and other OPE staff. Audience members included the following:

Senator Lee  
Representatives Chew, Wintrow

### Approval of prior meeting minutes

**Senator Harris moved to approve the minutes from the meeting on February 19, 2019. Senator Johnson seconded the motion, and it passed by voice vote.**

### Presentation of evaluation requests

Rakesh said seven requests had been submitted from 45 legislators, including 10 newly elected legislators. Cochair Erpelding called on requesters to present their request to the committee.

### Preparedness of Idahoans to retire

Cochair Erpelding said his request was on savings for retirement. He had been working with other members of the legislative body and AARP on the issue. He said 54 percent of Idaho's private sector employees do not have a retirement plan. A study would have four components: complete an evaluation of processes and options for private sector employers who have limited or no access to retirement savings programs, present demographics of employees who currently do not participate in an employer sponsored retirement plan, identify ways the state of Idaho can reduce regulatory and operational burdens on small businesses who do not offer payroll deduction retirement savings options, and issue a report. He said listed on the back of the request were suggested sources of information.

Representative Amador asked about the process for selecting new evaluations. He asked for an overview of how the selection process works. Rakesh said after the presentations, the committee would vote for their top four projects. The members should not put their names on the ballots. The office would tally the votes and put the results on the screen. After, Rakesh would talk about the projects and identify how many evaluations the office could do. He could likely take three or four projects. Rakesh said the office had seven follow-up reports to conduct, so five projects might not work.

Senator Stennett said, referring to the request for a retirement study, employees needed to be making a livable wage. If employers are not paying a good wage, the employer would likely not be able to offer a retirement program. Senator Stennett wanted to clarify what Representative Erpelding wished to find in this evaluation. Representative Erpelding said research showed that if a savings plan were offered to an employee, employees were more likely to save something regardless of their wages. The request had been narrowed to look at what the state could do to ease access and barriers to offering retirement savings plans. He wanted to look at states that offer models to small businesses, including states surrounding Idaho.

### **Operational efficiencies of the prison system**

Cochair Erpelding said his request is partially related to 800 Idaho inmates offsite in Texas. In 2010, OPE comprehensively studied operational efficiencies of Idaho's prison system with a follow up review in 2012. This request would look at what operational efficiencies have been approved since 2010, and accordingly, what efforts at reducing recidivism rates have been applied and how have they been successful. Also, a study would look at how and when all inmates would be returned to housing in Idaho.

### **Cost saving measures during economic downturn**

Representative Troy said her request was made with Representative Monks. The Legislature sets the budget for state agencies without an opportunity to evaluate and prioritize funds effectively. An evaluation would look to see what cost-saving measures were happening within agencies, what agencies anticipated saving, if those cost-saving measures had any unintended consequences, which cost-saving measures were being implemented, and if any cost-saving measures being implemented by one agency could be implemented by another. Representative Troy said a great example was how ITD reorganized the past few years. Was it effective? What can be learned? Did the reorganization cause any unintended problems?

Rakesh said Representative Monks visualized the evaluation in two phases. First would be to survey and ask questions of the agencies. Then Representative Monks could decide which agencies warranted further evaluation.

### **Nonemergency medical transportation**

Representative Wintrow said her request came after a few years of email complaints about the brokerage system of nonemergency medical transportation. In 2010 the Department of Health and Welfare began a broker system to provide transportation for Medicaid recipients. Federal law provided funding for transporting Medicaid recipients to and from medical appointments. A kerfuffle over the last two brokers had raised a lot of questions, such as whether the broker model saved the state money and whether it created efficiencies and effectiveness.

Senator Johnson said Director Jeppesen of Health and Welfare seemed interested in the request. He said previous assumptions in the managed care system needed to be revisited, and an evaluation would look at whether the statewide model made sense as the state moved into a managed care system. The report could benefit the state and was timely.

Representative Amador said he understood this to be an issue. He asked if the request was to evaluate the contract in place for effectiveness or how to best serve the state of Idaho. He wanted to know what the goal of the evaluation was.

Representative Wintrow said she hoped OPE would look at the contract but the bigger question was whether the brokerage model was the best model and how the department managed the contract.

Senator Johnson said the list of questions on the request was generated by going through the Request for Proposal (RFP) on the bid. The successful bidder would be determining protocols for becoming a provider and how the rates were set. The broker model was in question because assumptions in 2010 might not work today. The frequency of rate changes in provider services was an example. Providers have been locked into a three-year contract with Health and Welfare. This lockdown took away companies' flexibility to respond to changing conditions. Because the rate was fixed, companies operated below cost, making it hard to stay in business.

### **County revenues**

Representative Troy thanked OPE for the report *Impact of State Mandates on County Governments*. She said it uncovered things she had sensed but it was alarming to see how big the impacts were. The study identified 33 difficult mandates, with 14 being the most difficult to implement. The biggest difficulty was insufficient revenue to implement mandates. This request was following up on the study for further analysis to understand how counties were affected by property tax and revenue sharing policies.

A study would look at the impact of state and federally owned land on county budgets. For example, the sale of the site cottages had given the Idaho Department of Lands hundreds of millions of dollars to reinvest. The Endowment Fund policy was to have between 55 and 60 percent of endowment investments in agricultural, range, and timber land. The Endowment Fund recently bought 1,300 acres in Benewah County, making 13 percent of the county owned by the State of Idaho. The county would not get any return from the land; it would not get any payments in lieu of taxes, even though it still had to fund law enforcement and maintenance on all roads. A study would look at impacts that state and federal lands have on counties. As well, the study would look at the impact of levies and property tax exemptions on county budgets.

Rakesh clarified that the request was not a follow-up review, but rather a new study—a phase two study, like the three projects on foster care.

### **Chained consumer price index**

Senator Johnson said his request was to look at how the state measured inflation and applied it to businesses. The state used several different cost inflators. Some were required, like a medical consumer price index for certain services at the prison. Others included consumer price indices for fuel purchases. This request was looking at the most common type of inflation, known as retail inflation. The study would look at adopting the chained consumer price index, which was more accurate by allowing for substitutions in purchasing behaviors and true costs in the economy. The other index may over inflate cost, while this would be a closer approximation to what the costs were for providing those goods and services. In guidelines for topic selection, there were eight criteria for selection and this study met all criteria. It applied statewide to all agencies, had a benefit that can be measured, had potential for cost savings, was very doable, the data were available, and could be done in an ex parte type study.

### **Effect of raising minimum wage**

Representative Chew said her request came about after hearing that OPE had a PhD economist on staff who was ready to do something with his degree. There had been much discussion on what to do to decrease the reliance of low-paid workers on government services and how to provide a greater quality of life for those who might not have access beyond minimum wage jobs. Representative Chew wanted to investigate whether raising minimum wage would be a viable means to help certain populations. She wanted to know what impacts different policy options, such as slowly phasing minimum wage increases, would have on increasing quality of life and helping local economies. A study would look at the fiscal impact on the state by increasing minimum wage. To ensure no policies did any harm, the study would track any effect that policy options have on public assistant programs. If negative effects were identified, the study could describe the types of changes needed to protect those programs.

### **Selection of evaluation requests**

To summarize a few of the requests, Rakesh said the prison study would be an update to the 2010 report. The cost savings proposal was previously requested in 2016. The study about

county resources came from an OPE recommendation for a follow-up study. The chained consumer index study was requested last year.

Members indicated their top four choices for evaluation on an unidentified ballot. Office staff collected and tallied the ballots, and the results were shown to the committee on the projection screen (see attachments). Rakesh suggested he could take four studies, or if provided with a priority list, he could take five and have the fifth one waiting. Senator Buckner-Webb said she would like to prioritize the top five as they were ranked on the screen.

**Senator Buckner-Webb moved to approve five studies to conduct in the coming year, listed in order of priority: (1) Operational efficiencies of the prison system, (2) nonemergency medical transportation, (3) county revenues, (4) preparedness of Idahoans to retire, and (5) chained consumer price index. Representative Amador seconded the motion, and it passed by voice vote.**

### **Other committee business**

Rakesh said OPE had one more report on *Court-Ordered Fines and Fees* to release this session.

*The meeting adjourned at 4:14 p.m.*

	Rank
Operational efficiencies prison system	1
Nonemergency medical transportation	2
County revenues	2
Preparedness to retire	4
Chained consumer price index	4
Effect of raising minimum wage	6
Cost saving measures during downturn	7



## House of Representatives State of Idaho

### HOUSE MINORITY LEADER

Dear Members of the Joint Legislative Oversight Committee:

Thank you for considering our request to complete a study on the preparedness of Idahoans to retire in a financially secure manner. We hope to explore ways the State of Idaho can reduce the regulatory and operational burden on small businesses who want to offer payroll deduction retirement savings options to employees. We would like to take this opportunity to share some information as to why it is so important for Idaho to act now.

#### **The Problem: There is a Retirement Crisis in Idaho**

The average Social Security benefit in Idaho is only about \$16,450 a year, older families average about \$18,000 a year on food, utilities, and health care alone. Nearly one in four Idahoans relied on Social Security for 90% or more of their income. Idaho taxpayers would save \$11.5 million on public assistance programs between 2018 and 2032 if lower-income retirees save enough to increase their retirement income by \$1,000 more per year.

About 54% of Idaho's private sector employees – approximately 290,000 individuals – work for an employer that does not offer a retirement plan, and certain groups are disproportionately impacted by this lack of access. *Employees are 15 times more likely to save merely by having access to a workplace retirement plan*, but often small businesses choose not to offer retirement plans to employees due to concerns about costs, complexity, time burdens, and potential liability. As the state of Idaho has a vested interest in helping people save their own money for retirement in order to be self-sufficient as they age, Idaho can reduce the regulatory and operational burden on small businesses who want to offer payroll deduction retirement savings options to employees.

In completing this study, we ask that the Committee identify and make recommendations in five areas concerning the preparedness of residents to retire in a financially secure manner including wealth distribution, liquid assets, and home ownership:


1. Complete an evaluation of options and processes for private sector employees having limited or no access to a retirement savings program at their places of employment.
2. More information regarding the demographics of employees in the state currently not participating in an employer sponsored retirement savings plan or program including: Geographic distribution, Age, Income level, Race, and Education level.
3. Ways the State of Idaho can reduce the regulatory and operational burden on small businesses who want to offer payroll deduction retirement savings options to employees through public private partnership; and
4. The Joint Legislative Oversight Committee share its report and recommendations during the 2020 legislative session.

Some information regarding this report can be researched through the following state entities:

- State Tax Commission: individuals reporting tax deferred contributions, w/ income level total & average contribution
- Department of Commerce: In-depth analysis of what types of businesses offer retirement plans
- Department of Labor: How retirement plan benefit packages impact job desirability or employee or help retain the workforce
- Health and Welfare: In-depth analysis of a cost savings to taxpayers from social safety net programs
- Small Business Development Center: small business requesting help in offering retirement plans and barriers small businesses face in offering a 401(k) retirement plan to their employees
- Workforce Development Council: How retirement savings availability can add to the stability of the workforce

This is a positive first step towards addressing retirement insecurity in Idaho. With the report, Idaho can make informed policy decisions and help identify, enact, and implement an Idaho solution to help Idahoans save for and reach a secure retirement.

Sincerely,



Representative Mat Erpelding



Senator Mark Harris



Representative Randy Armstrong



Representative Bill Goesling



Senator Dave Nelson



Senator Lee Heider



Representative Sage Dixon



Representative Kevin Andrus



Senator Jim Patrick



Representative Caroline Troy



Representative James Holtzclaw



Representative Ilana Rubel



## House of Representatives State of Idaho

March 11, 2019

**HOUSE MINORITY LEADER**

Dear Members of the Joint Legislative Oversight Committee:

In 2010, the Office of Performance Evaluations (OPE) studied Operational Efficiencies in Idaho's Prison System. They released a comprehensive report showing that Idaho's prison system was facing challenges ranging from aging facility infrastructure to a forecast of a growing prison population. In 2012, the OPE produced a follow-up report reiterating the 2010 findings.

In the year 2019, it is time to assess what has been done to address the issues identified in the 2010 and 2012 reports. What operational efficiencies have been improved since the 2010 and 2012 reports were issued?

Accordingly, I request an update on the 2010 and 2012 OPE reports on Operational Efficiencies in Idaho's Prison System, to include (1) what operational efficiencies have been improved; (2) have there been other relevant changes in our situation between 2010 and now; (3) what effect efforts at reducing recidivism are likely to have on the total prison population; (4) what effect sending inmates out of state has on their safety while in prison and recidivism rates after release; (5) how and when we can resume housing all Idaho inmates inside the State of Idaho; and (6) projections of needed additional capacity.

Sincerely,

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Representative Mat Erpelding

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Representative Paul Amador

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Representative Clark Kauffman

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Representative John Vander Woude

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Representative Muffy Davis

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Representative Jake Ellis

Handwritten signature of Caroline Troy in black ink.

Representative Caroline Troy

Handwritten signature of Tom Dayley in blue ink.

Representative Tom Dayley

Handwritten signature of Ryan Kerby in black ink.

Representative Ryan Kerby

Handwritten signature of Greg Chaney in blue ink.

Representative Greg Chaney

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Senator David Nelson





## House of Representatives State of Idaho

ASSISTANT MAJORITY LEADER

### Evaluation Request For OPE

**PROBLEM:** Every year the legislature is tasked with setting the budgets for all state agencies. With a limited amount of funds available, the legislature is required to evaluate, prioritize and appropriate funds to all of the various state agencies.

**MAGNITUDE OF PROBLEM:** In order to judiciously, and fairly set budgets, it is imperative that the legislature be provided with accurate information. During the economic downturn, private and public organization were required to meticulously examine their budgets and reduce costs. During this time, successful organizations were able to identify and implement cost savings measures. However, as the economy has improved and as the population of the state continues to grow, agency budget requests have ballooned to historic highs.

**DESIRED INFORMATION:** It is requested that OPE sample a limited number of state agencies and identify the following:

- What specific cost savings measures did your organization identify and implement during the economic downturn?
- How much money was anticipated to be saved and how much money was actually saved as a result of the cost savings measures that were implemented?
- Did cost savings measure have unintended consequences, and were these positive or negative?
- Which cost savings measures are currently being implemented and why or why not?
- Can any of the cost savings measures that were identified by one agency be implemented by other state agencies?

**ANTICIPATED USE OF INFORMATION:** This information could be used to help state agencies recognize and implement cost savings measures. This information would also be useful for the legislature when setting budgets as they prioritize the limited funds that are available to the state.

**REQUESTORS:**  
Representative Jason A. Monks

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List of Requesting Representatives

Requestors Name

Signatures

Representative Addis

Representative Anderst

Representative Andrus

Kevin Andrus

Representative Blanksma

My Blanksma

Representative Boyle

Judy Boyle

Representative Demordaunt

Representative Dixon

Representative Furniss

Representative Gestrin

Ty Gestrin

Representative Harris

Representative Hartgen

Tricia Hartgen

Representative Holtzclaw

Representative Kingsley

Representative Lickley

L. Lickley

Representative Moyle

Representative Palmer

Representative Raymond

Paul Raymond

Representative Shephard

Paul Shephard

Representative Syme

Representative Troy

Caroline Troy

Representative Vander Woude



# Idaho State Legislature

State Capitol  
P.O. Box 83720

March 13, 2019

To: Joint Legislative Oversight Committee

Re: Non-Emergency Medical Transportation (NEMT) in Idaho: a broker model in question.

The Idaho NEMT program is within the Idaho Department of Health and Welfare, Division of Medicaid, and covers transportation in-state and out-of-state, to and from health care services when those services are covered under the Medicaid State Plan or through waivers for participants who have no other means of transportation. These transportation services include wheelchair vans, taxis, stretcher/gurney vans, bus passes and tickets, and other forms of transportation otherwise covered under the Medicaid State Plan.

Currently the NEMT program is contracted to a broker who coordinates and manages the statewide NEMT program. The broker subcontracts with transportation network providers to administer the transportation for eligible Medicaid participants. All NEMT services are scheduled through the current brokerage contractor regardless of service type or distance.

Recent concerns about provider rates and service levels prompted the Legislature to appropriate \$200,000 in FY19 to Medicaid solely for the purposes of improving the NEMT program. This included an audit of the program, rate review activities and a training program. However, additional concerns remain about service delivery and providing for a system that fully supports participants with special health needs.

We request JLOC approve an OPE study to examine the effectiveness of the NEMT system and examine the benefits and costs of using a statewide broker model versus other models (e.g., regional model, state authorization model) in hopes that recommendations could be made to create a more reliable, efficient and cost-effective system for NEMT transportation.

More specifically, we request a study that compares different NEMT models which may include the following:

1. Administration costs, total personnel and budget for Medicaid program.
2. Provider rates to ensure an adequate transportation network for all services.
3. Protocols for becoming a transportation provider.
4. Frequency of rate changes in provider services.
5. Minimum requirements to meet Medicaid rules and provide world-class service.
6. Model structure best suited to fit with current state of Idaho managed care or other health care planning efforts by the Department of Health and Welfare.
7. National standards or other accreditation standards.

We believe this study would help to improve the Idaho NEMT program. We thank you for your consideration of this request.

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Representative Melissa Wintrow

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Senator Dan Johnson



## **House of Representatives State of Idaho**

March 11, 2019

Joint Legislative Oversight Committee  
Idaho Legislature

Dear Esteemed Colleagues,

The recent study “Impact of State Mandates on County Government” conducted by the Office of Performance Evaluations uncovered significant issues facing rural counties because of mandated tax and expenditure limitations placed upon counties. Rural counties are more likely to be constrained than urban counties, as they are not experiencing the growth in tax revenue from new construction and increasing values.

While ranked the “fastest growing state in the nation,” Idaho’s counties and communities are also experiencing a rapid and growing divide between the “have’s” and the “have nots.” These measurements include population growth, economic development and job growth, median income levels, and property values.

While these measurements of community vitality are wildly fluctuating across the state, one thing remains consistent: the cost of doing business is going up. Comprehensive services are required and provided by every local unit of government (counties, cities, schools and highway districts) across the state, regardless of the economic health of the region, the size of the taxing district, or the constraints imposed by the state on their ability to tax residents.

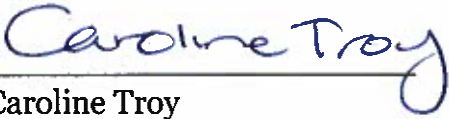
The Idaho Legislature passes laws and imposes rules that make a tremendous impact on local units of government regardless of economic vitality or decreasing tax base that underpins the ability to provide these required and necessary services. The purpose of this study is to more clearly understand what is causing budget problems for the counties. Specifically, it is requested that the Office of Performance Evaluation review the following issues:

1. Review the overall Revenue picture for counties, including all funding sources
2. Determine the impact of state and federally owned lands on the county’s budgets


3. Specifically review the impact of levy's and property tax exemptions, both real and personal, on the historical budgets of counties.


Additional follow-up surveys should be considered that measures the impact of mandates on other units of local government, such as cities, highway districts and schools.

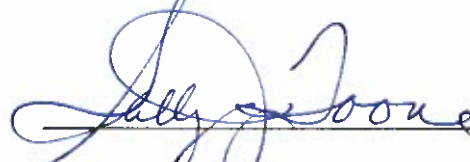
Thank you for your consideration,

  
Caroline Troy

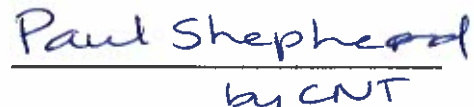
  
Scott Bedke

  
Mark Harris

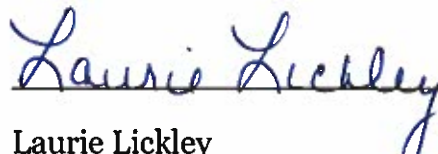
  
Terry Gestrin

  
Sally Toone

  
Judy Boyle

  
Paul Shepherd <sup>by CNT</sup>

  
Tom Dayley

  
Laurie Lickley



## Idaho State Senate

State Capitol

P.O. Box 83720

March 13, 2019

To: Joint Legislative Oversight Committee

Re: Chained Consumer Price Index

Known to most as inflation, the Consumer Price Index (CPI-U) statistically measures consumer prices for goods and services and records their change over time. Numerous, independent indexes record these changes and are maintained by the U.S. Bureau of Labor Statistics: urban consumers, wage earners and clerical workers, and average price data are a few examples.

The state of Idaho currently uses different consumer price indexes to measure inflation for food, medical services, leases, retirement benefits, fuel, taxes, contracts, and more. In fact, different consumer price indexes are referenced in at least nine titles of Idaho Code.

The purpose of this study request is to evaluate replacing the CPI-U with the Chained Consumer Price Index (C-CPI-U). The C-CPI-U is designed to be a closer approximation to a cost-of-living index than other CPI measures. Most recently, the C-CPI-U was used in the Federal Tax Cuts and Jobs Act of 2017.

This study may benefit the state of Idaho. For example, the Idaho Department of Correction uses CPI-U for medical services, PERSI uses CPI-U for retirement benefits, the Idaho State Liquor Division uses CPI-U for leases, Higher Education uses CPI-U for services, and others. Some state department contracts assume a fixed rate of inflation. Those departments could benefit from this study because fixed rates are occasionally higher than actual inflation. Contract inflation from previous years may be used to analyze potential savings in future contracts.

We believe the office of Performance Evaluations is best qualified to complete this study request and to issue an objective, comprehensive report on the benefits and costs of replacing CPI-U with C-CPI-U in state contracts and statutory funding decisions.

Thank you for your review and consideration.

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Senator Jeff Agenbroad

A blue ink signature of Senator Dan Johnson, written over a horizontal line.

Senator Dan Johnson



## **House of Representatives State of Idaho**

March 13, 2019

Dear Senator Mark Harris and Representative Mat Erpelding,

This problem of poverty is ethical and moral in nature. The Constitutions of this land protect the life, liberty and pursuit of happiness. So why should 216,309 people in Idaho not be able to experience life, liberty and the pursuit of happiness? The 15% of the population who live in poverty are denied this right. The Legislature should act to address this problem and thus my request is here to conduct an evaluation to examine the effect of raising the minimum wage.

- What policy options are available, such as phasing in the minimum wage, and to what wage endpoint before wanting to index it, to ensure that the minimum wage has the desired beneficial effects for workers, employers, and local communities as well as the state?
- What would the fiscal impact to the state be of increasing the minimum wage, given doing so could affect various revenue streams, such as income and sales taxes, as well as expenses related to public assistance?
- To what extent do Idaho's public assistance programs discourage workers from earning higher wages, and what policy options might Idaho add to mitigate this?

Before I contemplate legislation, I wish to find the wisest path forward through a methodical evaluation done by The Office of Performance Evaluation (OPE). I, on my own, have not been able to get the data and analysis needed from the various germane executive branch departments, so I ask for legislative assistance from OPE.

The intent of raising the minimum wage is both to reduce the reliance by low paid workers on government services, provide opportunity for better health and lifestyle choices, strengthen Idaho families, provide greater household stability, encourage greater productivity, and, secondly, to improve the economic success of communities and the state in doing so.

It is said, "We must act to protect the happiness of ALL Idahoans." As a government of the People and for the People, Committee Men and Women, I hope you will consider the issue of poverty, and take up the call to solve it. I thank the committee for taking the time to hear the issue and hope you all will stand with me in addressing the issue of poverty and take up my call for an evaluation on raising the minimum wage.

Thank you for your consideration,  
Rep Sue Chew, District 17

1. SE Chew

2. Penelope

3. Oliver Smith

4. Lucy Jones

5. ~~Amelia White~~

6. ~~[Signature]~~