

Minutes of the Joint Legislative Oversight Committee

October 16, 1996

Senate Majority Caucus Room

Boise, Idaho

The meeting was called to order at 10:10 a.m. by Co-chair Senator Sweeney. Members present were Senators Atwell Parry, Sue Reents and Grant Ipsen, and Representative Kitty Gurnsey. Staff members present were Nancy Van Maren, Julie Cheever, Dan Kern, and Margaret Campbell.

Co-chair Sweeney opened the meeting with a review of the minutes. **Representative Gurnsey moved to approve the minutes of the last meeting and Senator Parry seconded the motion. The motion passed unanimously by voice vote.**

REPORT RELEASE: *STATE-OWNED DWELLINGS*

Ms. Van Maren said the Joint Legislative Oversight Committee requested an evaluation of state-owned housing at the July 10 meeting. Staff began the evaluation in August. She reviewed the findings and recommendations of the *State-Owned Dwellings* performance evaluation.

Senator Parry asked how much the state would generate if employees renting state dwellings were charged current market rates. Ms. Van Maren said that based on comparisons with the lowest fair market value for a 2 bedroom home in Idaho, the state would have collected \$250,000 more in the year analyzed.

Representative Gurnsey said there were differences in housing requirements between agencies. She asked if it was possible for the Department of Administration to develop guidelines to cover all agencies. Ms. Van Maren said OPE believed general guidelines were necessary and possible, e.g., in reporting compensation for employees. Senator Ipsen said the state could face a large liability if the IRS requested back payment of taxes on unreported additional employee compensation.

Co-chair Sweeney invited Mr. Steve Bellomy, representing the Department of Correction, to respond to the report findings. Mr. Bellomy said the department did not dispute the findings. Steps to transfer responsibilities from the Warden at Cottonwood had begun, including hiring a property manager, if available. Maintenance responsibilities had already been transferred to central administration. Co-chair Sweeney asked if employees were required to live in the dwellings. Mr. Bellomy said he did not think so.

Co-chair Sweeney invited Yvonne Ferrell, Director of the Department of Parks and Recreation, to address the committee. Ms. Ferrell said the department used and was in compliance with housing guidelines developed under Governor Evans. She said managers were required to live on-site to control accidents, vandalism, and poaching, and to provide service to guests of the park. Reduced rent compensated for the invasion of staff's privacy. Staff would not live in the parks if the price of rent were raised to fair market value.

Ms. Ferrell said housing values reported on the OPE survey were replacement values, not current values. She said periodic appraisals were an unnecessary cost to the state. Senator Ipsen asked if the Evans procedure restricted rent adjustments to inflation. Ms. Ferrell said the procedure called for a current value, but did not index it to an inflation factor. Senator Ipsen clarified that the two departments following the Evans procedure did not adjust 1979 values to current values.

Co-chair Sweeney asked if there were times during the year when public use of parks was limited with less invasion of staff privacy. Ms. Ferrell said winter use of parks had increased. Also, resident staff were called on to respond to emergencies in the community. Co-chair Sweeney asked how staff living off-site and paying market rental rates felt about receiving the same pay as those living in state-owned housing. Ms. Ferrell said off-site staff did not have to deal with constant invasion.

Senator Reents asked if the department could periodically reappraise rent values without increasing work flow. Ms. Ferrell said she supported and would work closely with the Department of Administration to develop guidelines as recommended in the report.

Co-chair Sweeney invited Mr. Ken Norrie, Deputy Director of the Department of Fish and Game, to respond. Mr. Norrie said he felt Ms. Ferrell had expressed many of his department's views and agreed that guidelines needed to be established. He said his department wanted to be included in the meetings deciding those guidelines; there were many factors to consider surrounding the value of housing to employees and the public.

Co-chair Sweeney asked if fish hatcheries required personnel on duty 24-hours each day. Mr. Norrie said the department had multiple staff at the larger hatcheries. Somehow they had to ensure someone was there all the time. Personnel timesheets would show an 8 to 5 shift, unless overtime was required to fix a failed pump, for example. The department was still trying to determine if hatchery employees were required to live on-site.

Co-chair Sweeney invited Rick Thompson, representing the Department of Administration, to respond. Mr. Thompson said, if requested to implement recommendations, the Department of Administration would include agencies in developing guidelines. Representative Gurnsey asked if the department would require additional resources to implement the recommendations. Mr. Thompson said he did not anticipate any additional personnel expenses. The department was currently reorganizing and could incorporate the responsibilities.

Representative Gurnsey asked why the Idaho Transportation Department (ITD) had not responded to the report. Ms. Van Maren said that, in a list of dwellings received from Risk

Management used for initial project scoping, ITD had not been identified as owning as many dwellings as Fish and Game or Parks and Recreation. As a result, ITD was not included in the opening conference. The same group of agencies participated in the review and had provided comment. However, ITD received notice, along with all agencies responding to the survey, of the report release and was invited to attend.

Representative Gurnsey moved to accept the report and Senator Parry seconded. The motion was passed by unanimous voice vote.

ADMINISTRATIVE MATTERS

OPE's Home Page

Mr. Dan Kern, Performance Evaluator, demonstrated the OPE home page on the Internet. Committee members decided not to add information about themselves to the page.

Office Space Progress and Timeline

Ms. Van Maren said OPE's offices were scheduled to move the week of November 4 to the new location. The physical address would be 700 W. State Street, Lower Level, Suite 10, although the mailing address remained the same. OPE's phone number would change to 208/334-3880. The new numbers were not linked to the Legislative Services Office phone system, and calls could not be transferred from LSO.

Ms. Van Maren also reviewed the potential for flooding in the Capitol Mall area as a result of summer fires in the foothills. The OPE, with offices off the tunnel, was advised to have evacuation plans in place in the event of a flood. These plans and a means of protecting computer data were being developed.

Agency Performance Reports: Report on Submissions

Ms. Van Maren said OPE received strategic plans from all submitting agencies under the provisions of the performance reporting law. The Division of Financial Management (DFM) had developed a database of performance measures and would verify the submitted data with the agencies. OPE would receive the database on diskette.

FY98 BUDGET REQUEST

Ms. Van Maren presented the FY98 budget request for OPE. The request included no increases above the Maintenance of Current Operations level.

Ms. Cathy Holland-Smith of Budget and Policy Analysis, advised the committee to consider whether to recommend a lump sum appropriation. Representative Gurnsey said she felt all agencies in state government should be treated equally, and other agencies were not allowed lump sum appropriations. Senator Reents asked if the lump sum appropriation was necessary

during the current year. Ms. Van Maren said a lump sum appropriation provided the OPE the needed flexibility to hire either a true contractor (operating funds) or temporary staff (personnel funds) as was needed to complete the evaluations requested throughout the year. The funds were moved into personnel if it was necessary, which would not be allowed without a lump sum.

Co-chair Sweeney asked the JFAC co-chairs why a lump sum appropriation was a problem with small budgets, since this issue seemed to affect small budgets more. Senator Parry said that problems in the past had led JFAC to deny lump sum appropriations to agencies and treat them equally.

Senator Reents moved to forward the request for the FY98 budget to the Legislative Council, and Senator Ipsen seconded it. The motion was passed unanimously by voice vote.

Senator Reents moved to request lump sum authority for the FY98 budget from the Legislative Council, and Senator Ipsen seconded it. The motion was passed by a majority of members present.

Senator Parry said he appreciated the lack of increase in OPE's budget request and complimented Ms. Van Maren on the efficient handling of the budget.

The committee took a break for lunch.

IMPLEMENTATION STRATEGIES

Ms. Van Maren reviewed current processes implemented to follow-up on released reports. She reviewed decisions made by the committee at their May 14 meeting and put into rule. The two focal points of the discussion had been: what is the best route to ensure implementation? And how many of OPE's resources did JLOC want to be devoted to tracking and following up on previously released reports? The OPE had a number of processes in place to encourage implementation and the committee had already taken a number of steps, such as deciding to refer reports to germane committees.

Senator Ipsen asked which committee would receive the state-owned dwelling report, because it affected operations in various agencies. Co-chair Sweeney said the Pro Tem and Speaker would make that decision. It may go to the Senate and House State Affairs Committees.

Co-chair Sweeney said the committee needed to decide if staff should have the responsibility for ensuring implementation. Senator Reents said the committee was principally responsible, and needed to be clear up front so agencies understood that the report recommendations were endorsed by the committee. Senator Ipsen asked how Minnesota helped ensure recommendations were implemented. Ms. Van Maren said she had inquired of a number of states over the last two years. The Legislative Auditor in Minnesota had warned that it was dangerous for OPE to become the number one advocate for its reports because eventually the office's credibility would come into question. Senator Sweeney said the responsibility should

fall on the committee or the co-chairs to make sure reports are heard in the germane committees. Senator Ipsen suggested a letter be sent from the committee requesting a report of progress on the recommendations. Senator Reents wondered if the committee could choose to endorse the reports recommendations; agencies and germane committees would want to know JLOC's position on recommendations.

Representative Gurnsey said, regarding state-owned dwellings, that the committee should recommend that the Department of Administration meet with various agencies and develop a policy. Co-chair Sweeney asked for a motion.

Representative Gurnsey moved to have the co-chairs advise leadership that the committee's recommendation was that the Department of Administration work with state agencies to develop a policy concerning the administration of state housing. Senator Reents seconded the motion.

Senator Ipsen added that the Department of Administration should be given a date by which to report back on implementation procedures. The committee discussed how much time should be given. **The motion was amended to include a deadline of February 15 to report progress.** Further, it was determined that the report's recommendations to the Department of Correction were included in the motion.

The motion was passed unanimously by voice vote.

Ms. Van Maren provided the committee a sample of a topic survey used in Minnesota. The survey listed specific topics, a sentence of description of each, and asked Legislators to rank the topics according to their interest in them. Ms. Van Maren said she thought this type of survey may elicit more legislative participation than the format currently used. It may also reduce the need for referring background work to other legislative staff. Further, Ms. Van Maren proposed that previously discussed tracking procedures be considered more formally. The committee determined that letters would be sent to evaluated agencies at six months after the issuance of a report, and again at six month intervals until work was completed or the committee had voted to drop it. A letter from the co-chairs would state which recommendations were outstanding and ask for current status.

Senator Reents said in some cases the committee may not wish to keep sending letters if recommendations are not being implemented. The committee determined it could decide to not follow up on some report recommendations, or follow-up more often if necessary. Other alternatives could also be pursued. The OPE would continue to track implementation and use the information these steps would provide.

The committee discussed additional procedures.

Senator Parry moved that it be the practice of the co-chairs to deliver reports to the corresponding germane committees and request their support. The germane committees

should be provided information on the frequency of follow-up letters, and kept current of implementation. Senator Reents seconded the motion.

Senator Ipsen said mailed documents needed to be identified as “dated material” that required a response so that Legislators could recognize the importance of the document in their mail.

The motion passed unanimously by voice vote.

Representative Gurnsey said the survey suggestion was a good idea, and suggested that it be implemented. Senator Parry clarified that JLOC would make the final decision on topic selection, regardless of the results of the survey. This policy needed to be communicated on the survey. **Co-chair Sweeney asked for objections to this policy. Hearing none, the policy was accepted by unanimous consent.**

Senator Reents suggested listing topics chosen for reports in the *Legislative Perspective*, to keep the Legislature informed.

TOPIC SELECTION

The committee reviewed information provided on several topics. Senator Ipsen discussed his concerns with the Child Care Center at Boise State University and other universities. Was the state subsidizing child care, and if so, for whom and at what cost?

Committee members also discussed parental reimbursement for the costs of juvenile detention and the computerized licensing system at the Department of Fish and Game.

Representative Gurnsey voiced concerns over state dollars going into fish aquaculture in Hagerman. She was unsure when the state made the decision to take it over. The committee asked if JFAC should address this issue. Senator Ipsen said he thought it was something JLOC could look at because it needed to be examined in depth and those involved needed to know the Legislature was serious about it. Co-chair Sweeney said there was a question of whether the \$90,000 given as one-time funds obligated the state to an additional \$5 million. Representative Gurnsey questioned whether the state could afford aquaculture research in two parts of the state.

Representative Gurnsey said another topic to consider was the state purchase of federally-owned parks. At what point can the state afford to take over multiple parks in Idaho? Senator Parry said he would like more information about the costs and feasibility of closing four rest areas in the Malad Gorge area and replacing them with an interpretive center. Mr. Youtz added this included the possibility of a \$5 million expansion to the state park there.

Senator Reents said the committee needed a way of evaluating topics against each other and applying the criteria. She asked Ms. Van Maren for a suggestion of topics. Ms. Van Maren said she had received multiple requests concerning non-profit organizations and child support, but did not want to de-emphasize other requests by omission.

Co-chair Sweeney said topic selection could be made at the December meeting. He asked that a letter be sent to JLOC members not in attendance with a list of topics members should be prepared to consider at the December meeting. Ms. Van Maren said she would provide this to all JLOC members. Senator Reents asked OPE to compile more information on parental reimbursement for juvenile detention costs. Ms. Van Maren said OPE could do a background paper on that issue for the December meeting.

The committee took a short break.

UPDATE ON PUPIL TRANSPORTATION WORK GROUP

Mr. Tom Gostas, Performance Evaluator, updated the committee on the progress of the work group for pupil transportation. He reviewed issues considered by the committee and their current status in terms of recommendations. The work group had reached no consensus on how to define pupil transportation efficiency. They had concluded that a full reduction of contracting services could unfairly burden contracting districts. Potential recommendations included modifying the department's reimbursement calculation and requiring additional data on reimbursement claim forms. The work group had considered variations of capping reimbursement and moving reimbursement below the line.

Senator Reents said that once the work group saw the figures on how changes to reimbursement percentages would affect individual districts, they determined that in some cases it would upset the equity balance achieved through the recent changes in the school funding formula. As a result, the work group had decided not to change the 85 percent reimbursement. She also said OPE had provided a comparison to all western states on the cost per pupil and cost per bus. Idaho was seventh and eighth in lowest costs. The work group looked at other states working on benchmarks for efficiency and found it was costly to determine and would likely not make a great deal of impact.

Co-chair Sweeney asked if the work group discussed the Department of Education's decision not to add an audit clause to the model contract. Mr. Gostas said it was his understanding the clause had not been included, but the work group had not directly addressed this. Ms. Van Maren said Tom Gratton, Deputy Attorney General for the Department of Education, had recently asked for more information on the committee's request and had indicated contractors had concerns. At the work group's request, she had invited a contractor to speak to the work group and would meet with him prior to the meeting. Senator Parry said he thought the contractor, whom he knew, had been more concerned about the confidentiality of contractor data than whether or not he could be audited. Senator Parry said he would be interested to know if undergoing an audit was the problem, as long as audits were conducted in a professional manner. **He said JLOC needed to call the Department of Education and ask them to report why they did not follow through on motions made by the committee. He asked that the SDE be invited to speak at the next meeting and Co-chair Sweeney said it would be done.**

The meeting adjourned at 3:00.