NEWS RELEASE

Office of Performance Evaluations
Idaho Legislature
954 W. Jefferson Street, 10th Street Entrance, 2nd Floor
P.O. Box 83720, Boise, Idaho 83720-0055

FOR IMMEDIATE RELEASE
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FOR MORE INFORMATION:
Rakesh Mohan, Director
(208) 332-1470

Meeting Location: State Capitol, Capitol Auditorium
Meeting Time: 2:30 p.m.

(BOISE) Today, the Legislature's independent, non-partisan Office of Performance Evaluations released the following three reports to the Joint Legislative Oversight Committee:

- Equity in Higher Education Funding
- Idaho's End-Stage Renal Disease Program
- Sale and Distribution of Liquor (follow-up report)

The eight-member Joint Legislative Oversight Committee is equally divided between the two political parties and the two chambers of the Legislature. At the end of the 2011 legislative session, the committee voted to direct the nonpartisan Office of Performance Evaluations to conduct these studies. Senator Elliot Werk (D) and Representative Clifford Bayer (R) co-chair the committee.

All three reports are on the Office of Performance Evaluations' website at http://www.legislature.idaho.gov/ope/.

Equity in Higher Education Funding

Concerns about equity in funding for Idaho's four-year higher education institutions—Boise State University, Idaho State University, Lewis-Clark State College, and the University of Idaho—have been expressed for decades and the issue has been studied several times. This report, however, marks the first evaluation of the issue undertaken at the direction of a legislative committee. The Oversight Committee assigned the study during a period of time when Idaho's higher education institutions have seen fewer state dollars and more students.

In fiscal year 2011, the Legislature appropriated nearly $400 million for the four institutions. This amount represents a general fund reduction of $75.3 million since fiscal year 2009. During this same timeframe, total enrollment has grown 9 percent to 37,448 students—with many of those students enrolled in costlier programs.

Over the last decade, a variety of factors such as budget cuts and enrollment growth have contributed to the increased differences in funds per student among the institutions. For the most part, the State Board of Education and the institutions have petitioned the Legislature to reduce these differences by funding an enrollment workload adjustment, which is a budget request item used to fund costs associated with enrollment increases. However, the report concludes that the enrollment workload adjustment does not resolve equity concerns or funding differences.

Differences among the institutions' funding levels should be expected for reasons such as the unique mission of each institution. However, the state lacks a policy that defines an acceptable tolerance range for these differences. No policy exists that defines a standard for equity and the criteria to measure that standard.

Legislative and State Board of Education efforts to achieve equity have taken place without determining what constitutes equitable levels of funding. In addition, these efforts have not effectively resolved stakeholder concerns about equity. Therefore, the report calls on the Board of Education, in its role as the oversight and policymaking body for higher education, to collaborate with the institutions to develop a policy that outlines a standard for equity—a standard that identifies an acceptable tolerance range for differences in funding levels among the institutions. It also calls on the board to develop a plan to bring current funding levels into alignment with the standard.

These recommendations are a first step toward resolving equity on a sustainable basis and providing a new starting point that did not otherwise exist.

The report includes the formal responses of the Governor, the Board of Education, and the four institutions.

Idaho's End-Stage Renal Disease Program

Evaluators found that the end-stage renal disease program, which is administered by the Division of Vocational Rehabilitation, lacks oversight, procedures, and safeguards necessary to enforce eligibility requirements. As a result, some participants have received payments for services they were not eligible to receive.

In fiscal year 2011, the program was appropriated $527,700 to provide financial assistance to 169 participants. When the program was established in 1970, other forms of assistance did not exist. Today, Medicare, Medicaid, and private insurance companies cover the cost of most end-stage renal disease expenses.

Knowing that the program may no longer be relevant because other forms of financial assistance are available to participants and that the program lacks procedures and safeguards, evaluators have provided the Legislature with three options to consider when determining the future of the program:

1. Phase out the program gradually

2. Keep the program within the Division of Vocational Rehabilitation and strengthen its eligibility determination process

3. Move the program to the Department of Health and Welfare, where the program mission better aligns with the department mission, and strengthen the program eligibility determination process

In his response to the evaluation, Governor Otter supported the evaluation findings. He said that "phasing out the program is the most reasonable choice" and recommends full termination of the program by June 30, 2013. In addition to the Governor's response, the report contains formal responses from the State Board of Education and the Department of Health and Welfare.

Follow-up Report: Distribution and Sale of Liquor in Idaho

A follow-up report on the distribution and sale of liquor in Idaho discusses efforts made by the State Liquor Division to implement four recommendations from a January 2011 report of the Office of Performance Evaluations.

The review found that the division has made progress in implementing two of the recommendations. Additionally, the division has improved day-to-day operations through product merchandising and electronic ordering for bars and restaurants. However, the review found that the division needs to step up its efforts to evaluate all state-operated stores to see if they would benefit from conversion, expansion, relocation, or closure. The original report found the division could maximize profits by converting 13 state-operated stores to contracted stores. This conversion could save the state $700,000 annually in operating and personnel costs.

In the 11 months since the original report was released, the division has evaluated only one of 66 state-operated stores. The division should be evaluating or have already evaluated 26 stores, which have leases coming up for renewal in the next two years. The implementation of this recommendation becomes even more important with the recent privatization of Washington's liquor system. Idaho could potentially see a drop in profit for state-operated stores along the Washington border if privatized markets compete with Idaho's liquor prices.