State-Owned Dwellings

October 1996

Office of Performance Evaluations
Idaho State Legislature

Report 96-05

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October 8, 1996

Members
Joint Legislative Oversight Committee
Idaho State Legislature

In May 1996, the Joint Legislative Oversight Committee directed the Office of Performance Evaluations to conduct an evaluation of state owned dwellings. The intent of this review was to identify all the state's dwellings, assess the effectiveness of guidelines governing them, and determine whether rental rates were competitive.

I respectfully submit our completed evaluation for your review and consideration. In our report, we recommend the Department of Administration establish statewide, mandatory guidelines for determining rent and overseeing state dwellings. Consistent guidelines will improve the management of Idaho's 172 dwellings, for which we found rents unreasonably low, records incomplete, and, in many cases, property valuations unavailable or inaccurate.

Employee use of employer-owned lodging is a compensation issue. In our review, we determined that state agencies and employees have withholding responsibilities which are not being met in some cases. We make recommendations to clarify agency policies and establish necessary reporting procedures.

Our review included the specific circumstances surrounding houses obtained by the Department of Correction in a 1975 agreement with the federal government. We recommend the department use resident fees to maintain these houses and that nearly $100,000 held for their improvement revert to the general fund.

We appreciate the cooperation we received from officials and staff in the state agencies that own dwellings. We have included with this report the Department of Correction's response to the evaluation and the responses of two other agencies that own many of the state's dwellings.

This report was written and researched by Julie Cheever, with Office of Performance Evaluations staff assistance. The Office of the Attorney General provided guidance in completing our review.

Respectfully submitted,

Nancy Van Maren

Nancy Van Maren

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State-Owned Dwellings

At its May 1996 meeting, the Joint Legislative Oversight Committee requested an evaluative review of all state-owned dwellings. Legislators expressed concern about an allegation that the state rented 19 houses to North Idaho Correctional Institution (NICI) employees at below market rates, unfairly competing with local landlords. In addition, Legislators wondered if low rental rates indicated state-owned dwellings might not be self-sustaining.

Background

According to agency directors, agencies own dwellings and rent them to employees for a number of reasons. State employees live on-site to monitor and protect facilities such as fish hatcheries after hours and on weekends. In addition, employees living on-site are able to respond to emergencies at remote locations. Some agencies reported using the availability of state-owned dwellings as recruitment tools and relocation incentives for areas where housing is limited. State-owned dwellings are found at state facilities including state parks, transportation yards, hatcheries, and farm and livestock research sites.

State-owned dwellings are rented to employees living at state parks, fish hatcheries, transportation yards, and agricultural research sites.

We were asked to review state-owned houses at NICI and all other state-owned dwellings. We asked:

- How many dwellings does the state own?
- Which agencies manage state-owned dwellings? Are management practices consistent statewide?
- How do agencies determine rental rates? Are these rates comparable to local market rates?
- Are state-owned dwellings self-sufficient?

To answer these questions, we searched Idaho Code, administrative rules, and Board of Examiners minutes and rules from January 1975 to the present. We interviewed state officials and staff. We found that:

- **The state does not have a central tracking system to identify and monitor the number, location, and value of state-owned dwellings.**

Information specific to state-owned dwellings is not kept by the Department of Administration's Division of Public Works. The Permanent Building Fund Advisory Council, which approves agency building requests and allocates capital funds, does not have a complete list of state-owned dwellings due to reporting exemptions for those agencies that currently manage 69 percent of state-owned dwellings. Finally, agencies are not required to separately report dwelling costs in their operating budgets.

Number and Value of Dwellings

Fifteen agencies manage dwellings with a total value exceeding $8.4 million.

We surveyed all state agencies to identify the number, location, and value of state-owned dwellings. We visited the North Idaho Correctional Institution, Lewis-Clark State College, a state park, and a state hospital to observe dwellings at these sites and gather additional data. We learned that:

- **Fifteen agencies own and manage a total of 117 houses, 45 trailer pads, and 10 mobile homes on pads.**

As Table 1 shows, 15 agencies manage state-owned dwellings.[1] Six agencies manage 90 percent of all state dwellings.[2]

We asked agencies to report the value of their dwellings and identify how this determination was made. As Table 2 shows, agencies reported values for 95 houses and mobile homes, with values totaling $8.4 million. No agency reported a value for a

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[1] Boise State University did not respond to our survey. Dwellings they may have were not included in our analysis.

[2] The Department of Correction also rents six trailer pads at the Southern Idaho Correctional Institution, which will not be rented to employees after July 1997.

Table 1: State-Owned Dwellings by Agency and Type, 1996

Agency[a]	Number of Houses	Number of Trailer Pads[b]	Total Number of Dwellings	Percent of All Dwellings
Idaho Transportation Department	14	31	45	26%
Department of Parks and Recreation	25	2	27	16
Department of Fish and Game	25	1	26	15
University of Idaho	18	3	21	12
Department of Correction	19		19	11
State Hospital North	3	15	18	10
Department of Lands	5	2	7	4
Lewis-Clark State College	2		2	1
Idaho State Historical Society	1[c]		1	1
Lava Hot Springs Foundation	1		1	1
Department of Juvenile Correction	1		1	1
Idaho School for the Deaf and Blind	1		1	1
Department of Administration	1		1	1
Idaho State University	1		1	1
Department of Law Enforcement		1	1	1
Totals	**117**	**55**	**172**	**100%[d]**

[a] Excludes Boise State University, which did not respond to the survey.
[b] Includes 10 pads equipped with state-owned mobile homes.
[c] This dwelling is an apartment.
[d] Percentages do not sum due to rounding.

Source: Office of Performance Evaluations analysis of survey results.

trailer pad. Agencies reported determining the value of their houses and mobile homes themselves for 90 houses and mobile homes. Agencies reported using third-parties to determine the value of five houses and mobile homes.

Some agency assessments of dwelling value appeared inaccurate. For example, one agency valued each of 23 of its 26 dwellings at $130,000, including a mobile home purchased in 1972 for $4,998. A second agency valued 18 of its 19 dwellings at $30,000 each,

while a local real estate agent has currently listed a similar dwelling in the same area at $79,000.

Rental Rates and Property Management

We also asked agencies to report how they acquired dwellings and at what cost, how they calculated rent, what they paid to maintain the dwellings, how they accounted for these expenditures, and what housing policies they followed. As Table 3 shows, agencies could not provide this information for many state-owned dwellings. For example, agencies could not

Table 2: Reported Dwelling Value by Agency, 1996

Agency	Total Number of Dwellings	Number of Dwellings With Reported Value	Total Reported Value
Department of Fish & Game	26	24	$3,140,000
Department of Parks and Recreation	27	23	2,010,935
University of Idaho	21	21	1,434,581
Department of Correction	19	19	575,000
Idaho State University	1	1	456,819
Lewis-Clark State College	2	2	334,000
Department of Administration	1	1	249,953
Department of Juvenile Corrections	1	1	75,000
School for the Deaf and Blind	1	1	75,000
State Historical Society	1	1	49,357
Department of Law Enforcement	1	1	25,000
Department of Lands	7	0	0
Idaho Transportation Department	45	0	0
Lava Hot Springs Foundation	1	0	0
State Hospital North	18	0	0
Totals	**172**	**95**	**$8,425,645**

Source: Office of Performance Evaluations analysis of survey results.

Table 3: Information Unavailable From Surveyed Agencies, 1996

Requested Information	Response Unavailable: Number of Dwellings[a]	Response Unavailable: Percent of All Dwellings
Age of dwelling or date of acquisition	52	30%
Value of dwelling	77	45
How dwelling was acquired	84	49
Rent history	95	55
Date of last rent review	100	58
Funding source for dwelling acquisition	112	65
How rent is determined	117	68
Fund from which FY96 maintenance was paid	130	76
How rent competitiveness is determined	172	100

[a] Includes all dwellings.

Source: Office of Performance Evaluations analysis of survey results.

identify the fund from which they paid dwelling maintenance costs for 76 percent of all dwellings.

Agency survey responses related to rent were incomplete. Agencies could not report the date of the last rent review for 58 percent of all dwellings. They could not report rent rates for the last five years for 55 percent of all dwellings, and agencies could not report how they determined rent for 68 percent of all dwellings. No agency could describe a process used to determine whether their rents were competitive with local market rates.

To evaluate rent levels for state-owned dwellings, we compared current rents for state-owned dwellings to 1996 fair market rents by county.[3] We found that:

[3] We used Housing and Urban Development (HUD) rates. HUD determines fair market rents for use in the administration of their housing assistance programs. The Section 8 program provides rental subsidies (or housing assistance payments) to bridge the gap between fair market rents and the ability of low-income families to pay for housing. HUD Section 8 fair market rates are updated annually and calculate fair market rates in a consistent manner across all counties.

Eighty-five percent of state-owned dwellings rent for less than $100 per month.

- **Rent for every state-owned dwelling currently falls below the lowest Housing and Urban Development Section 8 fair market rent for the state.**

Currently, the lowest HUD Section 8 fair market rent in Idaho for a two-bedroom rental is $394 per month. As noted in Table 4, the highest rent paid for a state-owned dwelling is $284 per month. Eighty-five percent of state-owned dwellings are rented for less than $100 per month.

We found that:

- **There is no state-adopted method or policy for calculating rents.**

Eight of fifteen agencies reported having no process for calculating rents. Four agencies told us they charged no rent due to Idaho Code or agency rules. Two agencies said they based rent on a policy issued in 1979 by Governor John Evans. Finally, one agency reporting charging fees based on projected maintenance costs.

In 1979, agency officials under Governor John Evans developed a means for calculating rents statewide. The policy was to be in effect for one year, although it was never formally adopted. According to this policy, rents were calculated based on the value of the dwelling as determined by a physical appraisal. The agency then deducted specific amounts for factors such as

Table 4: Rents Paid for State-Owned Dwellings, 1996

Rent Paid Per Month	Number of Dwellings	Percent of Dwellings
<$100	146	85%
$100–$200	23	13
$201–$284	3	2
Total	**172**	**100%**

Source: Office of Performance Evaluations analysis of survey results.

invasion of privacy and isolation. The monthly rent could not exceed 15 percent of the employee's base salary.

Two agencies continue to use this policy, using dwelling values established in 1979. One agency capped the rent for a dwelling at $260 per month in 1979 to meet the policy's salary requirement. The same employee continues to live in the dwelling and pay $260 per month, despite a 235 percent increase in salary since 1979. Using the salary guidelines, the employee could now pay up to $610 per month in rent. Further, we determined from agency documents that the property has not been reappraised since the rent was established in 1979.

The second agency manages 27 dwellings. Rents for these dwellings range from $40 per month to $106 per month. Using the salary guidelines, rent for employees occupying these dwellings could range from $334 to $547 per month, depending on the individual's salary.

We conclude that the absence of clear guidance to agencies has led to unreasonably low rents statewide.

The lack of statewide guidelines has resulted in inconsistent, low rents statewide.

Self-Sufficiency of State-Owned Dwellings

We attempted to determine whether state-owned dwellings were self-sufficient by comparing rents to the maintenance and capital improvement costs reported by the agencies. As Table 5 shows, we identified $256,676 in dwelling maintenance costs during fiscal years 1992 through 1996, and $532,600 in capital improvement costs during the same period.

However, we found:

- **Agencies could not report dwelling maintenance and capital improvement costs in many cases.**

For example, agencies did not provide fiscal year 1996 maintenance costs for 73 percent of all dwellings. Three agencies reported that dwelling maintenance costs were included with general facility maintenance costs. As a result, we could not determine whether agencies are fully recovering costs for state-owned dwellings in the rents they charge. Currently, there is no state policy stating they must do so.

In addition, agency officials stated there are benefits in maintaining dwellings for employee use that offset the maintenance and improvement costs involved. A full determination of the value of these benefits was beyond the scope of this evaluative review.

Tax Implications

Employee use of employer-provided housing is a compensation issue. However, an official at the Idaho Personnel Commission

Table 5: Agency Reported Maintenance and Capital Improvement Costs, Fiscal Years 1992 Through 1996

Agency (total number of dwellings)	Reported Maintenance Costs FY92–96	Reported Capital Improvement Costs FY92–96
Idaho Transportation Department (45)	not reported	not reported
Department of Parks and Recreation (27)	$ 16,130	$ 287,700
Department of Fish and Game (26)	not reported	not reported
University of Idaho (21)	75,274	2,331
Department of Correction (19)	51,262	140,999
State Hospital North (18)	9,265	3,100
Department of Lands (7)	16,310	13,579
Lewis-Clark State College (2)	18,100	6,000
Idaho State Historical Society (1)	not reported	600
Lava Hot Springs Foundation (1)	not reported	not reported
Department of Juvenile Correction (1)	25,582	not reported
Idaho School for the Deaf and Blind (1)	not reported	26,855
Department of Administration (1)	3,067	3,593
Idaho State University (1)	41,686	47,843
Department of Law Enforcement (1)	not reported	not reported
Total	**$ 256,676**	**$ 532,600**

Source: Office of Performance Evaluations analysis of survey results.

reported that the personnel system does not consider housing benefits when establishing pay ranges for specific jobs. Agency officials we spoke with reported that they do not consider housing benefits when determining employee compensation.

Employee use of employer-provided housing is a compensation issue.

We reviewed IRS regulations related to the provision of lodging to employees and conferred with the Office of the Attorney General. We learned that whether the value of the housing benefit is considered by the IRS as income depends on whether the employee is required to live in the employer-owned dwelling.

If an employee is required to live in an employer-owned dwelling, the value of the lodging is not subject to federal or state withholding. If the employee is not required to live in an employer-owned dwelling but chooses to do so, the employer must report the difference between the value of the lodging and the rent paid as income to the employee. This amount is subject to federal and state withholding.

In our survey, we asked agencies to report by dwelling whether the employee was required to live in that dwelling. Agencies reported that for 49 percent of state dwellings, employees were not required to live there. In addition, we determined rents for state-owned dwellings consistently fell below HUD fair market rents. Based on these criteria, a portion of the housing benefit should be reported as income to the employee.

State and federal tax must be paid on a housing benefit if an employee is not required to live in the dwelling.

However, we found that:

- **No state agency is making additional withholding for a state employee based on the employee's use of a state-owned dwelling.**

An official in the Office of the State Controller reported that no additional withholding is occurring for these employees. Accordingly, the state is not meeting its employer obligation to report total compensation made to employees in these cases.

To meet their federal and state reporting obligations, state agencies must:

1) determine whether an employee is required to live in the dwelling;

2) determine the value of the lodging; and

3) if the lodging is not required, report the difference between value and rent as income. Therefore:

We recommend that state agencies use IRS regulations to determine whether an employee is required to reside in a state-owned dwelling.

Further, when an employee is not required to live in a state-owned dwelling, but chooses to do so:

We recommend that state agencies report the difference between the value of lodging provided and rent paid as additional employee compensation where necessary.

We conclude that the potential underreporting of compensation, inconsistencies in property valuation and rent-setting practices, and agency inability to report dwelling information all arise from a lack of uniform guidelines governing the property management of state-owned dwellings.

Statewide, mandatory guidelines regarding state dwellings would improve management of these assets.

Therefore:

We recommend that the Department of Administration, in consultation with the state agencies involved, develop statewide, mandatory guidelines governing the acquisition, rental, tax status, and recordkeeping of state dwellings.

The Department of Administration is responsible for leasing, managing, and maintaining state office space, approving property acquisitions, and insuring state properties. Several agencies that own dwellings indicated that dwelling remoteness, need for emergency response, and the security for state-owned facilities introduce property management issues that vary across state agencies. We anticipate the Department of Administration will need to reasonably address these concerns in developing policies that are applicable statewide.

North Idaho Correctional Institution Dwellings At Cottonwood

In 1975, the Department of Correction obtained the property and structures now known as the North Idaho Correctional Institution (NICI) in a transfer from the U.S. Department of Health,

Education, and Welfare. The terms of the transfer were governed by a 30-year quitclaim deed and subsequent communication between the department and the regional Health, Education, and Welfare office. The department was authorized to use 19 houses located on the transferred property as housing for department employees. However, the terms prohibited the department from collecting rent from the tenants, except as was "reasonable in relation to the provision of utilities and care, maintenance, and improvement of the housing."[4]

The Department of Correction rents 19 houses to employees at the Cottonwood facility.

Currently, the department collects $150 per month from each of 18 two-bedroom houses, $160 per month from one three-bedroom house, and $75 per month per house for utilities. According to department officials, the Warden at NICI determines the monthly fee to be collected from each resident, based on his estimate of upcoming maintenance needs. As Table 6 shows, from fiscal year 1992 through fiscal year 1996, resident fees totaled $117,450, assuming full occupancy throughout that time.

[4] Letter from George E. Hoops, Director, Region X, Department of Health, Education and Welfare, to Don R. Erickson, Director of Corrections, dated July 10, 1975.

Table 6: NICI Resident Fee History for Cottonwood Dwellings, Fiscal Years 1992 Through 1996

Effective Date	Fees Per Month	Number of Units	Total Collected[a]
July 1991–December 1992	$ 75	18	$ 24,300
	85	1	1,530
January 1993–June 1995	100	18	54,000
	110	1	3,300
July 1995–July 1996	150	18	32,400
	160	1	1,920
			$117,450

[a] Does not include utilities. Assumes full occupancy.

Source: Office of Performance Evaluations analysis of survey results.

We compared the 1996 monthly fee paid by NICI-Cottonwood residents with 1996 HUD Section 8 fair market rents for a two-bedroom rental in Idaho County. The NICI-Cottonwood rate of $150 per month is 62 percent less than the HUD rate of $394 per month.[5] Since the terms of the transfer agreement prevent the department from charging residents more than maintenance and improvement costs, we examined those costs to determine the reasonableness of the NICI-Cottonwood resident fees.

As shown in Table 7, we calculated total maintenance and improvement expenses tenants could have been reasonably expected to pay during fiscal years 1992 to 1996. NICI officials reported maintenance and improvement expenses totaling $192,261 during this period.

These costs included three projects funded by the Division of Public Works:

- A 1992 window/furnace retrofitting of each of the 19 dwellings. The department requested $112,000 from the Division of Public Works to pay for this project, but it was completed for $102,309.

- A 1992 sewer project serving the 19 dwellings. The Division of Public Works has been appropriated $80,000 to pay for this project, but only $5,430 has been spent to date.

- A 1995 road seal coat project serving the 19 dwellings. The Division of Public Works has been appropriated $18,000 to pay for this project. The project is on hold until the sewer project is finished, and no funds have been spent to date.

Over $100,000 in state funds have been spent on improvements that could have been paid from resident fees.

Accordingly, we found that:

- **During fiscal years 1992–1996, the Division of Public Works paid $107,739 for improvements to the NICI-Cottonwood houses which could have been paid from resident fees. An additional $92,570 is being held by the division for Cottonwood projects.**

[5] We did not include utility fees or payments in our calculations.

Table 7: NICI-Cottonwood Maintenance and Improvement Costs, FY1992 Through 1996

Maintenance	Total
FY92	$ 0
FY93	12,008
FY94	16,492
FY95	22,762
FY96	0
Subtotal	$ 51,262
Improvements	
FY92–96 Total	140,999
Total	**$192,261**

Source: Office of Performance Evaluations analysis of survey results.

Further, we reviewed meeting minutes of the Cottonwood Housing Association from January to November 1995.[6] These documents suggest that additional funds appropriated for NICI operations may have been used for housing expenses, including:

- Gravel, sand, and topsoil to cover a parking lot at the housing unit for the residents' use; and
- Ten or eleven safety alarms purchased for use in the dwellings at Cottonwood.

A full determination of whether these activities were funded by NICI appropriations was beyond the scope of this evaluative review. However, we could not locate expenditures for these projects in the Cottonwood Housing Association accounts.

Appropriated funds may have been used to pay for additional housing expenses.

[6] The Cottonwood Housing Association is a non-incorporated body of individuals convened for the purpose of representing the housing residents in communications with the NICI Warden. This group was convened by the Warden in 1974, when the property was transferred to the state.

Resident fees at the houses should increase to cover maintenance, repair, and improvement costs.

According to the terms of the transfer agreement, the department may charge the residents fees to meet the costs of maintenance, repair, and improvement to the houses. The fees paid by residents have not covered all the costs of maintenance, repair, and improvement during the fiscal years we reviewed. We believe that no state funds should be used to fund existing or future improvements to the Cottonwood houses. Therefore:

We recommend that the Department of Correction increase resident fees to cover maintenance, repair and improvement costs, consistent with the terms of the quitclaim agreement. Additionally, we recommend the Division of Public Works' spending authority be reduced by $92,570.

The 1979 agreement also allowed the department to maintain a balance for the care of the properties. The provision limited the balance to $3,000. Funds accumulated beyond this amount were to be held in trust for the federal government and subject to its control.

We learned that the Housing Association account had a balance of $27,000 as of August 30, 1996. This could indicate that the department is required to forward $24,000 to the federal government. However, because the department entered into the agreement in 1979, the allowed reserve limit may have increased. Further, the claim was not clear on whether it intended the designated amount to be held for all the properties or per house. As a result:

Issues related to the execution of the quitclaim deed require clarification from federal authorities.

We recommend that the Department of Correction clarify the terms of the maintenance cost reserve account in the quitclaim deed with federal authorities before establishing new resident fees.

Finally, we learned that NICI staff have responsibilities for managing NICI-Cottonwood housing operations. The NICI account technician manages NICI-Cottonwood finances, and NICI maintenance staff provide maintenance and repair services to the houses. The Warden determines the level of resident fees. He also receives tenant complaints and mediates in disputes

between employees residing in the houses.[7] However, these duties fall outside the normal scope of a warden's responsibilities. No other Idaho correctional facility warden performs tenant-related activities.

During our review a Department of Correction official told us the department intended to transfer financial and property management responsibilities from NICI staff to the department's central office staff. We concur with these efforts. Accordingly:

We recommend that responsibility for the financial and property management of the NICI-Cottonwood houses be transferred to the Department of Correction's central office.

The department may wish to consider hiring an independent property manager to handle day-to-day NICI-Cottonwood housing operations.

[7] Currently, 20 of the 56 staff at NICI reside in the Cottonwood houses.

STATE OF IDAHO

Department of Correction
Administrative Offices

PHILIP E. BATT
GOVERNOR

JAMES C. SPALDING
DIRECTOR

October 4, 1996

Nancy Van Maren
Performance Evaluations
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Dear Ms. Van Maren:

We have completed our review of your audit on statewide dwellings and we would like to thank you and Julie Chever for the manner in which you conducted your audit, as it is an area which is quite sensitive to some of our staff.

We agree that a statewide rent policy governing rental rates would be useful and beneficial to our agency. We will approach the U.S. Department of Health, Education and Welfare to see if the terms of our quit claim deed can be modified to enable us to comply with a statewide rent policy.

We are concerned about the potential tax implications, however. Our employees are not required to live in the housing complex. We have been renting at a low rate in order to comply with the quit claim deed and there are potential back tax implications.

We have already transferred the responsibility of monitoring and scheduling maintenance to our construction manager in Boise. We agree that we should manage the housing association account in our Boise fiscal office. We believe that property management would be inefficient if we managed it out of our Boise central office, so we will look into hiring a property management firm. We contend that with all the duties our warden has, that it may benefit the residents and the state to have the property managed by a professional property management group.

If you have any questions please contact Don Drum at 332-8287.

Sincerely,

James C. Spalding

James C. Spalding
Director

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EQUAL OPPORTUNITY EMPLOYER

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Phil Batt / Governor
Jerry M. Conley / Director

October 8, 1996

Nancy Van Maren, Director
Office of Performance Evaluations
Idaho State Legislature
Statehouse Mail

Dear Ms. Van Maren:

My designated staff and I have reviewed your final draft of the study of state-owned dwellings. This document is our official response to your findings.

We agree that state agencies should apply the IRS regulations to determine if an employee is required to live on site. We will do this and continue to require, under these regulations, as many employees as possible to live in housing furnished by the Department of Fish and Game. For those employees who are not required to live in state housing, we believe the state needs to establish guidelines for handling these situations. These guidelines should include how and where to account for this compensation. Will the Idaho Personnel Commission consider this added compensation when setting salary ranges? If not, how will this affect people who are at or near the top of their pay range? Once these guidelines are set, we will implement the appropriate procedures.

As a statewide policy is developed to govern employee housing, this Department would like to be involved. Each agency has unique situations and should be heavily involved in this policy setting effort. The Department of Fish and Game believes it is essential to have a representative sitting on this policy setting committee.

We are taking this opportunity to clarify a couple of points in the report. First, since most of our employees who live in state-owned dwellings are required to live there, we do not consider the employees' minimal monthly payments to the Department as rent but simply a maintenance fee.

Furthermore, we would like to clarify that the property values reported were estimated values based on the cost to replace the properties and not based on appraisal value.

For future studies, please consider our recommendation that agencies be given a little more time to respond to your surveys. This year we were given eight working days or twelve calendar days to respond. Extra time to respond would be very helpful especially when the time frame falls right in the middle of our budget development cycle. Because of the short time frame, we could not conduct appropriate internal review of our response, resulting in errors in our input. We were then not given adequate time to correct those errors.

In conclusion, we thank you for the work you have done and for the opportunity to review and comment on the final draft of the study.

Sincerely,

Jerry Mallet

Jerry Mallet
Acting Director

JM:JS:pkk
F:\WPWIN\COMMON\PERFREV2.LTR

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October 7, 1996

Nancy Van Maren
Office of Performance Evaluations
P.O. Box 83720
Boise, ID 83720-0054
Sent Via FAX (208) 334-4866

Dear Ms. Van Maren:

Thank you for your October 4, 1996 letter transmitting the final draft of the report entitled *Evaluation of State Owned Dwellings*. Per your directions, the department is forwarding these comments in response to the draft by your October 8 deadline.

The department appreciates the analyses conducted by the Office of Performance Evaluations and, if the report recommendations are adopted, we look forward to working with the Department of Administration in developing guidelines concerning state owned dwellings. While developing these guidelines, and reviewing the situation, it is very important that all of the responsibilities that come with living in a state park residence be recognized.

The department requires management staff to live in the dwellings where they are available. This has been a long term and cost effective operating practice in many state and federal parks across the nation. The practice provides needed 24 hour security of park facilities and grounds thereby limiting the amount of vandalism and depreciative behavior within parks without paying for costly 24 hour patrol or letting the parks degrade.

In some parks, park staff also regularly respond to emergency medical and search & rescue situations during their "off duty" hours. Due to the remote location of some parks, rangers providing these services are providing a very important resource to the local area. Essentially, this responsibility puts them in a stand by status 24 hours a day. During peak use periods, time of high fire danger ratings, or severe weather; these responsibilities and demands can be quite taxing on the staff and their families.

Providing dwellings also allows the department to identify an adequate recruitment pool for potential employees when positions become open. Some parks are so remote that the long commutes would prohibit some people from considering application for the position. As it is, our experience has been that living in the remote locations can be a strain on the manager's family.

On the face value of the financial figures, rental payments can appear to be unduly low. However, when one considers all of the responsibilities which come with the residency, the stresses that it can put on individual health and family life, and the service it provides to the park and local area; we believe that in park residency has been a good value to the state.

On another point, the valuation figures for the residences may seem high because they are based on replacement value of the residence in case of loss or damage. As all of us recognized during our discussion, it would not be cost effective to do appraisals simply to get accurate values for reports unless there is some larger issue involved.

Finally, a significant raise in the rental rates might have a spiraling effect in that the staff would legitimately expect reimbursement for their activities during their "off duty hours." In its review of the situation, we would also recommend that the Department of Administration take into consideration requirements of the Fair Labor Standards Act and the implications it has for this situation.

Thank you for the opportunity to respond to the report.

Sincerely,

Yvonne S. Ferrell
Director

Completed Performance Evaluations

Publication Number	Report Title	Date Released
95–01	State Travel Management	August 1995
95–02	Medicaid Services for Children With Disabilities	November 1995
96–01	Safety Busing in Idaho School Districts	February 1996
96–02	Oversight of Pupil Transportation Contracts	February 1996
96–03	Use of Bus Routing Software in Idaho School Districts	May 1996
96–04	Contracted Versus District-Operated Pupil Transportation Programs: An Analysis of Cost and Program Differences	May 1996
96–05	State-Owned Dwellings	October 1996

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