

# Legislative *Perspective*

December 2008/January 2009

Volume 17, Issue 1

## 2009 Legislative Session Begins With Busy Schedule

The second (and hopefully last) legislative session to be held in the Capitol Annex promises to be challenging and historic in scope, given the economic challenges facing the state. The following schedule outlines the first few days of the session.

- Wednesday, January 7: 1:00 p.m. The Economic Outlook and Revenue Projection Committee will meet for half a day in Room 316, Capitol Annex and most of the day Thursday.
- Thursday, January 8: 8:00 a.m. The Economic Outlook and Revenue Projection Committee will continue its meeting.
- Monday, January 12: 8:30 a.m. Leadership will be briefed by DFM staff on the Governor's budget recommendation in the Idaho Room of the J.R. Williams Building.
- 12:00 p.m. The House and Senate will convene separately in the Capitol Annex, then recess for lunch.
- 1:30 p.m. Legislators will board buses in front of the Capitol Annex and travel to the BSU Special Events Center in the Student Union Building.
- 2:30 p.m. Legislators will reconvene jointly in the Special Events Center at the west end of the SUB, and elected officials and Supreme Court justices will be seated.
- 3:00 p.m. Governor Otter will present his State of the State and Budget Address. (The State of the Judiciary will be presented in chambers at a later date.)
- 4:00 p.m. The Senate will recess; the House will adjourn. Legislators will board buses and return to the Capitol Annex, and the Senate will officially adjourn.
- Tuesday, January 13: 8:00 a.m. Joint Finance-Appropriations Committee convenes.
- 2:00 p.m. Interim committee chairmen will report on their findings to leadership and the Legislative Council in Room 316, Capitol Annex.

**The 2009 Mini Directory will be posted on the Legislature's Web site — [legislature.idaho.gov](http://legislature.idaho.gov) as soon as it is completed, and copies will be distributed to legislators on the first day of the session. The full Legislative Directory will be distributed later in January.**

Staff Contact: Jeff Youtz

## General Fund Revenues Not Meeting Forecast

Falling General Fund revenue collections in November led Governor Otter to order a 3% expansion of his earlier holdback order. Agencies will reduce their spending by \$114.3 million in the current fiscal year, for a total reduction of 4%. The Governor also is recommending that \$12 million of the \$20 million appropriated in fiscal year 2009 for a statewide comprehensive aquifer study and \$5.6 million from the Permanent Building Fund be reverted back to the General Fund.

The original holdback order, issued in late September, required state agencies to reduce FY 2009 General Fund expenditures by 1% of ongoing appropriations, or \$27 million. The Division of Financial Management revised the General Fund revenue forecast in August down from 1.1% growth to a negative 4.9% compared with FY 2008 actual collections. This meant \$107.4 million less was available for fiscal year 2009 and resulted in the 1% holdback announcement. Public schools have been included in both holdback orders, with the expectation that the Public Education Stabilization Fund will make up any reductions from the General Fund.

Tax collections through November are \$19.2 million less than expected based on the reduced forecast issued in August. This continued decline led the Governor to issue a second holdback order of 3%, which will result in a total of \$131.9 million. The order was issued in response to a rapidly slowing economy and continued weakness in sales tax and withholding collections. Although a new forecast will not be released until January with the Governor's Executive Budget, it is expected to be significantly less than the \$2,766.3 million currently forecast.

Compliance with the Governor's holdback, mandatory for state agencies in the executive branch, is voluntary for elected state officials and for the Legislative and Judicial branches of government. However, the Legislative and Judicial branches have agreed to comply fully with the Governor's holdback request.

Staff Contact: Cathy Holland-Smith

### FY 2009 General Fund Revenue Collections To Date

Source	July - Sept	Oct	Nov	Total	Diff
<b>Individual Income Tax</b>					
Forecast	\$275.8	\$104.9	\$88.5	\$469.2	
Actual	\$276.1	\$97.9	\$89.8	\$463.8	(\$5.4)
<b>Corporate Income Tax</b>					
Forecast	\$33.5	\$6.9	(\$0.08)	\$39.6	
Actual	\$39.0	\$8.7	(\$2.3)	\$45.3	\$5.7
<b>Sales Tax</b>					
Forecast	\$304.4	\$101.1	\$91.8	\$497.3	
Actual	\$301.5	\$93.5	\$83.4	\$478.4	(\$18.9)
<b>Product Taxes</b>					
Forecast	\$8.7	\$2.3	\$2.4*	\$13.4	
Actual	\$8.7	\$2.3	\$2.3*	\$13.4	\$0.0
<b>Miscellaneous Revenue</b>					
Forecast	\$30.2	\$2.3	\$4.3	\$36.8	
Actual	\$29.9	\$2.3	\$4.1	\$36.3	(\$0.5)
<b>TOTAL</b>					
Forecast	\$652.6	\$217.5	\$186.2	\$1,056.3	
Actual	\$655.0	\$204.7	\$177.4	\$1,037.1	
Difference	\$2.4	(\$12.8)	(\$8.8)	(\$19.2)	

\* Difference due to rounding

## General Fund Holdback Schedule

	FY 2009 General Fund Appropriation	1% Holdback	Additional 3% Holdback	Total General Fund Holdback to Date
<b>Education</b>				
Public School Support	1,418,542,700	14,182,900	46,521,300	60,704,200
Agricultural Research & Extension	28,249,200	282,400	847,500	1,129,900
College and Universities	285,151,500	2,761,800	8,285,400	11,047,200
Community Colleges	29,666,400	295,600	886,800	1,182,400
Deaf and Blind, Idaho School for the	8,503,700	83,900	251,900	335,800
Education, Office of the State Board of	5,127,000	51,200	153,800	205,000
Health Education Programs	9,459,900	-	-	-
Historical Society	3,347,200	27,600	83,100	110,700
Libraries, Commission for	4,269,300	39,100	117,600	156,700
Professional-Technical Education	54,899,400	538,500	1,615,500	2,154,000
PBS, Educational	3,530,300	18,300	55,000	73,300
Special Programs	12,222,600	102,700	308,200	410,900
Superintendent of Public Instruction	7,309,100	47,100	141,300	188,400
Vocational Rehabilitation	8,520,900	84,900	254,900	339,800
<b>Total Education</b>	<b>\$ 1,878,799,200</b>	<b>\$ 18,516,000</b>	<b>\$ 59,522,300</b>	<b>\$ 78,038,300</b>
<b>Health and Human Services</b>				
Medically Indigent Health Care	20,767,700	-	-	-
Health and Welfare, Department of	184,785,100	1,656,100	16,319,900	17,976,000
Medical Assistance Services	402,492,800	3,784,200	-	3,784,200
Independent Living Council, State	129,100	-	5,100	5,100
Public Health Districts	10,799,300	107,900	324,000	431,900
<b>Total Health and Human Services</b>	<b>\$ 618,974,000</b>	<b>\$ 5,548,200</b>	<b>\$ 16,649,000</b>	<b>\$ 22,197,200</b>
<b>Public Safety</b>				
Correction, Department of	175,915,200	488,000	3,041,500	3,529,500
Judicial Branch *	31,862,500	318,000	954,000	1,272,000
Juvenile Corrections, Department of	40,029,300	398,600	1,196,100	1,594,700
Police, Idaho State	24,529,500	197,500	592,500	790,000
<b>Total Public Safety</b>	<b>\$ 272,336,500</b>	<b>\$ 1,402,100</b>	<b>\$ 5,784,100</b>	<b>\$ 7,186,200</b>
<b>Natural Resources</b>				
Environmental Quality, Department of	19,625,000	181,800	545,600	727,400
Lands, Department of	5,590,800	53,000	159,200	212,200
Parks and Recreation, Department of	16,072,000	78,500	385,800	464,300
Water Resources, Department of	14,587,500	134,800	404,500	539,300
<b>Total Natural Resources</b>	<b>\$ 55,875,300</b>	<b>\$ 448,100</b>	<b>\$ 1,495,100</b>	<b>\$ 1,943,200</b>
<b>Economic Development</b>				
Agriculture, Department of	17,046,500	127,900	383,800	511,700
Commerce, Department of	9,199,200	76,500	229,700	306,200
Labor, Department of	774,400	35,000	8,200	43,200
Appellate Public Defender, Office of	2,318,500	21,600	65,100	86,700
Examiners, Board of	15,300	-	-	-
Hispanic Affairs, Commission on	121,200	-	4,800	4,800
Veterans Services, Division of	1,803,800	18,000	54,100	72,100
<b>Total Economic Development</b>	<b>\$ 31,278,900</b>	<b>\$ 279,000</b>	<b>\$ 745,700</b>	<b>\$ 1,024,700</b>

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## General Fund Holdback Schedule, *Continued*

	FY 2009 General Fund Appropriation	1% Holdback	Additional 3% Holdback	Total General Fund Holdback to Date
<b>General Government</b>				
Administration, Department of	8,775,500	81,100	243,500	324,600
Aging, Commission on	5,496,200	54,700	164,400	219,100
Arts Commission	951,100	8,900	26,800	35,700
Attorney General	19,215,600	188,800	566,700	755,500
Blind/Visually Impaired, Commission on	1,660,000	15,500	46,600	62,100
Controller, State	7,196,900	68,500	205,600	274,100
Drug Policy, Office of	503,900	5,000	15,000	20,000
Energy Resources, Office of	42,500	-	-	-
Financial Management, Division of	1,841,500	17,600	52,800	70,400
Governor, Executive Office of	2,195,800	21,800	65,600	87,400
Human Rights Commission	702,800	7,000	21,100	28,100
Legislative Branch *	12,856,900	122,700	368,200	490,900
Lieutenant Governor	162,600	1,600	4,900	6,500
Military Division	6,257,700	61,200	183,600	244,800
Secretary of State	2,791,600	22,200	66,600	88,800
Species Conservation, Office of	615,800	6,100	18,500	24,600
Tax Appeals, Board of	607,600	5,600	17,000	22,600
Tax Commission	28,403,900	276,000	828,000	1,104,000
Treasurer, State	1,710,300	17,100	51,300	68,400
Women's Commission	31,300	-	-	-
<b>Total General Government</b>	<b>\$ 102,019,500</b>	<b>\$ 981,400</b>	<b>\$ 2,946,200</b>	<b>\$ 3,927,600</b>
<b>STATEWIDE TOTAL</b>	<b>\$ 2,959,283,400</b>	<b>\$ 27,174,800</b>	<b>\$ 87,142,400</b>	<b>\$ 114,317,200</b>

\* Legislative and Judicial branches are not included in Executive Order 2008-003 or 2008-005.

## General Fund Expenditure Holdbacks — A Twenty-eight Year History

Due to economic factors over the years, it has become necessary from time to time for state agency budgets to be reduced during a fiscal year to bring spending in line with lagging revenue collections. There are two ways authorized by statute to reduce spending when the Legislature is not in session; one is temporary and one is permanent.

### Temporary Reduction of Spending Authority:

Idaho Code 67-3512A states in part "...Whenever the governor as chief budget officer of the state may determine that the expenditures authorized by the legislature for the current fiscal year shall exceed anticipated moneys available to meet those expenditures, the governor by executive order may reduce the spending authority on file in the office of the state controller for any department, office or institution of the state..."

### Reduction of Legislative Appropriations:

Idaho Code 67-3512 states in part "...Any legislative appropriation made for any department, office or agency may be reduced in amount by the state board of examiners upon investigation and report of the administrator of the division of financial management; provided that before such reduction is ordered the head of such department, office or institution shall be allowed a hearing before said state board of examiners..."

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Although the voting members of the Board of Examiners, which include the Governor, Attorney General and Secretary of State, have the authority to reduce appropriations, in almost all cases over the last thirty years, spending reductions were initiated through executive order early in the fiscal year, allowed to expire with the start of the legislative session, and then were taken up as budget cuts by the Legislature. The Board of Examiners' authority provides a tool to ensure the state budget can be balanced late in the fiscal year after the Legislature has gone home.

As the following historical summary indicates, the decade of the 1980s was the decade of the holdback. State agency budget growth accelerated during the 70s largely due to steep inflationary rates during that time. That house of cards collapsed in 1980 with a deep recession and restructuring of the U.S. economy. Between 1981 and 1986 there were General Fund holdbacks in five of six years.

**FY 1981:** Initially a 3.0% holdback was ordered by Governor John V. Evans, then increased to 3.85% for all agencies. By June the revenues had improved and the holdback was released for public schools.

**FY 1982:** The shortfall did not materialize until April, at which time Governor Evans directed General Fund supported state employees to go to a four-day work week for the last seven weeks of the fiscal year to make up \$8.0 million.

**FY 1983:** Governor Evans ordered a 9.0% holdback, followed by an additional 1.5% shortly thereafter, as the national recession hit Idaho hard, creating a \$69 million shortfall in a \$374 million budget. The Legislature passed bills to reduce agency budgets by 12%, and public schools by 3.6%, but both were vetoed. Eventually a temporary one and one-half cent sales tax increase was passed (from 3 to 4.5 cents) to fund a tax anticipation note designed to cover the shortfall. The sales tax became permanent at 4 cents the following session.

**FY 1985:** Governor Evans ordered a 3.0% holdback that expired January 31. Appropriations designed to make the holdback permanent were vetoed, and the deficit was covered with a transfer from the Budget Reserve Fund.

**FY 1986:** Governor Evans ordered a 2.5% holdback that expired on January 31. The Legislature enacted a 4.5% budget reduction over the Governor's veto, and passed a temporary one cent sales tax increase (from 4 to 5 cents), which later became permanent.

**FY 1992:** A mid-year shortfall developed that prompted the Legislature to cut agency budgets across the board by 1.1%, and covered public schools with a transfer from the Budget Reserve Fund. Governor Cecil Andrus vetoed the budget cuts (except for the Legislative and Judicial branch reductions), believing revenues would improve. On April 16, however, the Governor ordered a 0.3% holdback on state agencies, and on May 21, after reviewing April revenues, delayed the final \$10.9 million public school payment to PERSI into the next fiscal year to cover the shortfall.

**FY 1996:** In September, Governor Phil Batt ordered a 2.0% holdback on state agencies and public schools that expired on January 31. The Legislature covered the schools portion from the Budget Reserve Fund, and authorized the Governor and Board of Examiners to reduce appropriations, if necessary, in the spring.

**FY 1997:** Governor Batt ordered a 2.5% spending holdback in September on state agencies and recommended covering the public schools portion of the holdback with the Budget Reserve Fund. The latter transfer turned out to be unnecessary because of slightly improved revenue collections in the spring.

**FY 2002:** In August, due to declining revenues as a result of high tech industry-driven economic problems, Governor Kempthorne ordered a 2% holdback on state agencies and a 1.5% holdback on public schools. That holdback was increased two months later in the aftermath of 9/11 to a total of 3% on state agencies and 2.5% for public schools, which would save an estimated \$54 million. Eventually the Legislature increased the spending cuts to \$64 million and authorized the transfer of another \$120 million in cash balances from the Millennium Fund, Capitol Endowment Fund and Permanent Building Fund (HB 701).

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**FY 2003:** Governor Kempthorne ordered a 3.5% holdback on all state agencies except for public schools and higher education. He later reduced the holdback for Health and Welfare to 1.9%. The Legislature enacted these holdbacks into budget cuts during the 2003 legislative session, along with transferring the remaining cash reserves to cover a \$214 million budget gap. With cash reserves gone and further budget cuts facing vetoes, a two-year temporary sales tax increase of one cent was put into effect beginning in May, capping off the longest legislative session in Idaho history.

**FY 2009:** In September, Governor Otter ordered a 1% holdback on state agencies and public schools, covering the public schools portion from the Public Education Stabilization Fund. On December 1, Governor Otter increased the holdback to 4% total, with directions to state agencies to hold another 2% in reserve should further cuts be necessary. Again, the public schools portion of the 4% holdback would be covered by the PESF.

*Staff Contact: Jeff Youtz*

## Interim Committee Activities

### Health Care Task Force

The Health Care Task Force met for the fourth time in four months on November 24, 2008, in the Capitol Annex. As part of its ongoing monitoring of health care issues in Idaho, the task force heard update reports from Mark Browning, State Board of Education, and James Fletcher, Idaho State University, on public postsecondary student health care plans; Leslie Clements, Department of Health and Welfare, Division of Medicaid, on the CHIP-B and Access card programs; and Laren Walker, high risk insurance pool administrator, and Teresa Luna, Department of Administration communications manager, on proposed changes and projections in the state employee and retiree health benefits. Senator Joe Stegner also updated the task force members on the status of the Mental Health Transformation Project.

A panel of Idaho public school representatives presented the task force with varying perspectives on public school health care issues. This panel was composed of Jim Stark, Idaho Education Association; Cliff Hart, director of special education at the American Falls School District and a member of the Idaho Association of School Administrators; Mike Friend, executive director of the Idaho School Districts Association; and Brian Duncan of the Idaho School Boards Association.

Kurt Seppi, M.D., presented information about St. Luke's Magic Valley Integrated Approach and Ambulatory Electronic Medical Records Initiative. The initiative's vision for developing a clinically integrated and collaborative model, according to Dr. Seppi, includes a model where physicians, hospitals, health care consumers and third-party payers work collaboratively to improve health care quality and efficiency. With regard to the Ambulatory Electronic Medical Records Initiative, Dr. Seppi reported that there are currently 51 health care providers on the system, with over 70 providers projected to be on the system by the end of the year.

Doug Dammrose, M.D., senior vice president and chief medical officer for BlueCross of Idaho, informed the task force on health insurance company efforts to contain costs. According to Dr. Dammrose, 30% of every health care dollar is spent on care that is inefficient, inappropriate or redundant. Dr. Dammrose said the health care cost and delivery problems require focusing on improving health outcomes instead of just focusing on more services; designing benefits and providing payment for services that are proven to work; aligning health plan incentives with purchasers in order to serve the greatest number with limited dollars; developing reimbursement that relates to improvement in health, access, safety, quality and efficiency; promoting an efficient delivery system based on access to primary care; and using technology to engage members, providers and coordinating care to reduce waste.

The task force is planning to meet during the first weeks of the 2009 session to consider legislative proposals.

*Staff Contact: Paige Alan Parker*

## Property Tax Interim Committee

The Property Tax Interim Committee met twice in Boise since the last edition of the legislative newsletter. At its September 29 meeting, the committee took testimony from Dave Navarro, Ada County Clerk, who reported survey results from the state's county clerks reflecting county revenues and expenditures relating to the courts and criminal justice and juvenile justice systems. The survey reflects specific county-by-county expenditures for a number of functions including deputy clerks, law clerks, public defenders and prosecutors. The committee also heard from Patti Tobias, administrative director of the Idaho Supreme Court, who provided an overview of court fines and collections and a priority of payments from those revenues. Ms. Tobias and Dan Chadwick, executive director of the Idaho Association of Counties, provided an overview of how other states finance their courts and criminal justice and juvenile justice systems.

The committee also met on October 29 and heard a comprehensive overview of Idaho Legal Aid Services from Teresa Molitor, Ernesto Sanchez and Jim Cook. Also, Molly Huskey updated the committee about an ongoing study of the state's public defender system. The study will address the system's strengths and weaknesses, ways to improve the system and provide methods to establish oversight and standards for attorneys, as well as identify areas that need additional study. Ms. Tobias and Mr. Chadwick also provided estimated costs associated with the possible state assumption of financing various functions of the state's courts and criminal and juvenile justice systems, including law clerks, jury staff, court interpreters and public defenders. Mr. Chadwick went on to discuss how extraordinary criminal case costs are borne by the counties and how those costs can have serious implications for counties and their budgets. The committee heard reports on estimates of possible tax relief stemming from the state financing certain court, criminal justice or juvenile justice functions instead of those functions being funded with property tax revenues. Ms. Tobias also provided an overview of a possible study related to the collection of court-imposed fines and other related costs.

Finally, the committee recommended:

- ▶ the Legislature consider state financing of costs associated with county law clerks;
- ▶ the relevant germane committees review the public defender report to be published in March 2009 and consider uniform standards for determining indigence;
- ▶ the Legislature review the data that the counties have provided regarding expenditures for the courts and criminal and juvenile justice systems;
- ▶ the Legislature review the recommendations of the Supreme Court's Administrative Conference Committee of October 24, 2008; the court is willing to assume responsibility for certain court personnel;
- ▶ staff will provide a scope for a potential fines collection study; and
- ▶ legislation be considered regarding dealing with expenditures associated with extraordinary criminal cases.

*Staff Contact: Eric Milstead*

**Membership of interim committees, meeting minutes and the calendar of scheduled meetings are all available on the Legislature's Web site:**

[Interim Committees and Minutes](#)

[Legislative Calendar](#)

## Natural Resources Interim Committee

During the 2008 interim, the Natural Resources Interim Committee met in Boise on July 14 and again on August 12. During the July meeting, committee members received an update regarding new water storage options from the director of the Idaho Department of Water Resources, the Bureau of Reclamation and the Army Corps of Engineers. Director Tuthill expressed his concern that the adequacy of Idaho's water supply infrastructure is diminishing and that the infrastructure from the last century is not going to be adequate for the next century, in large part due to water requirements of the Endangered Species Act, increased urbanization, backup needs due to diminished groundwater supplies and climate change.

The Bureau of Reclamation provided information relating to the Department of Interior's "Water For America Initiative," which was launched by Secretary Kempthorne to help state, tribal and local governments better conserve, manage and develop their vital water resources. The Bureau, along with the U.S. Geological Survey, is working with state and local water users to begin this initiative. The bureau also presented information relating to several feasibility studies being done in regard to storage issues. One of the feasibility studies relates to raising Minidoka Dam by up to five feet, which would result in additional storage capacity of up to a maximum of 50,000 acre-feet in Lake Walcott.

Idaho Department of Water Resources personnel also provided an update regarding the Comprehensive Aquifer Management Plan. Two subcommittees have been formed — an environmental subcommittee to address fish and wildlife issues, water quality and hydropower, and an economic subcommittee. The economic subcommittee is working on an incremental cost assessment and looking at costs relating to such things as infrastructure, capital investment, possibly leasing or buying water, acquiring land, putting out dry-year leasing, and putting in additional diversion for those lands that now use ground water that could potentially be converted to surface water use.

Finally, during the July 14 meeting, members were updated about the status of wolves in Idaho, from both a biological perspective and a legal perspective, given the lawsuit filed in Montana opposing the decision to delist wolves as an endangered species. At the time of the July meeting, counsel were awaiting the court's decision regarding a preliminary injunction that would put delisting on hold while the lawsuit was pending. In August, the committee was informed that a preliminary injunction was issued by the court that requires wolves to be managed under the 10j Rule during the litigation. Staff from the Office of the Governor assured the committee that the Governor was looking into the best possible way to restore state management as quickly as possible. The court's primary issues with delisting involve Wyoming's management plan and the issue of genetic exchange between the Idaho, Montana and Yellowstone populations.

Subsequent to the August meeting, the case was dismissed when the court remanded, at the government's request, the final rule delisting the gray wolf to the U.S. Fish and Wildlife Service. A new delisting rule is now pending and the comment period has recently ended. A final rule that will again delist the gray wolf is anticipated.

*Staff Contact: Katharine Gerrity*

**The Department of Interior's "Water For America Initiative" is designed to help state, tribal and local governments better conserve, manage and develop their vital water resources.**

## Energy, Environment and Technology Interim Committee

At a meeting in Boise on November 18, the Energy, Environment and Technology Interim Committee heard from Dr. Arjun Mahijani, Institute for Energy and Environmental Research, and Dr. Ralph Bennett, Idaho National Laboratory, regarding issues facing the development of nuclear power in the future, and potential alternatives to nuclear power. Terri Ottens, representing the Action Partnership Association of Idaho, presented information regarding low-income programs for energy assistance and potential legislation.

Proposed legislation that will likely be brought before the Legislature in 2009 was presented to the committee:

- ▶ legislation to allow the Public Utilities Commission to establish reasonable, nonrecurring charges for new customers to partially recover the costs of public utility capital investment in new facilities to serve new customer growth — Representative Bert Stevenson and Randy Lobb, Public Utilities Commission;
- ▶ legislation that would allow state income tax credits for renewable energy projects to be transferred to other taxpayers — Roy Eiguren;
- ▶ legislation regarding incentives for energy efficient school buildings — Senator Elliot Werk; and
- ▶ legislation regarding renewable energy enterprise zones — Paul Kjellander, Office of Energy Resources.

Mr. Kjellander also discussed residential building efficiency and updated the committee about how the Office of Energy Resources is updating and proceeding with the 2007 State Energy Plan.

*Staff Contact: Mike Nugent*

**The Energy, Environment and Technology Interim Committee is an ongoing committee that the Legislature has reauthorized by concurrent resolution every two years for more than a decade.**

## Computer Training Scheduled

Computer training classes have been scheduled during the first two weeks of the legislative session. A new two-hour Laptop Essentials Class will be offered at 8:00 a.m. and 10:00 a.m. on the first day of the session, January 12. During the remainder of the first two weeks, one-hour computer classes will be held daily from 7:00 a.m. to 8:00 a.m.

All classes will be held in Room 228 of the Capitol Annex. To reserve a place in a class, please call the Computer Help Desk at 334-4747. If reservations do not fill classes, available seats will be filled on a first-come, first-served basis. Be sure to bring your laptop computer to training. If you will be unable to keep a reservation, please call to free up your seat. Additional classes and one-on-one training are always available upon request. The training schedule is outlined below.

Monday, January 12 — Laptop Essentials  
 Tuesday, January 13 — Microsoft Office 2007  
 Wednesday, January 14 — E-mail Skills  
 Thursday, January 15 — PDA and Blackberry Synchronization  
 Friday, January 16 — Computer Questions and Answers  
 Monday, January 19 — New Web Applications  
 Tuesday, January 20 — Creating Blogs  
 Wednesday, January 21 — PowerPoint  
 Thursday, January 22 — Personalized Bill Tracker  
 Friday, January 23 — Computer Questions and Answers

*Staff Contact: Glenn Harris*

## Legislative Audits Division Update

The Legislative Audits Division recently released the following reports:

- ▶ State Appellate Public Defender
- ▶ Eastern Idaho Public Health District (VII)
- ▶ Department of Environmental Quality, Drinking Water State Revolving Fund
- ▶ Idaho Public Television

The audit reports of the State Appellate Public Defender and Department of Environmental Quality contain no material findings.

The audits for both Eastern Idaho Public Health District and Idaho Public Television find internal control weaknesses in the process for preparing financial statements and note disclosures. Auditors identified material misstatements in the financial statements or notes that were not identified or prevented by the entity's internal control processes. The reports recommend that the process for preparing financial statements and notes be reviewed and strengthened as appropriate.

### 90-Day Follow-Up Reports

The Legislative Audits Division also issued 90 Day Follow-Up reports for the Office of the State Treasurer, the Department of Health and Welfare, the State Board of Education, Correctional Industries, and the Office of the Superintendent of Public Instruction.

The Office of the State Treasurer had two issues, one of which is closed. The Department of Health and Welfare had ten findings, five of which are closed and five remain open. The State Board of Education and Correctional Industries each had one finding that are closed. The Office of the Superintendent of Public Instruction had three issues that are all closed.

All reports are available in their entirety on our Web site: [legislature.idaho.gov/audit](http://legislature.idaho.gov/audit).

*Staff Contact: Don Berg*

## OPE Readies Performance Evaluation Reports

### Public Education Funding Formula

*(Report presentations: January 14 and 15)*

On Wednesday, January 14, 2009, OPE will release its evaluation of the adequacy of the public education funding formula. The report will look at two issues: (1) Idaho's approach to funding compared to other states, and (2) adequacy issues from stakeholders' perspectives of how funds are allocated to districts and individual schools. On the following day, a joint meeting of the Senate and House Education Committees will discuss the findings of this report.

### Idaho Transportation Department

*(Report presentations: January 19 and 20)*

In the last days of the 2008 session, the Legislature overwhelmingly approved House Concurrent Resolution 50 to conduct a performance audit of the Idaho Transportation Department (ITD). The Legislature requested OPE to manage the audit and appropriated \$550,000 to hire independent consultants. OPE contracted with Avant IMC, L.L.C. and Robert Williams to conduct the audit.

On January 19, 2009, OPE will release the findings and recommendations of the transportation audit to the Joint Legislative Oversight Committee. The report will look at management and performance of the department, contractor selection and oversight, and outsourcing. On the following day, a joint meeting of the Senate and House Transportation Committees will discuss the findings of this report.

### School District Services Consolidation

*(Report presentation: Late February)*

Following a request from Representative Durst, with supporting letters from the State Superintendent of Public Instruction and the State Board of Education, the Joint Legislative Oversight Committee directed OPE to conduct a study of the consolidation of school district services. The study focuses on the types of services school districts provide and the amounts and costs of these services. It also looks at the feasibility of consolidating services and the potential impacts of consolidation. OPE plans to release the report in late February.

*Staff Contact: Rakesh Mohan*

## Capitol Renovation Update

The Capitol renovation project continues and is still targeted to cost between \$120 to \$122 million. In just under one year's time, the Legislature and its staff will be scurrying to unpack offices in the renovated building in order to be ready for the first session back in the new building. New furniture should be in place and the existing furniture will have been moved back, as well as phones, computers and all basic elements necessary to house the 2010 legislative session.

In order for this move to take place as planned, several important things must be carefully orchestrated during the next year. First and foremost, construction must continue on schedule. Consequently, tours of the Capitol will be limited in 2009; the contractors need every hour of every day to stay on schedule. Thus far, the contractors are tracking successfully and work proceeds at a rapid pace. The fourth floor is nearly complete and most walls throughout the building are framed in. Concrete sidewalks are being poured and shrubs are being planted above the east and west underground wings. Plaster cornice work continues and light fixtures are being installed on the upper floors.

The next part of the project to be coordinated includes the IT components – all the technical things we don't see, like computer servers, wires, fiber runs and cables. This must be installed by Legislative Services Office support staff next fall. Additionally, the new furniture must be delivered and assembled on the upper floors at the same time the contractors are completing construction work on the lower floors. After that, each agency will be relocated, along with their existing furniture, files and boxes. This may require the Legislative Services, House and Senate offices to be closed down for a day or two. If all these elements can be synchronized in the upcoming year as planned, the Legislature will be enjoying a Christmas party in the renovated Capitol at this time next year. Let the countdown begin!

*Staff Contact: Robyn Lockett*

## GEMS Now Completely Operational

After years of planning, designing, programming and testing, Idaho's Government Electronic Management System (GEMS) is up and running for the 2009 legislative session. The Legislative Services Office and Senate and House staff completed a several month long "mock session" to test all components of the system and work out glitches. The testing was a success, and staff is excited about the prospects of the new, integrated system.

Prior to GEMS, the Senate, House of Representatives, Research and Legislation's bill drafting staff and Budget and Policy Analysis staff were all working on separate systems to create legislation, journals and various tracking publications. The bill drafting process has been operating with a 32-year old system (TextDBMS) with a WordPerfect front-end. The numbers for appropriation bills were created in the Access database and then re-entered into TextDBMS for bill processing; and journals, reading calendars and scripts used WordPerfect macros. While some integration among the systems was incorporated, much of the integration was completed by e-mailing files and repeatedly re-keying data. With GEMS, all data is entered at the point it originates and continues throughout the system. House and Senate journals are "built" based upon each day's agenda, floor action, and roll calls. The action recorded in the journals is also available for the various tracking publications.

The bill drafting process will now begin in a JAVA-based application, which is used for the gathering of the legislation tracking information. At the creation of a new draft, log information will be completed, then the analysts proceed to a screen where XML statutes/documents can easily be gathered to build the draft legislation. Behind the scenes, the program is assembling the legislation and ordering the statutes in numerical sequence.

When all statutes/documents are gathered, the analyst will edit the legislation using Arbortext's XML Editor, which has been customized to allow the drafter the same functionality as they have on the front-end (add, delete, move, re-order). When the draft legislation is saved, it is automatically scanned, looking for statutes and constitutional amendments that are new,

*Continued on page 12*

## New to the Legislative Library

amended, repealed, redesignated and reserved, and the legislation is then stored into an Oracle database. The draft processing steps are stored in the database so the analyst who drafts the bill or the editors will be able to track each step of processing from the initial draft to delivery to the legislator and each step in between.

When the bill is introduced, tracking will continue through the Senate and House components, which create agendas, reading calendars and journals. Agendas and reading calendars are built from the Senate and House orders of business and previous days' action entered in the journals. The information created in the drafting and processing arena, such as bill titles and a paragraph description of the bill, will be available for various publications; for instance, bill titles are used in the journals and the bill descriptions are used in the reading calendars, final journal indexes and bill tracking. Conversely, Senate and House action and roll calls will be available not only for the journals, but also for two tracking publications published by the Legislative Services Office.

The subject index will be created in GEMS and used in tracking publications, journals and session laws. A code index is also created from the scanning that takes place as the bill is being drafted and saved; this index will be compiled for staff to address conflicting code sections before they become law and for publications that track bills and for Session Laws.

Another exciting component of GEMS will be to create the Legislative Directory, an annual publication of the Legislative Services Office, which lists legislators, their committees, contact information, staff and agency information. GEMS will also be used to create Session Laws and to update the Idaho Code database.

Finally, introduced bills, bill tracking information, subject index, daily and final journals, reading calendars, the Legislative Directory, the Idaho Code and the Idaho Constitution will all be published to the Legislature's Web site through GEMS.

*Staff Contact: Norma Clark*

### Budget

**Idaho Economic Forecast, Division of Financial Management.** (330.9 I33 2008, no. 2)

**Legislative Budget Book,** Idaho Legislative Services Office, Budget and Policy, 2008. (351.7223 I FY2009)

**Legislative Fiscal Report for Fiscal Year 2009,** Idaho Legislative Services Office, Budget and Policy, 2008 (351.7225 I 2008)

### Directories

**State Directory II – Legislative Leadership, Committees & Staff.** Council of State Governments. (353.932 C6 2008) NCSL's Guide to Leaders and Legislatures 2008. National Conference of State Legislatures. (328.3 N38 2008)

### Electric Power

**Connecting the Grid: A Review of State and Regional Transmission Practices.** Christie Rewey and Chloe Cromarty. National Conference of State Legislatures. (333.7932 R49 2006)

**Protecting Our Critical Infrastructure.** National Conference of State Legislatures. (333.7932 N38 2008)

**Regional Reliance: Why Transmission Coordination is Key.** Matthew H. Brown. National Conference of State Legislatures. (333.7932 B76 2006)

**Siting of Electric Transmission Lines.** Christopher T. Hall and Colleen Kennedy. Kentucky Legislative Research Commission. (333.7932 K46 2007)

### Reference

**The Book of Presidents.** A.P.& L. Co. (REF 920 A65 1956)

**The Book of the States,** vol. 40. Council of State Governments. (REF 351.025 C 2008)

**The Macmillan Dictionary of Political Quotations.** Lewis D. Eigen and Jonathan P. Siegel. Macmillan Publishing Company. (REF 080 E54 1993)

**The Morrow Book of Quotations in American History.** Joseph R. Conlin. William Morrow and Company, Inc. (REF 081 C67 1984)

**Safire's Political Dictionary.** William Safire. Oxford University Press. (REF 320.03 S34 2008)

**Treasury of Presidential Quotations.** Caroline Thomas Harnsberger. Follett Publishing Company, 1964. (REF 081 H37 1964)

### State Agency Publications

**Idaho Attorney General's Opinions and Annual Report for 2007.** Office of the Attorney General, 2008. (340.06 I 2007)

**Idaho Laws: A Guide for Women and Families.** Idaho Women's Commission. (348.796 I 2006)

## State Government

**State Constitutions of the United States.** Robert L. Maddex. CQ Press, Inc. (342 M33 2006)

**State of the States: A Stateline.org Report.** Gene Gibbons, ed., Pew Research Center (353.9 S82 2008)

*Staff Contact: Kristin Ford*

## Proposed Administrative Rules

### Agriculture, Department of

02.04.21 Rules Governing Importation of Animals

### Certified Shorthand Reporters Board

49.01.01 Rules of Procedure/Shorthand Reporters Bd.

### Education, Board of

08.02.03 Thoroughness/Graduation Requirements

08.02.03 Thoroughness/Spring ISAT

### Environmental Quality, Department of

58.01.01 Air Pollution Control

### Geologists, Board of Registration for Professional

14.01.01 Rules Governing Board

### Health & Welfare, Department of

16.03.09 Medicaid Benefits Plan

16.04.14 Low-Income Home Energy Assistance Program

16.06.01 Family and Children's Services

### Idaho State Lottery

52.01.03 Operations of the Idaho State Lottery

### Idaho State Police/Racing Commission

11.04.01 Rules Governing Horse Racing (Repeal)

11.04.03 Licensing/Fees

11.04.04 Disciplinary Hearings and Appeals

11.04.04 Disciplinary Hearings (Repeal)

11.04.05 Advanced Deposit Wagering

11.04.06 Rules Governing Racing Officials

11.04.07 Racing Associations (Fee Rule)

11.04.08 Pari-Mutuel Wagering

11.04.09 Claiming Races

11.04.10 Live Horse Races

11.04.11 Permitted Medications/Drug Testing of Horses

11.04.14 Owners, Trainers, Authorized Agents, Jockeys, Apprentice Jockeys and Jockey Agents

11.04.15 Controlled Substance and Alcohol Testing

### Occupational Licenses, Bureau of

24.07.01 Rules of State Bd. of Landscape Architects

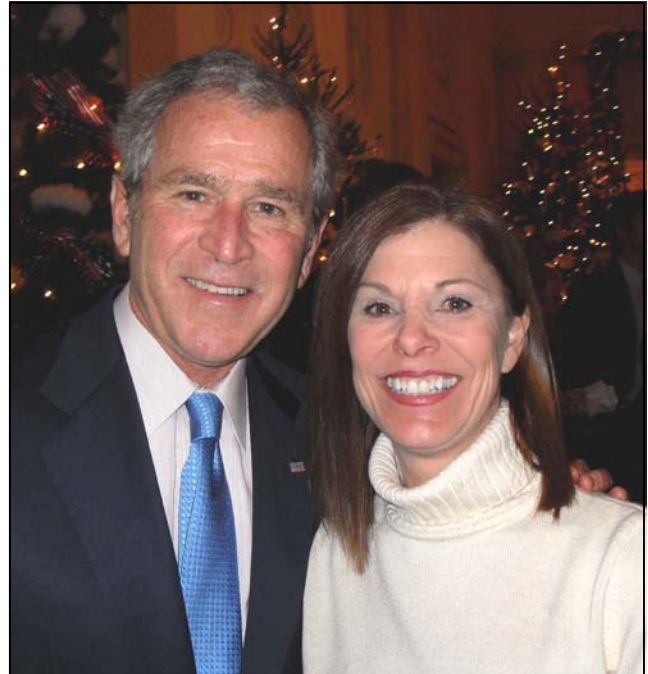
### Outfitters/Guides License Board

25.01.01 Outfitters & Guides Training Requirements

### Veterinary Medicine Exam, Board of

46.01.01 Prescribing and Dispensing Drugs

*Staff Contact: Charmi Arregui*



*President George W. Bush and House Chief Clerk Bonnie Alexander December 2008*

Chief Clerk Bonnie Alexander, Idaho House of Representatives, was invited to the White House in mid December. Pictured above with President Bush, Bonnie attended both formal and informal functions during her visit to Washington. Her escort, an old friend from Texas, is related to First Lady Laura Bush. Below is a picture Bonnie took of the Idaho ornament on the "Red, White and Blue" White House Christmas tree.



# Happy Holidays!

And glad tidings for one of our own:  
Jeff Trotter of the Legislative Audits staff has returned  
safely from his second National Guard tour in the  
Middle East — just in time for Christmas!

