

NEWS RELEASE



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Distribution of State General Fund Dollars to Public Health Districts

Full report and one-page highlights are available on the OPE website:
<http://www.legislature.idaho.gov/ope/>

(BOISE)—Trustees of the Boards of Health could more align their distribution formula with public need. That was the message of the Office of Performance Evaluations to the Joint Legislative Oversight Committee in a public meeting today.

Public health districts provide public health services to Idaho's citizens, including those most in need. Of districts' \$50.4 million budget, state general fund dollars make up about 17%. The Idaho Legislature is required to appropriate funds equal to at least 67% of contributions from each district's counties. In the past ten years, the Legislature's match has been substantially greater, at more than 100%.

Trustees of the Boards of Health are made up of seven members, one from each of Idaho's seven district boards of health. Trustees distribute the state's general fund appropriation to districts through a formula that Trustees develop. For fiscal year 2014, Trustees eliminated the measure of public assistance enrollment from the formula because data were unreliable. Elimination of the measure decreased fiscal year 2014 state general fund dollars as compared with 2013 for two districts (district 3 by \$26,300 and district 4 by \$26,500) despite increases in their county contributions. Evaluators could not determine whether changes to the formula were fair or equitable because Trustees had not formally established objectives or intended purposes of the formula.

Trustees have not clearly linked the needs of programs to weighted measures of the formula. In addition to county contributions, the formula uses measures of population and poverty rates to distribute funds. However, those measures do not directly assess actual public health needs.

Districts have programs that are regulatory and fee-based, such as the inspection of food establishments, sewage disposal, land development, and child care facilities. Some of these regulatory programs are heavily subsidized by state general fund dollars because their fees do not cover the cost of operation. For example, in fiscal year 2015 districts subsidized 28% of sewage disposal costs (\$928,000 out of \$3.3 million) and 61% of food program costs (\$1.6 million out of \$2.7 million) with state and county dollars.

Some district officials have indicated that their boards are reluctant to increase regulatory fees because of public intolerance—high fees could discourage compliance with regulations. Also, some fees are set in Idaho Code and have not changed in years. Consequently, companies, their customers, and in some cases, individual citizens benefit by receiving these subsidies from county and state taxpayers. In addition, other core public health programs must compete with regulatory programs for state and county dollars.

Evaluators made recommendations to the Trustees of the Boards of Health and the Legislature to consider strengthening formula measures and developing separate funding mechanisms for regulatory programs. In his response to the evaluation recommendations, Governor Butch Otter wrote: “It is important to ensure that state funds are distributed equitably among the seven health districts. The Office of Performance Evaluations has . . . provided reasonable recommendations to assist the Board of Trustees and the legislature as they examine possible solutions.”

The Office of Performance Evaluations is a nonpartisan, independent office that evaluates whether state government programs and agencies are operating efficiently and cost-effectively and are achieving intended results. OPE conducts all reviews in response to direction from an equally bipartisan committee of the Legislature—the Joint Legislative Oversight Committee. OPE's reviews are used by the Legislature to make policy and budget decisions and by agencies to improve performance.