

**MINUTES**  
**(Subject to approval by the Committee)**  
**Joint Millennium Fund Committee**  
**Tuesday, March 17, 2015**  
**Noon or Upon Adjournment of Both Houses**  
**EW20**  
**Boise, Idaho**

The meeting was called to order by Co-chair Senator Patti Anne Lodge at 12:10 p.m. Also in attendance were Senators Dan Johnson, Fred Martin, Dan Schmidt, and Jani Ward-Engelking; Co-chair, Representative Stephen Hartgen, and Representatives Fred Wood, John Anderst, Phylis King and Mat Erpelding. Jared Tatro and Margaret Major, LSO Budget and Policy Analysis division, provided staff support.

This was a working session to examine how the Millennium Fund is used, to consider different distribution models and to review committee practices. No public testimony was heard. The first business at-hand was approval of three sets of minutes, from December 11 and 12, 2014, and February 5, 2015. On a motion by Senator Schmidt, seconded by Senator Johnson, the December meeting minutes were approved unanimously. Later in the meeting, a motion was made by Senator Johnson and seconded by Senator Martin, to approve the minutes from February 5, 2015, which passed unanimously. All meeting minutes, along with concurrent audio files and other related materials, can be found at the following link on the Legislative Web page: <http://legislature.idaho.gov/sessioninfo/2014/interim/millenniumfund.htm>

Committee discussion ensued over the future use of funds. Representative Wood expressed concern regarding the state's use of the master settlement funds. He asked Mr. Tatro to confirm that we follow appropriated money to ensure that it is spent as the committee intended. Mr. Tatro confirmed that as long as the committee follows up (as documented in the annual report) it is in compliance. Representative Wood went on to explain that he does not have a problem with Project Filter, but worries that with some other programs, the data may be less reliable. The committee may not be getting the best bang for the buck, and is proceeding in a piecemeal fashion. He would like to take a portion of the funding and put it into reliable programs like Project Filter and others, and place the remaining balance into Medicaid, in a program such as the coordinated plan. The role of the Joint Millennium Fund Committee would then transition to a compliance committee, with a report from the Department of Health and Welfare (DHW) providing scientific data that moneys are being spent appropriately; aggregate the funding. The Representative asked for clarification regarding where Project Filter is housed in DHW, and Mr. Tatro reported it is under Public Health, in the division of Physical Health Services. Representative Wood stated that those moneys could do a significant amount of good there, in prevention and treatment.

Representative Anderst commented that it was an interesting idea and he supports the direction and wondered, based on the suggested design and logic, if the committee could also make the case for utilization in the CAT Fund and indigent funds at the county level. Representative Wood responded that he was not opposed to that, while expressing hopefulness that the CAT Fund was going away. He further stated that the idea is to put all of the money into one pot, so the committee can follow it more readily.

Representative King stated that she thinks DHW does a great job with these dollars and with good results, but they (DHW) are also getting General Fund moneys, and so wondered if funding through the master settlement would be redundant. She added that she does like some of the private programs and some have so little money (citing as an example the American Lung Association), noting that prevention is hard to track. She would like to sweep half of the annual fund to DHW, and leave the rest open for appropriation to the 501(c)(3) organizations.

Senator Schmidt shared his concern with the current process: asking for evidence-based programs, but not having the ability to give them proper consideration. It's very hard on a year-to-year basis to evaluate the success of our investment; a longer timeline for feedback would be helpful. Like Representative King, Senator Schmidt agreed that some programs seem better than others, but that it is difficult to make that judgment (given the current criteria). A longer timeline would provide more feedback and some comfort. He went on to state, that the Master Tobacco Settlement requires supporting data. Senator Schmidt would still like to focus on prevention, not just treating the pathology associated with tobacco use.

Senator Johnson commented that he appreciated the discussion, shares the concerns about accountability, and supports moving these dollars around, but is not prepared at this time to vote on moving funds without more consideration. He notified Chairman Lodge that a schedule conflict required that he leave the meeting early. The Chair offered that this committee would consider a decision at a later date; the discussion on the table was information to help members make correct assumptions as they moved forward.

Senator Martin inquired if the committee intended to replace, or augment, DHW General Fund dollars. Representative Wood suggested that they would remove the corresponding amount of General Fund dollars, freeing those up for other uses by the Legislature. Medicaid houses three health care programs, and medical administration. Representative Wood suggested that the committee recommend depositing 100% of the settlement funding sent to DHW into Trustee and Benefits, to deter use for medical administration salaries, etc. The Representative is amenable to any idea, stating if the committee changed direction now, that would give all affected parties sixteen months to respond. Any changes this committee makes must happen in the spring, to afford reasonable notification. Senator Martin agrees in general, adding he did not like spending money on some projects that he considered a lower priority. He considers the idea before the committee to be a good move, but does want to retain a certain percentage of the dollars for some of the more worthwhile projects funded in the past.

Chairman Lodge stated that she would like to see more direct spending for prevention, like Project Filter, and less to salaries and travel. She commented that she has not always felt like there was accountability. Further, that the committee should concentrate on these moneys going to smoking-related expenses, to keep the burden of those expenses away from the general public. Co-chair Hartgen stated that he had the opportunity to discuss this new approach with Representative Wood, had given it some thought and likes the idea on a number of fronts; for example, it moves the committee away from dealing with funding less-appropriate programs and directs funding to those in the Medicaid area. Co-chair Hartgen went on to state that we (committee, state agencies and requesting organizations) all have the same goal: a healthier population and to mitigate cost. He added that applicants have always done as asked, but that sometimes, the committee sees what he referred to as "contortionist language" in some applications. According to the projection sheet provided in the last meeting, this fund will have a substantially higher value over the next ten years. The committee could potentially set it up to use for the purpose originally intended. He conjectured that the committee might need a letter of exemption from the federal level.

Representative Erpelding, acknowledging that he is new to the committee and cautionary, said it seemed that the committee was considering changing the entire structure, because it is unsure how to measure, instead of creating an evaluation process that it can depend on. Senator Schmidt clarified that his own position on the matter has to do with his longevity on the committee; he is now high seniority after only a few years. Turnover is a problem for applicants, and the committee membership and staff, creating a certain amount of instability and frustration.

Representative Wood, referring to his experience as a fund-raiser for Ducks Unlimited, commented that fund-raisers are very adept at identifying the resource that finds it difficult to say no to their program. The Representative said that, while we cannot make a decision today, out of respect

to Senator Johnson, he would like another meeting; sooner, rather than later. Chairman Lodge instructed the committee to take the information from today's discussion and see what ideas they might come up with, in order for Idaho to gain the full benefit from these funds.

Co-chair Hartgen directed a question to Representative Wood regarding any thoughts about splitting the cash flow, wondering how the Representative envisioned allocating these funds appropriately. Representative Wood deferred to Mr. Tatro, to advise how to manage those moneys coming into the account. Mr. Tatro reported that the master settlement money comes in mid-April. It is expected to be about \$27 million, with some withholding. On July 1, 2015, those two funds transfer into the income fund, and those programs that we already funded can begin drawing that account down via the Treasurer's Office. The fund is gaining about two million dollars each year. Co-chair Hartgen asked if there were requirements to use the fund specifically for prevention, cessation and other tobacco-related activities. Mr. Tatro cited previous testimony before the committee from Mr. Brett DeLange with the Attorney General's office, stating that the funding can be used as the committee sees fit. Co-chair Hartgen then asked, if the committee writes a report stating intent to use the funds for Medicaid, would that suffice, and Mr. Tatro replied, yes. The Department of Health and Welfare would need to provide an annual report outlining the use of the funds to meet compliance with the Master Tobacco Settlement reporting requirement.

Chairman Lodge instructed the committee to give their consideration to what has been proposed so far, and to discuss it with interested parties before the next meeting. She then turned over the floor to Mr. Tatro.

Mr. Tatro presented the committee with a request to give oversight of the administrative process to the LSO analyst with this committee assignment; to include application formatting, setting application deadlines, authority to enforce those deadlines, etc. (barring any process changes resulting from the committee's reconsideration of the distribution model). There was informal agreement among the committee to allow the analyst to determine and manage the administrative process. Senator Schmidt introduced a motion specifically to accept the proposed Labor Day application posting date to align with the state agency deadline, followed by a subsequent six week submission date deadline, at close of business, stated as 5 p.m., with firm dates. The motion, seconded by Representative King, passed unanimously.

Representative Wood reiterated that he would like to meet again before Sine Die. The committee agreed, with a date to be determined. With no further business before the committee, Chairman Lodge adjourned the meeting 12:58 p.m.