

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 30, 2017

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman, Malek, Anderson, Dixon, King, Wintrow

**ABSENT/
EXCUSED:** None

LSO STAFF PRESENT: Jared Tatro, Shane Winslow

CONVENED: **Chairman Bell** called the meeting to order at 8:00 am.

Department of Health and Welfare

PRESENTER: **Richard Armstrong, Director**

Mr. Armstrong reviewed the last 11 years and the impact of their comprehensive budget request on other programs. The Department is asking for \$11 million for mental health treatment for medium and high risk probationers and for funding a secure mental health facility. The Department's budget requests are comprehensive and interconnected. The budget request for redesigning the children's mental health system is also the result of the Jeff D. lawsuit commenced in 1980 and continued for 35 years resulting in millions of dollars wasted in legal fees, lost opportunities and generations of children who could have benefitted from access to evidence-based mental health service. Now the end is in sight with a plan to deploy one of the best programs in the country for children's mental health.

Mr. Armstrong addressed improvement of employment CEC and urged approval of the Governor's 3% recommendation, citing employee retention and state worker pay lags the private sector by over 20% as a valid reason for approving the 3% increase. He encouraged the committee members to see the individual merits of each line item and the ripple effect they would have within their department, as well as examine the downstream impact a strong children's mental health program could have.

Jared Tatro, Principal Budget and Policy Analyst, stated that for budget purposes, the Department is organized into 13 divisions, which are set out in 6 different appropriation bills, in addition to any supplementals or trailers that may be passed. Department-wide intent language included in every Department appropriations bill was reviewed. Department expenditures for FY 2016 were \$2,547,291,100, with \$628,567,400 from the General Fund and full-time equivalent positions (FTP) at 2,845.76 filled at 95%. FY 2016 trustee & benefit payments accounted for over 87% of Department expenditures. Department expenditures by general, dedicated and federal funds have doubled since 2004.

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Department of Health and Welfare: Public Health Services Division

PRESENTER: Elke Shaw-Tulloch, Administrator

Ms. Elke Shaw-Tulloch presented information on the impact the Division has in Idaho and on the broad and deep array of services they provide to Idahoans from infants to the elderly while safeguarding Idahoans through promoting healthy lifestyles, prevention activities, and monitoring and intervening in disease transmission and health risks. The Division is supported by eight bureaus divided into four legislative appropriations which are physical health services, laboratory services, emergency services, and suicide prevention and awareness. The Division makes up approximately 4% of the Department's budget, and Division funds are approximately 55% federal, 24% dedicated, 15% receipts and 6% general, with an FTP of 233. Division services are rendered through approximately 500 contracts and subgrants, mostly through programming with seven local and autonomous public health districts. The Division continues progress in seeking national accreditation through the Public Health Accreditation Board. Division budget recommendations are for critical public health infrastructure, additional human resources, salary compensation via a 3% CEC, protection of vulnerable youth through vaccinations for military families and additional support for home visiting. Project Filter, a tobacco prevention program of the Division, will be requesting \$2,706,700 from the Millennium Fund for tobacco cessation activities through Quitline and online services, as well as counter-marketing efforts statewide.

Mr. Tatro stated FY 2016 the Division was appropriated \$113,066,600, with a variance of 8.5% or \$9.6 million in FY 2016, and an FTP of 221.5. Division transfers that moved money between spending classes in different programs were: the Idaho Immunization Dedicated Vaccine Fund, set to sunset at the end of this fiscal year pending legislative action, reverted \$2.7 million or 14%, (although amount decreased); 5.9% or \$3.7 million of the Cooperative Welfare Federal Fund not used as originally appropriated; and 14.4% of the Cooperative Welfare Dedicated Fund not used as appropriated with the remaining revenue for the Dedicated Receipt Fund not aligning with the appropriation causing the fund to continue to revert out of the \$2 million plus range unless higher receipts are received. Mr. Tatro reviewed fund balances for three of the four Division programs.

In response to committee questions, **Mr. Tatro** replied that the appropriation can be more than the actual revenue because the revenue used to be higher and the appropriation has not been adjusted to reflect that or it is a bucket fund used to figure increased personnel costs connected with CEC or benefit increases or because of fund shifts where the General Fund or another fund pick up increases because they don't have the revenue.

Mr. Tatro stated and **Ms. Shaw-Tulloch** provided an update on FY 2017 line items, and reviewed Division-wide legislative intent language on TRICARE appropriated General Funds not being used and to be returned at the end of the year, and on the Division accreditation status report sent to the committee on December 25, 2017.

In response to direction from **Rep. Bell**, **Mr. Tatro** informed the committee that TRICARE handles the insurance for Idaho military families, but they will not participate in Idaho's immunization program, so General Funds of about \$3 million are used so military families don't have to travel to a military base to get immunizations.

Mr. Tatro reviewed the Divisions current FY 2017 budget of \$115,757,100, their FY 2018 request of \$114,227,800, along with the Governor recommendations of \$114,148,300. Although the FY 2018 budget looks like a decrease, the Millennium Fund at \$2.7 million is removed making it a 1% increase from FY 2017. There are three supplemental requests. The Expanded Access Program added 15 children suffering from a rare form of childhood epilepsy and seizures to the 25 children that are part of the study and a supplement request for the backfill of \$128,600 is to provide medicine for them. A supplemental request is for \$509,300 in federal funds for the Ryan White Part B Supplemental Grant, and a supplemental request for \$432,400 in federal funds for the Prescription Drug Grant. Mr. Tatro reviewed four replacement items, only one of which, \$24,500 for the Emergency Medical Services, is recommended by the governor, and ten line-item requests. **Ms. Shaw-Tulloch** spoke on each line-item request, including a pay increase for the state epidemiologist, a new epidemiologist position, funding for the cancer data registry, general funds to cover the immunization costs for those with TRICARE, funding and FTP for the food protection program, funding and FTP for the developmental science program, a funding transfer for time-sensitive emergencies, funding and FTP for the maternal childhood visiting program, and to address the internal audit finding for contract payments and a Governor's recommendation initiative to change the retirement plan for certain EMS positions. All line items were recommended by the Governor except for the food protection program and the cancer data registry. Mr. Tatro commented that a \$15,000 reduction from the Central Tumor Registry Fund was included to align the appropriation with estimated revenues.

In response to committee questions, **Ms. Shaw-Tulloch** stated that the supplemental request includes all the children on the waitlist and who qualify for the program and all of the children are given Epidiolex and not a placebo.

In response to committee questions, **Ms. Shaw-Tulloch** replied that the new epidemiologist position does not take away responsibilities from the State Epidemiologist, **Dr. Hahn**, but will alleviate some day to day support for her and the program.

Ms. Shaw-Tulloch closed by thanking the committee for considering a 3% CEC for Division staff.

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Department of Health and Welfare: Division of Welfare

PRESENTER: Lori Wolff, Administrator

Ms. Wolff stated the Division of Welfare supports 630.5 FTP and makes up 6%, or \$172 million, of the Departments budget, 71% of which comes from Federal Funds, 26% from General Funds and 3% from receipts. Fifty-five percent of the Division's budget is for trustee & benefit payments providing direct benefits and services to Idahoans. Not reflected in the trustee & benefits budget, is \$261 million in Federal Funds for SNAP benefits and which 100% fund the SNAP (food stamp) program administered by the Division. The Division provides cash assistance to families through TANF and subsidies for childcare to families who are working or attending school through ICCP, and administers Self Reliance programs such as Idaho's Child Support Program, LIHEAP (weatherization) and community services block grants. Besides determining Medicaid program eligibility, the Division supports families through education in the Employment and Training Program, nutrition education, high quality child care, and partners with the Department of Labor and Education to build paths of self-reliance. The budget recommendations will include a one-time

investment in technology for the Child Support Program that has not had a system upgrade in nearly 30 years.

In response to a committee question about what Idaho would do if it lost the 70.5% of federal funds for the Self Reliance Program and the 52.9% of federal funds for the Family & Community Services. **Mr. Armstrong** replied it would depend upon whether the program came with a reduction in obligation, in which case the Department would not administer the program; however, it is rare that there is ever that much consideration, so the Department would look at what rationing could be done to reduce the expenditure. Most of the programs the Department administers are based upon federal statutes, so some kind of legal obligation comes with it, and if they pulled back on a program, they would be sued by whoever was not getting the program, putting the Department before this committee to fill it.

Mr. Tatro explained that the Division has two programs, Self Reliance and a Benefit Payments Program, which is all Trust & Benefits. For FY 2016 Division appropriations were \$151,659,800, of which \$83.7 million was in Trustee & Benefit payments, with 634.55 FTP. There were some object and program transfers with a net effect to the Division of \$520,800 transfer out of all funds or about .03% of the Divisions appropriation. There is a difference of actual expenditures minus appropriations in the Cooperative Welfare Dedicated Fund in the Department's receipts where there is a positive number for personnel costs and a negative number for operating. Mr. Tatro reviewed sources of revenue, which were YHI Pass through Federal dollars, recorded as receipts, the Child Support Regular funds, and Benefit Payment Program Revenue Sources. The Childcare Discretionary Grant was \$13.9 million last year and is almost \$24 million this year. The FY2017 appropriation was \$168,949,700, with four line items and Mr. Tatro reviewed the Division intent language. **Ms. Wolff** provided an update on the line items.

Mr. Tatro stated for FY2018, the Division is requesting, and the Governor is recommending, approximately a 1.7% increase, with a supplemental to transfer 5 unfunded FTP out of the Division and into the Division of Medicaid. Mr. Tatro and **Ms. Wolff** reviewed nondiscretionary adjustments where funding is required by statute and benefit eligibility may be determined by federal sources making it a challenge for the Division to forecast participation and budget needs. Mr. Tatro reviewed line items and Ms. Wolff spoke in support of line item requests for a one-time funding of \$8 million to support year 2 of the Child Support Enforcement System (CSES) Modernization, and for \$3,391,600 to support year 2 of the Child Care Subsidy Funding.

In response to committee questions, **Ms. Wolff** replied that there is no available assistance from child support enforcement beneficiaries for updating the CSES, however, the CSES has not been updated for a long time and Idaho's approach is the most cost effective.

Mr. Tatro addressed 2 audit findings. Improper payments were charged to the supplemental nutrition assistance or SNAP program grant, and income eligibility verification was not used in accordance with federal guidelines for the TANF program. **Ms. Wolff** addressed the audit findings and Division corrections made to become compliant.

Ms. Wolff gave her closing remarks, advising that she will have a third and final request for a child support modification project next session, and thanking committee members for considering a 3% CEC for Division staff.

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Department of Health and Welfare: Service Integration

PRESENTER: Gary Moore, Administrator

Mr. Moore stated Service Integration provides two programs, the 211 Careline and Service Navigation (Navigation). The 211 Careline is a state-wide bilingual phone service. Careline staff can link people who call them to health and human resources. In 2016, the Careline received over 113,000 informational contacts. Navigation staff develops and identifies recent resources to aid families struggling to raise children, as well as achieve long-term stability through community support. Navigation received 9,500 referrals in 2016 and distributed \$1.2 million in emergency systems and support. The Careline and Service Navigation Team join up to form a state-wide boots on the ground approach to individuals and communities. It is especially helpful where the department doesn't have any local offices. During 2016, staff has visited many communities.

Mr. Tatro stated the FY 2016 appropriation was \$5,886,400 of which \$718,700 was from the General Fund, with 36 FTP, and some object and program transfers. The program transfers within the Division are net-to-zero, which in this case, they transferred out some General Fund Trustee & Benefit funds but then transferred funds in from another program because they could not do an object transfer, but had to do an extra program transfer. For FY 2016 expenditures, 9.6% or \$562,500 was not spent as originally appropriated. TANF is their largest fund source. Mr. Tatro reviewed intent language where it states the Division must maintain their transfer to the Head Start program for the TANF funds for the same amount provided in 2007 which was \$1.5 million. This language has been in the budget since 2007.

Mr. Moore closed by thanking the staff of the 211 Careline and the Navigation team and stating he appreciated the committee's consideration of a 3% CEC request.

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ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:21 am.

Representative Bell
Chair

Cody Jessup
Secretary