



Eastern Idaho **Public Health**

Fiscal Year 2017 Budget

May 12, 2016

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Fiscal Year 2017 Budget Summary

Eastern Idaho Public Health's (EIPH) proposed budget for Fiscal Year (FY) 2017 is \$8,159,409 which is a 10.8% increase over FY2016.

Revenue Highlights

State Appropriations

For FY2017, the total State Appropriations to the seven public health districts is \$9,289,500, an increase of 6.54% over FY2016. This increase is to help offset the health districts' higher costs for employee benefits, employee compensation increases, and the 27th pay period. Unlike last year when EIPH received about half of what the statewide increase was for FY2016, this year we received an increase of 7.69% or about 18% more than the statewide increase, due to the appropriation formula factor of poverty increasing for our district. EIPH's percentage of population and county contribution both decreased this year.

During FY2016, the state's Office of Performance Evaluation conducted a study concerning the health districts' distribution formula for the State General Fund appropriations. Findings of this report were released in December of 2015; however, discussions over the funding formula continue among the health district directors, trustees, and Boards of Health, which will likely continue into next calendar year and the 2017 Legislative Session.

County Appropriations

This budget proposal includes a request for a 4% increase in County Appropriations over FY2016, which is an increase of \$41,848. EIPH appreciates the partnership and financial support it receives from the counties, which are essential for EIPH to continue providing high quality public health services to the residents of Eastern Idaho. In addition to the actual services provided to users of the health district's various programs, EIPH staff also provides additional support to the counties and their residents by providing education, consultation, and support in a variety of programs. For example, our Environmental Health staff supports monthly Planning and Zoning meetings throughout the district as well as provides support and assistance for county ordinances. Often times, this extra support is not fully covered by contract funds or fees; therefore, we depend on the counties' continued long-term financial support to allow us to continue providing these valuable services to our residents. In some past years, we have been able to not ask for increases from the counties, but this year is not one of those years. This year alone, we are experiencing cost increases of about 6.5% over FY2016.

Fees

The FY2017 budget reflects a 24.58% increase (\$317,950) in budgeted fees. Over the past few years, fees in our Immunization Program have increased, primarily in the area of adult vaccines. After two years in a row of higher than expected adult vaccine fee revenue, we are increasing the initial fee projections on the belief the volume of clients will continue. Conversely, childhood vaccine fees continue to be negatively affected by billing requirements as well as an increased number of childhood immunization providers in our district. Therefore, EIPH has been focusing its childhood immunization efforts on areas of identified gaps in these services—such as school-based influenza clinics and adolescent immunizations—areas in which public health excels!

One challenge we face is the continual fluctuation in fees in our Reproductive Health Programs. The need for these valuable services continues, even though more and more of the clients we serve in these programs tend to be uninsured with lower incomes, resulting in a lower level of fee being paid for the services received. In order for us to continue meeting clients' needs, we rely on other funding sources (state and county appropriations) to help bridge this gap.

In addition to recently making upward adjustments in the fees for our Septic program, the level of activity in this program continues to show a slow upward trend, resulting in increased fee revenue budgeted. This helps substantially in getting EIPH to a balanced budget for FY17. However, charging full cost for fees in Environmental Health programs is a challenge due to both legislative fee setting processes and public resistance to rising permitting fees. This was one of the issues addressed in the OPE report, to which no resolution has yet been found.

Overall, this increase in budgeted fee revenue is a positive step in helping us to maintain a balanced budget. However, since fees are only 20% of the district's total revenue, the increase will not carry all off the increased costs we are experiencing this year. As we look forward to the future, leadership will need to continue to look at ways to increase fee revenues in appropriate ways to facilitate continued services as cost increases are out-pacing increases in tax revenue.



Contracts

This year's budget reflects an expected 4.67% increase in contract funding. This does not represent a general increase in funding from federal sources. Only two contracts have increased to account for new costs—WIC and Public Water. The WIC contract was increased to help with the 27th pay period costs, while simultaneously being decreased for other reasons unfortunately, so the net impact is a 0.5% increase in funding. The Public Water contract was increased 3% to account for the Governor's recommended 3% Change in Employee Compensation (CEC). The significant increases in contract dollars are related to new activities. The two most notable are funding for Ebola preparedness activities (which started in FY16, but were not included in the budget) and the district's support of the Region 7 Behavioral Health Board.

Expense Highlights

Salaries

An ongoing challenge and concern of the health district's administration is funding to provide competitive entry wages and ongoing salary increases for employees. The improvements in the local economy have made it more difficult to retain staff especially at the lower pay grades. This year, the Idaho Legislature recommended a 3% increase in employee compensation, which has been included in this year's budget. EIPH's administration is committed to working to improve employee salaries, which are the lowest among Idaho's Public Health Districts, yet lack of funding makes this very difficult to address. The second major personnel cost pressure for 2017 is the 27th pay period, which occurs every 11 years. This extraordinary event will increase EIPH's personnel costs by about \$190,000 in FY2017. As noted above, we did receive an increase in our general fund appropriation to help with this expense, but contract funding (which accounts for about half of the district's revenue) did not provide increased funding for this event. This, and increased benefits costs discussed below, are the main reasons the counties are being asked to provide increased funding in FY2017.

Employee Benefits

This year, we are experiencing a 9.3% increase in the cost of employee health insurance, increasing from \$11,200 to \$12,240 per employee per year. This results in an increased, largely unfunded, expense of about \$90,000 to the district. Over the last three years, there has been a 34.5% increase in health insurance costs to the employer (annual inflation of 10.4%). Health insurance costs account for over one million dollars of our annual budget.

Operating Expenses

Overall, operating expenses have increased by 20%. The majority of this increase is attributed to increased purchasing of vaccine. In addition, EIPH is now purchasing its own contraceptives for the Family Planning program, where in the past, contraceptives were provided to the health districts by the state (however, contract funding was increased to help offset the contraceptives expense).

Furthermore, there are also some increasing operating costs in General Support related to maintenance needs on aging buildings and equipment. Just a few of the major projects on the horizon include having to resurface parking lots at many of our county offices, replace deteriorating concrete at our Idaho Falls office, and replace heating/cooling units in several of our buildings that are nearing the end of their useful life.

Summary

EIPH's administration and staff are fully committed to continuing to provide high-quality public health services to the residents of Eastern Idaho in the most cost-effective manner possible, but we cannot make this happen without continued ongoing financial support from the State and our County partners. We have worked hard to control expenses that are within our control, yet in FY2017 we are faced with continued pressures due to health insurance costs increases and a 27th pay period, as well as challenges with providing competitive salaries that help us keep a skilled and competent workforce.



REVENUE

Division	Contracts	Fees
Board of Health	\$0	\$0
Environmental Health	231,300	473,050
Family & Community Health Services	878,700	1,103,500
Health Education, Epidemiology, and Preparedness	1,090,303	35,000
Healthcare Transformation	479,045	0
Nutrition	1,350,822	0
Total Revenue	\$4,030,170	\$1,611,550
FY2016 Budget	\$3,850,531	\$1,293,600
Change from FY16 to FY17	\$179,639	\$317,950
% Change	4.67%	24.58%

EXPENSES

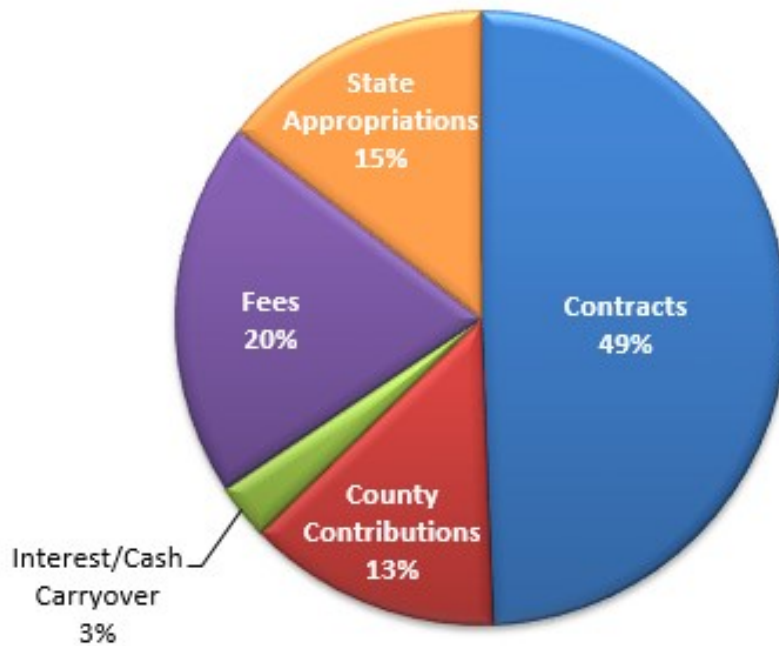
Division	Salaries	Benefits	Operating Expenses	FY2017 Proposed Budget	FY2016 Budget
Board of Health	\$5,700	\$481	\$10,000	\$16,181	\$18,366
Environmental Health	605,576	281,441	94,400	981,417	910,307
Family & Community Health Services	1,566,995	763,096	1,002,100	3,332,191	3,028,198
General Support	457,725	197,970	459,150	1,114,845	1,001,698
Health Education, Epidemiology, and Preparedness	619,788	278,215	165,600	1,063,603	1,043,310
Healthcare Transformation	239,988	114,429	76,729	431,146	224,457
Nutrition	688,906	376,120	155,000	1,220,026	1,137,927
Total Expenses	\$4,184,678	\$2,011,752	\$1,962,979	\$8,159,409	\$7,364,263
FY 2016 Budget	\$3,890,582	\$1,838,101	\$1,635,580		
Change	\$294,095	\$173,651	\$327,399		
% Change	7.56%	9.45%	20.02%		

SOURCE OF FUNDS	FY 2016 Budget	FY 2017 Proposed Budget	Change	% Change
County Contributions ¹	\$1,046,211	\$1,088,059	\$41,848	4.00%
State Appropriations	1,102,500	1,187,300	84,800	7.69%
Interest	5,000	8,000	3,000	60.00%
Cash Carryover	66,421	234,330	167,909	252.80%
Contracts	3,850,531	4,030,170	179,639	4.67%
Fees	1,293,600	1,611,550	317,950	24.58%
TOTAL	\$7,364,263	\$8,159,409	\$795,146	10.80%

¹ County Contributions Note: “Actual Budget” columns show County Contributions based on when cash is received from the counties by the District. “Original/Proposed Budget” columns show county contributions based on the appropriated amount. The District’s fiscal year ends June 30; whereas counties’ fiscal year ends September 30. This creates a cash flow timing difference.

On page 8 is a historical chart of County Contributions. These numbers are based on county funds appropriated by the health district’s fiscal year, not when cash is received from the counties.

Revenue Projection Summary - FY17



Request for Approval of FY2017 Operating Budget—\$8,159,409

COUNTY APPROPRIATION FORMULA

County Contribution = 70% Population Distribution + 30% Taxable Market Value
 (Based on 2015 Population Estimate) (Based on 2015 Taxable Market Value)

Proposed FY 2017 County Appropriations

County	2015 Population Estimate ²	% Population of District	Population 70% Distribution	2015 Taxable Market Value ³	% Valuation of District	Valuation 30% Distribution	FY 2017 Budget County Cost Pop. + Eval.
Bonneville	110,889	52.21%	\$397,653	5,751,633,771	44.10%	\$143,950	\$541,603
Clark	880	0.41%	3,123	117,200,515	0.90%	\$2,938	\$6,061
Custer	4,087	1.92%	14,624	774,950,340	5.94%	\$19,389	\$34,013
Fremont	12,819	6.04%	46,003	1,613,776,398	12.37%	\$40,378	\$86,381
Jefferson	27,157	12.79%	97,414	1,157,713,484	8.88%	\$28,986	\$126,400
Lemhi	7,735	3.64%	27,724	643,779,687	4.94%	\$16,125	\$43,849
Madison	38,273	18.02%	137,248	1,577,146,686	12.09%	\$39,464	\$176,712
Teton	10,564	4.97%	37,854	1,405,631,779	10.78%	\$35,188	\$73,042
TOTAL	212,404	100.00%	\$761,643	\$13,041,832,660	100.00%	\$326,418	\$1,088,061

² U.S. Census Bureau, 2015 Census Population Estimate

³ Under Idaho Code 39-424, the State Tax Commission is required to report to the health districts by April 1 net property taxable value for each county.

County	FY2016 Contribution	FY 2017 Proposed Contribution	\$ Change
Bonneville	\$518,104	\$541,603	\$23,499
Clark	\$5,796	6,061	\$265
Custer	\$34,012	34,013	\$1
Fremont	\$84,795	86,381	\$1,586
Jefferson	\$121,957	126,400	\$4,443
Lemhi	\$42,749	43,849	\$1,100
Madison	\$170,020	176,712	\$6,692
Teton	\$68,778	73,042	\$4,264
TOTAL	\$1,046,211	\$1,088,061	\$41,850

Request for Approval of County Appropriations—\$1,088,061

County Population

County	County Population			
	FY16	FY17	Change	% Change
Bonneville	108,623	110,889	2,266	2.09%
Clark	867	880	13	1.50%
Custer	4,140	4,087	(53)	(1.28)%
Fremont	12,867	12,819	(48)	(0.37)%
Jefferson	27,021	27,157	136	0.50%
Lemhi	7,726	7,735	9	0.12%
Madison	38,038	38,273	235	0.62%
Teton	10,341	10,564	223	2.16%
Total	209,623	212,404	2,781	1.33%

County	County's % of Health District Population		
	FY16	FY17	Change
Bonneville	51.82%	52.21%	0.39%
Clark	0.41%	0.41%	0.00%
Custer	1.97%	1.92%	(0.05)%
Fremont	6.14%	6.04%	(0.10)%
Jefferson	12.89%	12.79%	(0.10)%
Lemhi	3.69%	3.64%	(0.04)%
Madison	18.15%	18.02%	(0.13)%
Teton	4.93%	4.97%	0.04%
Total	100.00%	100.00%	

County Property Values

County	County Valuation			
	FY16	FY17	Change	% Change
Bonneville	\$ 5,577,399,471	\$5,751,633,771	\$174,234,300	3.12%
Clark	111,991,595	117,200,515	5,208,920	4.65%
Custer	788,234,449	774,950,340	(13,284,109)	(1.69)%
Fremont	1,603,354,677	1,613,776,398	10,421,721	0.65%
Jefferson	1,108,939,280	1,157,713,484	48,774,204	4.40%
Lemhi	632,371,421	643,779,687	11,408,266	1.80%
Madison	1,493,409,607	1,577,146,686	83,737,079	5.61%
Teton	1,315,338,908	1,405,631,779	90,292,871	6.86%
Total	\$12,631,039,408	13,041,832,660	410,793,252	3.25%

County	County's % of Health District Total		
	FY16	FY17	Change
Bonneville	44.16%	44.10%	(0.05)%
Clark	0.89%	0.90%	0.01%
Custer	6.24%	5.94%	(0.30)%
Fremont	12.69%	12.37%	(0.32)%
Jefferson	8.78%	8.88%	0.10%
Lemhi	5.01%	4.94%	(0.07)%
Madison	11.82%	12.09%	0.27%
Teton	10.41%	10.78%	0.36%
Total	100.00%	100.00%	

OPERATING ACCOUNT

ACCOUNT BALANCE	\$2,667,277
PLUS FY2017 CEC (transfer from Capital Reserve)	189,000
LESS amount available to use for budget stabilization	(234,330)
LESS amount restricted by donor/funding source	(93,075)
LESS amount reserved for and authorized for spending on a public health emergency	(500,000)
LESS amount reserved and authorized for vehicle purchases	(60,000)
LESS amount reserved for and authorized for spending on building maintenance	(50,000)
LESS amount reserved for and authorized for spending on legal fees	<u>(40,000)</u>
Total Unrestricted Operating Account Balance as of April 30, 2016	\$1,878,872

CAPITAL RESERVE ACCOUNT

ACCOUNT BALANCE	\$534,739
Dedicated for future personnel costs	\$225,000
Dedicated for future building projects	309,739
LESS amount transferred to FY17 Budget for CEC	<u>(189,000)</u>
CAPITAL RESERVE BALANCE	\$345,739

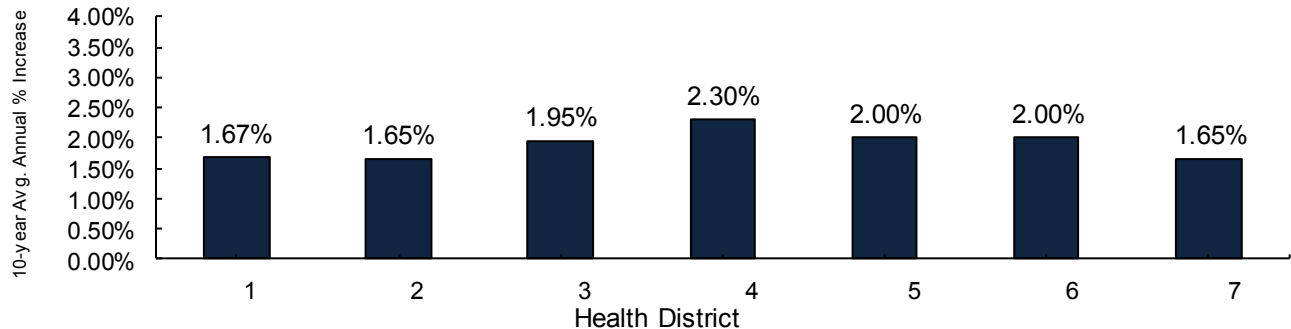
Request for Approval of FY2017 Operating & Capital Reserve Accounts

**History of County Contributions
(FY2007 - 2016)**

FISCAL YEAR	DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5	DISTRICT 6	DISTRICT 7	TOTALS
2016	\$1,172,100	\$774,099	\$1,227,156	\$2,166,492	\$1,127,586	\$1,126,041	\$1,046,211	\$8,639,595
2015	1,149,135	751,465	1,191,414	\$2,103,400	1,094,744	1,093,244	1,025,696	8,409,098
2014	1,115,700	729,578	1,156,713	2,042,126	1,062,858	1,061,402	1,010,538	8,178,915
2013	1,083,171	708,328	1,123,023	1,982,647	1,031,901	1,040,590	981,102	7,950,762
2012	1,051,622	687,697	1,106,427	1,924,900	1,011,668	1,010,282	961,867	7,754,463
2011	1,051,622	712,639	1,106,427	1,887,166	1,011,668	1,010,282	961,867	7,741,671
2010	1,071,116	712,639	1,106,427	1,887,166	1,011,668	1,010,282	961,867	7,761,166
2009	1,076,498	712,639	1,106,427	1,887,166	1,011,668	1,010,282	961,867	7,766,547
2008	1,045,100	691,900	1,074,200	1,832,200	982,200	973,700	933,900	7,533,200
2007	1,014,704	671,731	1,042,914	1,788,880	953,594	952,257	906,651	7,320,731

**History of County Contributions Percent Change
(FY2007 - 2016)**

FISCAL YEAR	DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5	DISTRICT 6	DISTRICT 7
2016	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
2015	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	1.5%
2014	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	3.0%
2013	3.0%	3.0%	3.0%	3.0%	2.0%	3.0%	2.0%
2012	0%	-3.5%	0%	2.0%	0%	0%	0%
2011	-1.8%	0%	0%	0%	0%	0%	0%
2010	-0.5%	0%	0%	0%	0%	0%	0%
2009	3.0%	3.0%	3.0%	3.0%	3.0%	3.8%	3.0%
2008	3.0%	3.0%	3.0%	3.0%	3.0%	2.3%	3.0%
2007	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	2.0%
Avg. Annual % Change	1.67%	1.65%	1.95%	2.30%	2.00%	2.00%	1.65%



**History of State Appropriations
(FY2008 - 2017)**

FISCAL YEAR	DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5	DISTRICT 6	DISTRICT 7	TOTALS
2017	\$1,253,600	\$885,000	\$1,387,000	\$2,192,600	\$1,197,900	\$1,186,100	\$1,187,300	\$9,289,500
2016	1,184,200	814,300	1,315,400	2,071,100	1,121,200	1,110,500	1,102,500	8,719,200
2015	1,153,300	810,600	1,286,300	2,003,100	1,108,800	1,077,400	1,091,700	8,531,200
2014	1,125,700	759,500	1,227,800	1,930,700	1,065,300	1,054,200	1,069,300	8,232,500
2013	1,082,600	696,900	1,254,100	1,957,200	1,059,300	1,027,200	1,058,800	8,136,100
2012	1,045,600	705,500	1,208,600	1,856,800	1,014,700	993,200	1,020,700	7,845,100
2011	1,109,400	764,400	1,273,100	1,955,500	1,083,000	1,054,800	1,079,300	8,319,500
2010	1,262,700	842,700	1,416,500	2,171,000	1,214,500	1,195,200	1,202,500	9,305,100
2009	1,459,000	985,500	1,611,200	2,521,100	1,420,300	1,394,200	1,408,000	10,799,300
2008	1,389,300	935,900	1,540,700	2,407,700	1,350,200	1,323,000	1,324,100	10,270,900

FISCAL YEAR	DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5	DISTRICT 6	DISTRICT 7
2017	13.49%	9.53%	14.93%	23.60%	12.90%	12.77%	12.78%
2016	13.58%	9.34%	15.09%	23.75%	12.86%	12.74%	12.64%
2015	13.52%	9.50%	15.08%	23.48%	13.00%	12.63%	12.80%
2014	13.67%	9.23%	14.91%	23.45%	12.94%	12.81%	12.99%
2013	13.31%	8.57%	15.41%	24.06%	13.02%	12.63%	13.01%
2012	13.33%	8.99%	15.41%	23.67%	12.93%	12.66%	13.01%
2011	13.33%	9.19%	15.30%	23.51%	13.02%	12.68%	12.97%
2010	13.57%	9.06%	15.22%	23.33%	13.05%	12.84%	12.92%
2009	13.51%	9.13%	14.92%	23.35%	13.15%	12.91%	13.04%
2008	13.53%	9.11%	15.00%	23.44%	13.15%	12.88%	12.89%

Historically, the formula used for distributing the State Appropriations between Idaho’s seven health districts was based on four components:

Population (20%) + Poverty (10%) + County Funding (60%) + Public Assistance (10%)

However, in late 2012, the Idaho Association of Local Boards of Health voted to change the distribution formula, increasing the weighting on county funding to:

Population (18%) + Poverty (15%) + County Funding (67%)

As a result, if one district gets a 3% increase from its counties but another district gets less than a 3% increase, the amount that district receives in the State Appropriations will be affected the following year.



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