

**Report of the Funding Formulas Work Group**  
***Additional Recommendations for the Local Public Health Act Funding***  
**January 31, 2005**

**Background**

The State Community Health Service Advisory Committee (SCHSAC) approved the report of the Funding Formulas Work Group and forwarded it to the Commissioner of Health in September, 2004. In December, the Commissioner accepted the recommendations of the SCHSAC, including a new formula for allocating the Local Public Health Act funds. However, the Commissioner did not want any Community Health Boards to lose funding under the new formula, and recommended that a base be set that is equal to the current funding for each Community Health Board. The new formula would only be applied to new funds. The Commissioner also asked the Funding Formulas Work Group for additional input on two items:

- ✧ How should the department allocate any future reductions in funding below the 2004 amount?
- ✧ Should the department pursue a legislative change to implement the new formula during the 2005 Legislative session?

**Recommendations**

1. Funding Reductions

The work group voted unanimously to support the existing statutory language that any reductions are taken equally from all Community Health Boards on an equal percentage basis. The work group also agreed that they would reconvene if any major changes arise that require further discussion during the upcoming session.

The work group also recommended that the SCHSAC “Accountability Review Process” Work Group consider funding levels when making decisions about hold harmless provisions for the Essential Local Public Health Activities. If at any time funding levels are not adequate to accomplish the Essential Local Public Health Activities, then community health boards should not be penalized for not performing them.

2. Fluctuations in Funding

Fluctuations in funding were defined as reallocations within the current overall level of funding. The statute currently outlines that changes in funding will be redistributed proportionally among all Community Health Boards. The work group discussed a number of different ways to use small increases in funding in a more targeted way, but ultimately decided not to pursue legislative change for this one item. The group would like these ideas to be further discussed in the future when other legislative changes are proposed.

The group previously recommended that changes of less than ten percent in the Maternal and Child Health Block Grant portion of the grant would be allocated as straight percentage increases or decreases to all Community Health Boards.

### 3. Implementation of the New Formula

The work group unanimously recommended that the Commissioner should reconvene the work group when new funding becomes available so that the group can review their funding formula recommendation within the context of current conditions and the funding principles developed in 2004. Small adjustments within the current allocation, such as the reallocation of \$5,000 from multi-county breakups, would not require further discussions by this work group.

### 4. Legislative Changes in 2005

Implementation of the new formula would require a statutory change. The work group recommends that the Commissioner not pursue statutory changes related to this formula in 2005.