



Idaho Travel Council Meeting Minutes
Thursday, December 7, 2017
Idaho Commerce
Special Call/GoToMeeting

Council Members Present:

Jim Manion (Chair), *Region III*

Council Members via Phone:

Doug Burnett, *Region I*

Lara Smith (Vice-Chair), *Region II*

Shawn Barigar, *Region IV*

Matt Hunter, *Region V*

Courtney Ferguson, *Region VI*

Mike Fitzpatrick, *Region VII*

Rick Shaffer, *Multi-Region*

Commerce Staff Present:

Megan Ronk, *Director*

Bobbi-Jo Meuleman, *Chief Operating Officer*

Matt Borud, *Marketing and Innovation Officer*

Diane Norton, *Tourism Manager*

Cindy Lee, *Grants and Contracts Manager*

Jill Eden, *Grants and Contracts Specialist*

Ewa Szewczyk, *Grants and Contracts Analyst*

Laura Conilogue, *Administrative Assistant*

Public via Phone:

Melissa Barry, *Southern Idaho Tourism (SIT)*

Jared Montague, *Southwest Idaho Travel Assoc. (SWITA)*

Call to Order & Introductions

Chairman Jim Manion called the meeting to order at 2:05 p.m.

Council and audience introductions.

Administration and Fulfillment Costs Recommendations – Megan Ronk

The Idaho Department of Commerce (Commerce), the Tourism Development team, and the Grants team recently evaluated the use of grant administration funds (Admin) to inform the Idaho Travel Council (ITC) if a financial gap existed between the amount of Admin awarded and any necessary and allowable expenses incurred through administration of the grant.

During this review, multiple grant recipients indicated they are using Admin to pay such expenses as wages, salaries, benefits, and other organizational costs. Pursuant to Idaho Code 67-4716 and Idaho Procedures Act (IDAPA) Rule 28.03.02, expenses of this nature are ineligible for reimbursement. These grantees were unaware they were spending Admin funds on unallowable costs.

After consultation with the Governor's office, the Division of Financial Management (DFM), the Office of the Attorney General, and the Idaho Travel Council, the following is in effect immediately to ensure Commerce and its grantees are in compliance with Idaho Statute and rule:

1. Admin may not be used for any unallowable purpose defined in IDAPA Rule 28.02.03, and/or defined in the ITC Grant Handbook.
2. To draw on Admin funds, a receipt detailing the allowable expense and proof of payment is required to be submitted on a Request for Funds (RFF).
3. Requests for 75% on the first RFF, and then 25% on the last RFF is no longer permitted. Admin will only be dispersed on a cost reimbursement basis. Every grantee that has yet to close out their 2016 grant, and has the remaining 25% of Admin funds not disbursed, will have to submit receipts showing what the funds were spent on, then send the receipts along with their final RFF for reimbursement to Commerce. Those receipts must be in compliance with the statute.



4. The grantee organization's staff wages and benefits incurred through execution of the marketing plan are an allowable form of cash match with proper documentation. Proper documentation includes: a completed salary cash match form and proof of payment of staff wages and benefits, such as paystubs.

Commerce is working to refine the grant handbook and anticipated presenting a clarified definition of Admin/Fulfillment to the ITC at the January 2018 meeting.

Understandably this change may present a challenge for some grantees; however, noncompliance with the law or rules puts the entire program at risk. If grantees would like to discuss this matter further, Commerce staff is available for phone meetings or in-person meetings in Boise. To schedule a meeting, please contact Matt Borud at matt.borud@commerce.idaho.gov.

Council Questions and Discussion

Can grantees use Admin to contract out for fulfillment or grant admin services? The handbook says grantees cannot use the money to contract out for grant administration services. However the grants team can talk with our legal counsel to determine if that is something Admin could potentially cover in the future.

Is it possible to create a list of expenses that do qualify as allowable in admin and fulfillment costs? Yes, a fully comprehensive list of allowable administrative costs will be in the next handbook. A list of the allowable costs will be ready at the January meeting.

Was the need for receipts part of the discussion with DFM and the Governor? Yes, in order to know that these funds are being spent on allowable costs, and everyone is in compliance with the law, receipts must be sent in.

What is the history of the statute and when did changes occur? The ITC grant program was enacted in statute 1982, and the Admin rules were written two years after that. The current Admin issue started in 2010 when the Admin rules were changed, and the unallowable costs were taken out of the handbook. Then, in 2012 the requirement for receipts of Admin funds were removed from handbook. However, staffing and wages have always been an unallowable cost for grant funds, the original statute clearly stated that staffing was never an allowable expense. It has also been on the grant application for the past three years, saying that is not an allowable expense.

How will this affect previous grants? No grant money will be taken back. Anything that is already paid out will not need to be paid back.

The grant handbook states "cost of grant administration such as submitting requests for funds, narrative reports, correspondence with Council or grant administrator, and other direct costs incurred related to the grant award. So, what is a "direct cost"?" It is not well defined, but back when this code was written, there was a different process for RFFs, it included more manual work, photo copies, and they needed to be mailed to Commerce. Now most of those old costs have gone away with the improvements to process and technology. A list of the allowable costs will be ready at the January meeting.

The time to do those things is not a direct cost? No, however the statute does state that administrative costs of salaries and wages can be used as match dollars for the grant. So the work of executing the marketing of the grant, the work of executing request for funds, etc, can be used as match. Grantees only need a timecard to show proof of time worked.



C.L. "Butch" Otter, Governor
Megan Ronk, Director

What is the timeline for rolling this out? Director Megan Ronk wrote a letter explaining the situation, this letter will be sent out tomorrow to grantees and ITC members. All grantees can submit any questions regarding the new Admin rules to the email address, grants@commerce.idaho.gov. The grants team will then compile all the questions and answers and send them out to all grantees.

Can the grantees use the rest of their Admin budget for other things, such as marketing? The grantees do not necessarily need to use 10% of their grant for Admin. If the grantees want to change their budget now to put the rest of their Admin funds into their marketing budget, they will need to send in a request for a change in scope of their budget.

How will this affect these grantees going forward? How will grantees afford to pay for their marketing without paying for staffing? Hopefully realizing that wages and time can be used as cash match will help, so any local business that wishes to donate to the organization, that donation can go towards wages. Other grantees use volunteers to run their programs. Commerce wants to help grantees find solutions to any problem this might bring to grantees, so Commerce is researching grant expenses that can be paid for within the existing Admin language, to help minimize the costs.

The ITC expressed a desire for meetings concerning this issue to occur before the January ITC meeting, and they would like to be present at the meetings. There will be a discussion on Admin funds during the January ITC meeting.

Public Comments and Questions

Jared Montague from SWITA commented on how hard this change is affecting his organization. SWITA will have to find someone that can volunteer for them, or find cash match that can pay for salaries.

Southern Idaho Tourism Change of Work Scope Vote

Change of work scope can no longer be done by email, it needs to be done during an official public meeting with a quorum.

Southern Idaho Tourism (SIT) were awarded more funds than they requested during their 2016 grant. They revised their budget and are asking for an additional \$2,925.15 for a trade show booth, which is a capital outlay cost. There needs to be a vote on this scope of work change.

Matt Hunter motions to approve the change of work scope to the SIT grant.

Rick seconded. All in favor. **Motion approved.**

Future Meetings and Closing Topics

The next ITC meeting will be held in Sun Valley on January 17, 2018.

Shawn Barigar moved to adjourn the meeting.

Lara Smith seconded. All in favor. **Motion approved.**

Chairman Jim Manion adjourned the meeting at 2:51 p.m.