



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

December 7, 2017

Dear ITC Grantee,

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

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

The Idaho Tourism grant program is first governed by Idaho Statute, then IDAPA Rules, then the ITC Grant Handbook. IDAPA Rule 28.02.03 (018) states:

018. INELIGIBLE PROJECTS.

It is not the purpose of this grant program to fund the day-to-day, administrative expenses of organizations that have a travel or convention promotion element.

01. Organizational Administrative Expense. Rent, phone, supplies, wages and salaries, other overhead and administrative expenses are not reimbursable; however, the actual cost of staff wages and benefits (Other Personnel Expenses (OPE)) may be used as cash match with documentation.

02. Salary or Personnel. Expenses related to grant writing are not eligible.

03. Alternative Funding Sources. Projects that have alternative funding sources (for example, regular Chamber of Commerce budgets) or that have been funded previously with the agency's own funds may be deemed ineligible.

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

1. Admin funds may not be used for any unallowable purpose defined in IDAPA Rule 28.02.03, and/or described 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 25% on the last RFF is no longer permitted. Admin funds will only be dispersed on a cost reimbursement basis.
4. The grantee organizations' 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 the staff wages and benefits, such as a paystub.

Idaho Commerce is working to refine the grant handbook and anticipates presenting a clarified definition of Admin/Fulfillment to the Idaho Travel Council at the January 2018 meeting. Programmatic questions can be sent via email to grants@commerce.idaho.gov. Questions received by December 15, 2017 will be compiled and answered in a follow up program letter to the Idaho Travel Council and all grantees.

We understand this change may present a challenge for some grantees; however, noncompliance with the law or rules puts the entire program at risk. If you would like to discuss this matter further as it pertains to your organization and the overall program, Idaho Commerce staff is available for phone meetings or in-person meetings in Boise. If you would like to schedule a meeting, please contact Matt Borud, Chief Business Development Officer: matt.borud@commerce.idaho.gov.

I look forward to working through this with all of you as we continue to strive to make Idaho a great place to visit, work and live.

Sincerely,

A handwritten signature in black ink that reads "Megan Ronk". The signature is written in a cursive, flowing style.

Megan Ronk
Director

cc. Idaho Travel Council