

JOHN J. VIOLA
STATE REPRESENTATIVE
Twenty - Sixth District



HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
LEGISLATIVE HALL
DOVER, DELAWARE 19901

COMMITTEES
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Capital Infrastructure
Economic Development,
Banking, Insurance &
Commerce
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Revenue and Finance Committee
Meeting Minutes
April 21, 2010

Chairman Viola called the meeting to order at 3:30 p.m. Members present included Vice Chair Keeley, Representatives Brady, Hocker, Hudson, Longhurst, Mulrooney, and Ramone. For a list of guests present, please see attached.

After calling the meeting to order, Chairman Viola chose to address **HB 334 AN ACT TO AMEND TITLE 30 AND TITLE 31 OF THE DELAWARE CODE RELATING TO THE DELAWARE CHILDREN'S TRUST FUND ACT**. The purpose of the bill is to remove the Delaware Children's Trust Fund as a contribution designation for income tax refunds. Chairman Viola then recognized Patrick Carter, the Director of the Division of Revenue, and Acting Secretary Cook from the Department of Finance, present to provide the committee with further information regarding the Delaware Children's Trust Fund (DCTF) and its dissolution.

Mr. Carter gave a brief overview of the history of the Delaware Children's Trust Fund. Importantly, in 2004 the president of the Board of Directors resigned and the board stopped meeting. At this time the DCTF had outstanding debts, as the board had allegedly promised \$66,000 to five organizations. In order to address the unfunded grants in lieu of a Board of Directors, epilogue language was voted in FY 2005 for the FY 2006 budget which authorized the Director of the Office of Management and Budget and Controller General to settle the debt. Rep. Hudson then requested clarification that epilogue language supersedes the Delaware Code, which is in fact the case.

\$56,000 of the unfunded grant money could be verified through documentation provided by the grant organizations. The three organizations that could provide documentation were: Boys & Girls Club of Newark; Child, Inc.; and Delaware Ecumenical Council on Children and Families. In 2006, a partial payment of \$39,859 was paid to the organizations because the DCTF had not yet acquired sufficient funds. The remaining balance of \$16,640 was paid to the organizations in 2008.

Currently, the balance for the DCTF in the OMB is \$0, but since DCFT has remained a contribution designation for income tax refunds, a balance of \$31,691 remains to be transferred from the Division of Revenue. Legislation will be needed to redirect these funds.

Mr. Cook then reiterated the process undertaken, pursuant to the epilogue language, and mentioned a document presented to the Joint Finance Committee by the OMB on April 27, 2006 which provided background information on the DCTF, its current nonfunctioning state, and recommendations for its future.

Rep. Ramone then questioned whether the DCTF Board routinely promised more grant money than they had funding for in the past. According to the information provided, DCTF committed \$56,000 in 2004 when the fund had only received about \$21,500. Rep. Ramone continued by questioning why DCFT has remained a check off for income tax refunds since 2004. Mr. Cook explained that it remained a check off in order to accrue the funds needed to pay previously committed grants. It should be pointed out that money also entered the DCTF through the Heirloom Birth Certificate program.

Next, Mr. Cook addressed the remaining issue of deciding how to disseminate the remaining funds. He suggested obtaining input from Senator McDowell, the 'Godfather' of the organization.

Rep. Hudson then commented that utilizing epilogue language to trash the DCTF was a terrible misuse and expressed surprise that the General Assembly was not given notice after the epilogue language was first passed. Furthermore, Rep. Hudson expressed discontent with the three organizations last awarded funding, claiming they are not representative of the state as a whole

Rep. Hudson then questioned why she was not informed that the DCTF was being managed by epilogue language two years ago when she attempted to do away with it in an amendment to SB 109 of the 144th General Assembly.

Rep. Longhurst reiterated the importance of now focusing on how to distribute the remaining funds. Chairman Viola agreed that such a decision needs to be made at least by June 30th, perhaps with input from Senator McDowell.

Rep. Ramone reiterated his issue with the practice of over-committing in grants and questioned how the public and legislators can be sure that other check off organizations are not over-committing as well. Furthermore, Rep. Ramone asked whose job it is to make sure such practices do not occur and what measures can be taken to ensure a situation similar to that of the DCTF will not happen again.

Mr. Cook responded by saying that the Department of Finance doesn't have the staff to perform such a function, but suggested that a possible recourse could be to have the check off organizations submit reports to the Controller General's office.

Rep. Hudson then expressed further discontent with the way the DCTF money has been handled and believed the end result was misleading the public. Chairman Viola responded by saying that the three organizations that were last awarded money, per the orders of the Board of Directors, were organizations with a mission related to children.

Rep. Hocker then redirected the discussion, stating that there appears to be agreement regarding removing the DCTF from the check off list—the purpose of the bill. Rep. Hocker then reiterated the need to create some sort of committee that will decide how to spend the remaining money. Rep. Mulrooney suggested requesting input from the Kid's Caucus.

Rep. Hocker moved to release the bill; Rep Ramone seconded the motion. The bill was released from committee on a 6-1-0 vote.

Chairman Viola adjourned the meeting at 4:13 p.m.

Respectfully submitted by,

Kaylynn Palaio