

## Fiscal Highlights

### Following up on Past Budget Items and Fiscal Notes 2016 Interim - Stephen C. Jardine

The Fiscal Analyst's Office reports annually on the implementation of fiscal notes and budget actions from past legislative sessions. The report is intended to create a *feedback loop* regarding funded items. The report includes a stop-light coding system (green, yellow, and red) for each item in the following three categories:

1. Implementation (was the item implemented in a timely manner and according to legislative intent);
2. Budget accuracy; and
3. Performance.

This year's report (<http://le.utah.gov/interim/2016/pdf/00003034.pdf>) followed up on 161 selected fiscal notes and budget actions from the past - primarily items passed during the 2015 General Session. From the 161 items included in the report, staff selected ten items to present to the Executive Appropriations Committee representing four basic themes:

1. The initial estimate or fiscal note was higher than actual experience, thereby leaving excess funds available;
2. The initial estimate or fiscal note was lower than actual experience, thereby requiring an agency to absorb the additional costs or only partially implement what was being funded;
3. The funded item was highlighted regarding outcomes - either positive outcomes or the lack of sufficient outcomes (40 percent of the 161 items had insufficient outcome information); and
4. An item of general interest to the Legislature.

The ten items highlighted were:

1. High School Graduation Readiness Project on page 5 (themes #1 and #4) where \$49,492 remained unspent at the end of the fiscal year and where the Governor's Office of Management and Budget indicated it had misinterpreted the purpose of the appropriation and applied it to a different item than the one the Legislature intended;
2. H.B. 348, Justice Reinvestment Act on page 24 (themes #1 and #4) where \$3,610,891 remained unspent at the end of the fiscal year. All three categories were also scored red;
3. Utah Railroad Museums Grant Writer on page 59 (theme #1) where the entire \$100,000 original appropriation remained unspent at the end of the fiscal year due primarily to the receiving entity not having the sufficient business infrastructure in place to initially receive the funds. As a result, all three categories were scored red;
4. After School Programs to Address Intergenerational Poverty (federal TANF funds) on page 69 (theme #1) where \$1,579,200 remained unspent at the end of the fiscal year. Because of a long delay, this item was scored red in both the Implementation and Accuracy categories;
5. Case Managers for the Chronically Homeless on page 82 (theme #1) where \$347,600 remained unspent at the end of the fiscal year;
6. Jordan River/Utah Lake Improvements on page 129 (themes #1 and #3) where the entire original \$1,000,000 appropriation remained unspent at the end of the fiscal year and the item was also highlighted because of the lengthy delay in implementation and spending. This item was scored red in all three categories;
7. NEPA Fund on page 130 (themes #1 and #3) where the entire original appropriation of \$250,000 remained unspent at the end of the fiscal year and the item was also highlighted because of the lengthy delay in implementation and spending. This item was scored red in all three categories;
8. K-12 Digital Literacy on page 141 (themes #1 and #4) where \$5,000,000 of the original \$10,000,000 appropriated remained unspent at the end of the fiscal year. There was also

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- confusion on the part of the Utah State Office of Education regarding the purpose of the Legislative appropriation. This item was scored red in all three categories;
9. Charter School Professional Development Grants on page 149 (themes #1 and #4) where the entire \$200,000 original appropriation remained unspent at the end of the fiscal year. The item was also highlighted due to a delay by the State Charter School Board in utilizing the funding. This item was scored red for both the implementation and accuracy categories; and
  10. Heber Valley Railroad on page 155 (theme #2) where the Heber Valley Railroad estimates the cost of this project will now exceed the original appropriation by \$500,000. The item was highlighted because implementation, which was originally estimated in months, will now likely take two to three years.

In summarizing the 161 items included in the entire report, \$149.1 million of unused funds were identified for instances where actual expenditures were less than what the Legislature had originally appropriated. There was also \$4.3 million of additional costs identified where the original appropriation did not fully cover the actual or estimated expenditures. Executive Appropriations unanimously voted to have the report referred to each of the eight appropriations subcommittees for further review and possible budget actions. A summary of the stop-light (green, yellow, red) scoring is as follows:

- Implementation: 118 green (73%), 17 yellow (11%), 26 red (16%). This is a decline from the previous two years where 80% (2015) and 86% (2014) were green;
- Accuracy: 85 green (54%), 28 yellow (17%), and 47 red (29%). This is a decline from previous years where 56% (2015) and 68% (2014) were green; and
- Performance: 96 green (61%), 34 yellow (21%), and 30 red (19%). This is an improvement from previous years where only 54% (2015) and 41% (2014) were green.