

## Fiscal Highlights

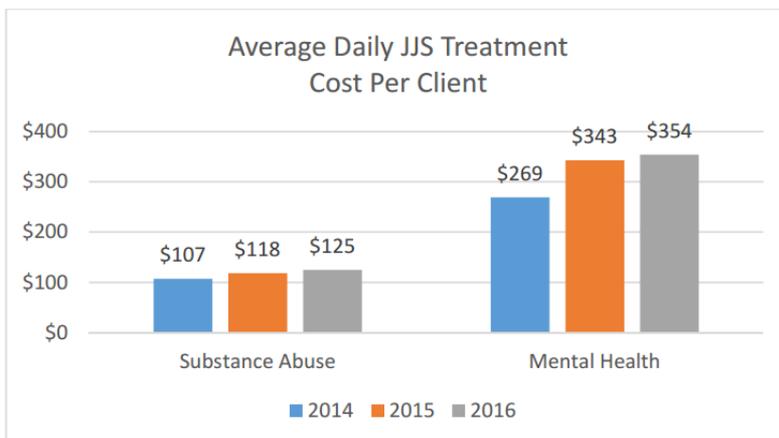
### Behavioral Health Needs of At-Risk and Juvenile Justice-Involved Youth - Clare Tobin Lence

At the July interim meeting of the Executive Offices and Criminal Justice (EOCJ) Appropriations Subcommittee, the Division of Juvenile Justice Services (JJS) presented a report on the [behavioral health needs of at-risk and juvenile justice-involved youth](#).

JJS utilized data from the [Student Health and Risk Prevention \(SHARP\) Statewide Survey](#) to identify behavioral health needs in the general population of Utah youth. According to the Division of Substance Abuse and Mental Health, the administering agency, "the survey is administered every two years, to students in grades 6, 8, 10, and 12 in most public and certain charter school districts across Utah. The survey was designed to assess adolescent substance use, anti-social behavior, and the risk and protective factors that predict these adolescent problem behaviors." JJS reported that about 20 percent of youth in Utah have "one or more mental, emotional or behavioral disorders that cause some level of impairment within a given year" and that fewer than 20 percent of those individuals receive mental health services. Among youth with anti-social behaviors, gang involvement, or aggressive tendencies, the need for mental health treatment was as high as 37 percent. Additionally, youth suicide rates have increased from 3.0 to 8.5 individuals per 100,000 since 2007.

For juvenile justice-involved youth, JJS provided data from a screening tool given to individuals admitted to Youth Services and Detention Centers, called the MAYSI-2, which is designed to assess alcohol/drug use, angry-irritable/depressed-anxious tendencies, somatic complaints, suicide ideation, and thought disturbance. Youth are flagged as "critical" based on certain criteria in the screening. Screenings identified 60 percent of those in Youth Services and 47 percent of those in Detention as "critical." JJS uses another tool, the Protective Risk Assessment, for those in JJS custody programs. Among youth in Community Placement, 45 percent had one or more mental health problems and 57 percent had an alcohol or drug issue; among youth in Secure Care, 48 percent had one or more mental health problems and 71 percent had an alcohol or drug issue.

JJS provides mental health and substance abuse treatment for youth in custody. In 2016, mental health treatment cost \$354 on average per youth per day. Substance abuse treatment cost \$125 on average per youth per day. These costs have risen in recent years, as shown in the chart below.



**Figure 1: Average Costs of Substance Abuse and Mental Health Treatment for JJS Youth**

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The Utah juvenile justice system is currently undergoing an evaluation by the Pew Charitable Trusts, in conjunction with a statewide task force, the [Utah Juvenile Justice Working Group](#). The group is charged with "protecting public safety, holding youth accountable, containing costs, and improving outcomes for youth, families, and communities." Statutory, budgetary, and policy changes that result from the working group's efforts are expected to mirror the recent changes in the adult correctional system through the [Justice Reinvestment Initiative](#) (JRI), passed as [H.B. 438 \(2015 General Session\)](#). Increased funding for mental health and substance abuse treatment is a major component of JRI, and based on the data presented by JJS to EOCJ, will likely be an important aspect of juvenile system reform as well.

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### **Catastrophic Fire Prevention Program - Ivan D. Djambov**

The Legislature passed the following pieces of legislation directing the Division of Forestry, Fire, and State Lands to develop a comprehensive catastrophic wildland fire prevention, preparedness, and mitigation strategy:

- [S.C.R. 7](#), "Concurrent Resolution on Comprehensive Statewide Wildland Fire Prevention, Preparedness, and Suppression Policy" (2014), which stated that "the Legislature and the Governor strongly urge the Utah Division of Forestry, Fire, and State Lands to coordinate the development of a Comprehensive Statewide Wildland Fire Prevention, Preparedness, and Suppression Policy."
- [S.B. 56](#), "Wildland Fire Policy" (2015), which codified the three goals (listed below and directed the State Forester to coordinate the development of a comprehensive, statewide wildland fire prevention, preparedness and suppression policy.
- [S.B. 122](#), "Wildland Fire Policy Updates" (2016), also referred to as "fire policy," which created the new wildland fire management system.
- [S.B. 212](#), "Wildland Fire Suppression Fund" (2016), which created new funding sources for the Wildland Fire Suppression Fund.

The three goals (as found in [65A-8-103](#)) embraced by the division are:

- *Restoring and maintaining landscapes*: ensuring landscapes across the state are resilient to wildfire-related disturbances, in accordance with fire management objectives;
- *Creating fire-adapted communities*: ensuring that human populations and infrastructure can withstand a wildfire without loss of life or property;
- *Improving wildfire response*: ensuring that all political subdivisions can participate in making and implementing safe, effective, and efficient risk-based wildfire management decisions.

The Legislature appropriated the following funding from the Sovereign Lands Management Restricted Account for catastrophic fire prevention:

- FY 2015: \$3.9 million (\$1.9 million to the division and \$2.0 million to the Watershed Program);
- FY 2016: \$4.5 million (\$2.5 million to the division and \$2.0 million to the Watershed Program);
- FY 2017: \$3.0 million (\$1.0 million to the division and \$2.0 million to the Watershed Program).

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### **Concurrent Enrollment a Benefit for Students - Spencer C. Pratt**

Concurrent enrollment proves to be a benefit for students financially and in preparing them for post-secondary enrollment. A high school student participates in concurrent enrollment when he/she takes a college-level course at the high school or at a USHE institution. Upon successfully passing the course, high school students earn credit toward their high school graduation, and also credit toward a degree from a USHE institution. Students pay a small fee to take the course, but are then able to avoid paying the tuition that would be required in a non-concurrent enrollment situation. In 2014-15, more than 1/3 of all high school juniors

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and seniors (28,551) enrolled in at least one concurrent enrollment course. Approximately 90 percent of the courses are taught at the high school by adjunct instructors. The two courses most frequently taken are English 1010 and Math 1050.

Students enrolled for nearly 200,000 credit hours via concurrent enrollment in 2014-15, which would have cost them approximately \$32.5 million in tuition had they been taught in a non-concurrent enrollment setting, according to the State Board of Regents. In addition, research shows that students who participate in concurrent enrollment are three times more likely to attend college than students who do not participate. Students who earn college credit while in high school can reduce the time it takes to complete their degree requirements.

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## **EOCJ Interim Meeting Summary and Action - Gary R. Syphus**

The Executive Offices and Criminal Justice (EOCJ) Appropriations Subcommittee met on July 14th at the Valley Emergency Communications Center in West Valley where the Utah Communications Authority (UCA) main office is located.

1. **Utah Communications Authority Overview and Facility Tour** - The Subcommittee met at the Valley Emergency Communications Center where they toured the dispatch center and data center which supports much of the 911 emergency calls and radio service to dispatch centers and emergency responders respectively. The UCA presented on developments and changes the UCA made in light of recent events regarding an issue that arose from a now terminated employee that admitted to misusing a corporate credit card/public funds. In addition, as they are newly assigned to the Subcommittee, the UCA gave a general overview of their primary objectives/mission, how they carry that out and some examples of what they have done.
2. **Approval of Minutes** - The Subcommittee approved six sets of minutes from the 2016 General Session.
3. **Updates from the 2016 General Session** - Staff updated the Subcommittee on recent developments surrounding the UCA including the Issue Brief presented at the Executive Appropriations Committee meeting in May and related recommendations that they adopted. Staff presented a summary of the final status of subcommittee budget priorities including what was funded and not funded by the Legislature. Staff and Representative Hutchings briefed the Subcommittee on the latest developments regarding the \$2 million appropriation to the Department of Technology Service Funding for the Justice Reinvestment Initiative Information Technology Projects. The Subcommittee was also briefed by staff on changes to the Attorney General's office as it relates to billing changes made in the General Session. The Commission on Criminal and Juvenile Justice (CCJJ) reported on the status of the Indigent Defense Commission including the appointment of the Commission, acquirement of office space, and the need to collect data in order to best deploy funds to assist in legal representation for indigent defendants.
4. **Fiscal Note/Budget Item Follow-up Report** - The Legislative Fiscal Analyst Office (LFA) highlighted appropriation items from the Fiscal Note/Budget Item Follow-Up report across Corrections, Public Safety, Governor's Office, State Auditor, CCJJ. The LFA reported on implementation, accuracy, and performance of various items. Some of these items showed unspent, unobligated funds that could potentially be used for other priorities. The Subcommittee moved to put unobligated unused funds on a list to potentially be reallocated during the next General Session.
5. **Internal Controls** - Mr. John Reidhead from the Division of Finance gave an overview on Internal Controls including separation of duties and purchasing card (P-Card) usage. The Subcommittee heard reports from Department of Public Safety (DPS) on how they apply internal controls and how specifically a large agency like DPS differs from a small agency as it relates to internal controls. The Subcommittee discussed about the potential need to have UCA report

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financial information in the same way that state agencies report. This item is scheduled to be discussed further at the October 20th meeting.

6. **Juvenile Justice Services Behavioral Health Needs of At-Risk Youths Assessment** - The Division of Juvenile Justice Services presented on the behavioral health needs of at-risk youths. They presented on the well-being of at-risk youths in general and those involved in juvenile justice. They also talked about how current state of well-being for these youths relate to youth services and substance abuse and mental health treatment. The Subcommittee moved to communicate with the Social Services Appropriations Subcommittee about the information and discussion surrounding this information.
7. **Other Business** - The Attorney General's Office submitted a required statutory report on any instances of bad faith patent infringement and report that they have no knowledge of any violations of the related Bad Faith Patent Infringement Letters Act that they processed.

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### **Follow up on Building Blocks Within Social Services - Russell T. Frandsen**

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. This year's report followed up on 161 selected fiscal notes and budget actions from the past - primarily items passed during the 2015 General Session. 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. Thirty-five of the 161 items are associated with the Social Services Appropriations Subcommittee. In summarizing the 35 Social Services items, \$13.8 million of unused funds were identified for instances where actual expenditures were less than what the Legislature had originally appropriated. There was also \$3.0 million of additional costs identified where the original appropriation did not fully cover the actual or estimated expenditures. Some highlighted items associated with Social Services are shown below:

#### **What are Some Recent Building Blocks or Fiscal Notes that Have Cost More State Funds than Anticipated?**

1. Direct Care Staff Salary Increases for Community Providers - for FY 2016, costs will likely be higher by \$1,562,600 compared to the \$18,177,900 appropriation.
2. Medicaid Accountable Care Organizations into Rural Counties - for FY 2016 costs will likely be higher by \$1,086,700 compared to the \$3,300,000 appropriation.
3. H.B. 145 - Background Checks/Vulnerable Adult Workers - for FY 2016 costs will likely be higher by \$187,100 compared to the \$478,500 appropriation.
4. Technology Dependent Waiver Capacity Expansion - for FY 2016 costs will likely be higher by \$82,900 compared to the \$313,100 appropriation.
5. Savings from Higher Federal Match Rate - for FY 2016 the State might save \$42,800 less than the \$8,692,800 budgeted savings.

#### **What are Some Recent Building Blocks or Fiscal Notes that Have Cost Less State Funds than Anticipated?**

1. Medicaid Caseload, Inflation and Program Changes (Medicaid Consensus) - FY 2016 might end with \$8,700,000 less spent than the original appropriation.
2. H.B. 175 Alzheimer's State Plan Amendments - costs for FY 2016 might be \$26,200 less than the \$161,200 appropriation.
3. Mental Health Services Rate Increase - DCFS - costs for FY 2016 will likely be \$235,400 less than the \$621,100 appropriation.

A summary of all the Social Services-related items is shown below:

### Follow Up on Social Services-related Fiscal Notes and Budget Items

Item	Page	Appropriations (Subtotal)	Experienced	Unspent Funds	Additional Cost	Implementation	Accuracy	Performance
After school programs to address intergenerational poverty - TANF	69	2,179,200	600,000	1,579,200	-			
Savings from Higher Federal Match Rate	70	(8,692,800)	(8,650,000)	42,800	-			
Affordable Care Act Mandatory Changes	71	(753,500)	(753,500)	-	-			
Use Special Administrative Expense Account for Job Creation Activities	72	5,000,000	3,914,100	1,085,900	-			
Marriage Commission	73	300,000	220,000	80,000	-			
Replace Lost Medicaid Funding	74	1,100,000	1,100,000	-	-			
Youth Aging Out of DCFS Custody	75	537,000	418,100	118,900	-			
Direct Care Staff Salary Increase	76	18,177,900	19,740,500	-	1,562,600			
Mental Health Services Rates - DCFS	77	621,100	385,700	235,400	-			
Aging Waiver	78	673,900	673,900	-	-			
Technology Dependent Waiver Capacity Expansion	79	313,100	396,000	-	82,900			
Medicaid Accountable Care Organizations into Rural Counties	80	3,300,000	4,386,700	-	1,086,700			
Prescription Drug Abuse, Misuse, and Overdose Prevention	81	500,000	500,000	-	-			
Case Managers for Chronically Homeless	82	1,347,600	1,000,000	347,600	-			
Permanent Supportive Housing	83	1,000,000	1,000,000	-	-			
Forensic Competency Restoration - Waiting List Reduction	84	300,000	300,200	-	200			
Medicaid Physician Reimbursement Rates	85	5,000,000	5,000,000	-	-			
S.B. 42 - General Assistance Program Changes	86	250,000	250,000	-	-			
H.B. 145 - Background Checks/HB 145 Vulnerable Adult Workers	87	478,500	665,600	-	187,100			
Expand Autism Classrooms	88	500,000	500,000	-	-			
Medication Assisted Addiction Treatment	89	500,000	170,000	330,000	-			
Traumatic Brain Injury Fund	90	200,000	200,000	-	-			
Primary Care Grants	91	2,000,000	2,000,000	-	-			
Medicaid Dental Reimbursement Rates	92	2,000,000	2,000,000	-	-			
Anesthesia Services Medicaid Reimbursement Rates	93	870,000	870,000	-	-			
S.B. 76 - Rural Physician Loan Repayment Program	94	600,000	600,000	-	-			
H.B. 175 - Alzheimer's State Plan Amendments	95	161,200	135,000	26,200	-			
S.B. 77 - Adoption Records Access Amendments	96	57,600	57,000	600	-			
Parkinson Disease Registry	97	200,000	200,000	-	-			
Nurse Family Partnership	98	1,000,000	16,200	983,800	-			
S.B. 292 - Achieving a Better Life Experience Program and Tax Credits	99	-	-	-	-			
H.B. 364 - Suicide Prevention Amendments	100	401,000	474,300	-	73,300			
Abstinence and Personal Responsibility Education for Teens and Health Screenings for Incarcerated	101	249,000	-	249,000	-			
Medicaid Caseload, Inflation and Program Changes (Medicaid Consensus)	102	3,700,000	(5,000,000)	8,700,000	-			
H.B. 328 - Housing and Homeless Amendments	103	64,500	64,500	-	-			
<b>Total</b>		<b>44,135,300</b>	<b>33,434,300</b>	<b>13,779,400</b>	<b>2,992,800</b>			

For more information please visit the full report available at <http://le.utah.gov/interim/2016/pdf/00003034.pdf>.

### 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

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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 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

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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.

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### **Looking at the Present Value of Bonding for Certain Projects - Thomas E. Young**

During the 2016 General Session, the Legislature gave the following direction to the Utah Department of Transportation (UDOT) regarding accelerating certain projects through bonding:

"The Legislature intends that the Utah Department of Transportation prepare an analysis and financial report on the possibility of advancing construction of road projects currently programmed in the Transportation Investment Fund. The analysis should include consideration of the savings or additional costs associated with advancing the projects through the use of either short term debt or long term financing. The report should be reported to the Executive Appropriations Committee on or before the July 2016 legislative interim committee meetings."

UDOT presented its findings at the July meetings of the Executive Appropriations Committee (EAC) and the Infrastructure and General Government Appropriations Subcommittee. Their report includes four possible scenarios of accelerating road construction in Salt Lake, Utah, Davis, and other counties through the use of 10-year and 15-year bonds.

In conjunction with the UDOT report, LFA was tasked with evaluating the potential gains from accelerating projects against the costs of additional bonding.

Below are the results. On the cost side, when bonding, the State incurs bond issuance and interest costs (column "Nominal Interest and Cost of Issuance"). On the benefits side, the State gets increased construction employment, less congestion, and potential economic development by saving commuters' time on the road ("PV Benefits").

Overall, the results indicate that at the current time and presuming the detailed assumptions given in the report, that the benefits from reduced congestion may not be enough to cover the costs of bonding. This is represented by the "Net" column in the table below.

A copy of the complete report is available on the July 12th EAC meeting material page.

Results Matrix, 10-Year Bonding Scenarios					Results Matrix, 15-Year Bonding Scenarios				
Current Conditions					Current Conditions				
	Nominal Interest and Cost of Issuance	PV Cost	PV Benefits	Net		Nominal Interest and Cost of Issuance	PV Cost	PV Benefits	Net
Scenario 1	(\$115,510,500)	(\$97,996,636)	\$30,522,324	(\$67,474,312)	Scenario 1	(\$140,695,600)	(\$120,908,372)	\$30,638,703	(\$90,269,669)
Scenario 2	(\$124,719,250)	(\$106,064,915)	\$51,580,344	(\$54,484,572)	Scenario 2	(\$151,807,700)	(\$130,635,767)	\$51,390,613	(\$79,245,154)
Scenario 3	(\$164,414,000)	(\$139,304,112)	\$65,680,867	(\$73,623,245)	Scenario 3	(\$200,361,250)	(\$172,070,349)	\$65,452,816	(\$106,617,533)
Scenario 4	(\$263,652,250)	(\$215,243,625)	\$102,822,063	(\$112,421,563)	Scenario 4	(\$315,818,250)	(\$266,637,241)	\$102,420,878	(\$164,216,363)
Accelerated Growth					Accelerated Growth				
	Nominal Interest and Cost of Issuance	PV Cost	PV Benefits	Net		Nominal Interest and Cost of Issuance	PV Cost	PV Benefits	Net
Scenario 1	(\$132,837,075)	(\$112,696,131)	\$29,259,836	(\$83,436,296)	Scenario 1	(\$161,799,940)	(\$139,044,628)	\$29,365,922	(\$109,678,706)
Scenario 2	(\$143,427,138)	(\$121,974,653)	\$50,217,456	(\$71,757,197)	Scenario 2	(\$174,578,855)	(\$150,231,132)	\$50,016,573	(\$100,214,559)
Scenario 3	(\$189,076,100)	(\$160,199,728)	\$63,886,365	(\$96,313,364)	Scenario 3	(\$230,415,438)	(\$197,880,901)	\$63,644,437	(\$134,236,464)
Scenario 4	(\$303,200,088)	(\$247,530,169)	\$99,962,099	(\$147,568,071)	Scenario 4	(\$363,190,988)	(\$306,632,827)	\$99,542,259	(\$207,090,568)
Recessionary Decline					Recessionary Decline				
	Nominal Interest and Cost of Issuance	PV Cost	PV Benefits	Net		Nominal Interest and Cost of Issuance	PV Cost	PV Benefits	Net
Scenario 1	(\$109,734,975)	(\$93,096,804)	\$31,784,813	(\$61,311,991)	Scenario 1	(\$133,660,820)	(\$114,862,954)	\$31,911,485	(\$82,951,469)
Scenario 2	(\$118,483,288)	(\$100,761,670)	\$52,943,231	(\$47,818,438)	Scenario 2	(\$144,217,315)	(\$124,103,979)	\$52,764,654	(\$71,339,325)
Scenario 3	(\$156,193,300)	(\$132,338,906)	\$67,475,369	(\$64,863,537)	Scenario 3	(\$190,343,188)	(\$163,466,831)	\$67,261,195	(\$96,205,637)
Scenario 4	(\$250,469,638)	(\$204,481,444)	\$105,682,027	(\$98,799,417)	Scenario 4	(\$300,027,338)	(\$253,305,379)	\$105,299,496	(\$148,005,883)

### Providing for the Mental Health Needs of the Utah National Guard - Steven M. Allred

When a National Guard service member deploys for military service, training, or especially combat, there is a potentially significant effect on the service member, his/her family, and his/her employer. Significant problems that sometimes manifest with military service include suicide (with a rate double that of the general population), relationship challenges, post deployment family reintegration, violent behavior, unemployment, and addiction.

The ability of the service members' family to support and sustain military service directly affects the service members' ability to remain in service. Between 2007 and 2014 the federal National Guard Bureau signed a national contract for Military and Family Life Counselors (MFLCs) who provided confidential non-medical counseling to service members and their families. Three MFLCs were assigned to the Utah National Guard (UNG). Such counseling was intended to prevent the development or aggravation of lifestyle conditions that may compromise military and family readiness.

In 2014 the federal contract expired and no funds were provided to continue the program. The UNG approached the Legislature with a request to fund two MFLCs with State funds. The Legislature responded with an ongoing appropriation of \$210,000. The UNG hired two Licensed Clinical Social Workers (LCSWs) as MFLCs. One is stationed at the UNG headquarters in Draper and the other is stationed at Camp Williams. They provide counseling to service members and their families throughout the State via direct visits or a confidential teleconferencing system.

During the 2016 General Session the Legislature appropriated an additional \$110,000 one-time, and \$242,500 ongoing, for suicide awareness and prevention. This funding is an expansion of the funding provided the prior year. The one-time funding is for four LCSWs for six months in FY 2016, and the ongoing money will fund the four LCSWs and one clinical psychologist in FY 2017.

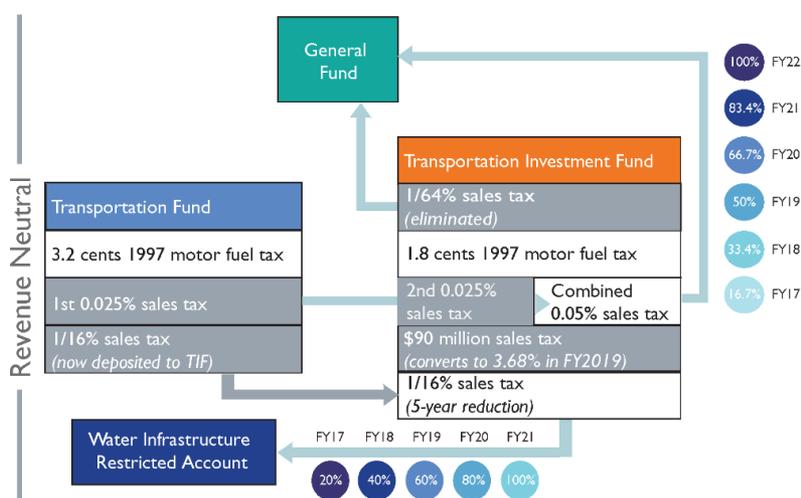
One of UNG's key performance measures is personnel readiness. The MFLCs should help the UNG maintain its high performance in troop strength, which has been at or near 100 percent of its target. The State-funded MFLCs have provided over 1,000 consultations and about 4,000 direct hours of services.

### Transportation and Water Infrastructure Funding - Angela J. Oh

The Infrastructure and General Government Appropriations Subcommittee had their first 2016 interim meeting earlier this month. One item that was discussed was the impact of [Senate Bill 80, Infrastructure Funding Amendments](#). The bill implemented several key changes for transportation and water infrastructure:

1. Shifts a 1/16 percent tax rate from the Transportation Fund to the Transportation Investment Fund (TIF); and once in the TIF, this funding is then shifted to the Water Infrastructure Restricted Account at 20 percent increments for five years.
2. Eliminates a 1/64 percent tax rate that was deposited into the TIF and keeps the revenue in the General Fund; this amount is \$8.9 million in FY 2017 and \$13.6 million in FY 2018 for education.
3. Combines two earmarks (both 0.025 percent) that will remain in the General Fund over six years incrementally.
4. Cleans up outdated accounting that was used in the past to better align revenue sources with funds, Transportation Fund and TIF (revenue neutral).

Below is a graphic provided by the Utah Department of Transportation (UDOT) that summarizes the changes from the bill.



One question asked by the subcommittee was how the bill would impact UDOT overall. Each year, when TIF programming occurs, there is an amount that is not programmed -- \$10 million in FY 2017, \$20 million in FY 2017, and increasing to \$50 million by FY 2021 (cumulative amount of \$150 million from FY 2017 to FY 2021). This contingency is in place because of potential new requests or changes that can occur in the program. This contingency will allow UDOT to handle the changes from Senate Bill 80 with minimal impact.

### Utah Compared to Other States with a Triple-Triple-A Credit Rating - Brian Wikle

Utah has earned a triple-A credit rating (the highest) from each of the three major credit rating agencies - sometimes referred to as a "Triple-Triple-A" - every year since 1992. The most recent ratings put Utah in the elite company of only eight other Triple-Triple-A states - Delaware, Georgia, Iowa, Maryland, Missouri, North Carolina, Texas, and Virginia. While each rating agency has a distinct methodology for assigning credit ratings to the states, attributes that contribute to receiving a AAA rating include keeping debt at a moderate level and aggressively paying down the debt, maintaining a balanced budget, and adequately funding liabilities such as pension and benefit plans.

Rating agencies also look at a number of measures that put a state's debt in context of the populace's ability to afford the debt. The information that follows in this article is as reported by Moody's Investor Service, one of the major credit rating agencies. Chart 1 shows that Utah's net tax-supported debt (NTSD) per capita is

currently \$921. This means that a four-person household's share of the debt is almost \$3,700. The state's NTSD as a percent of 2014 personal income is 2.5 percent.

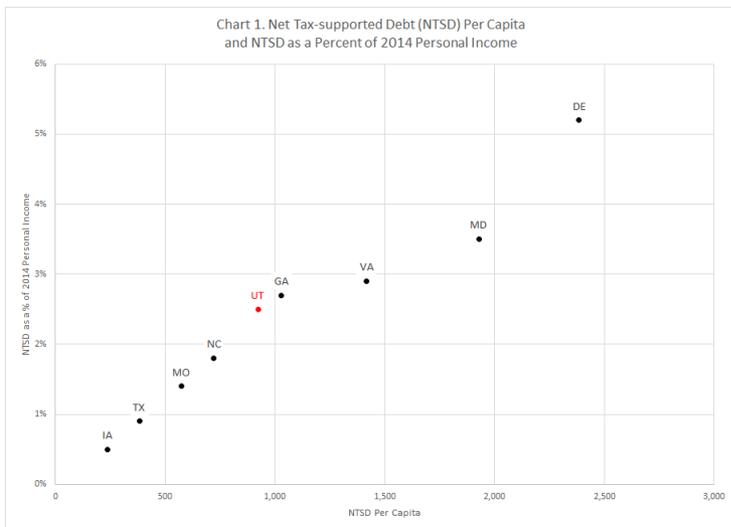
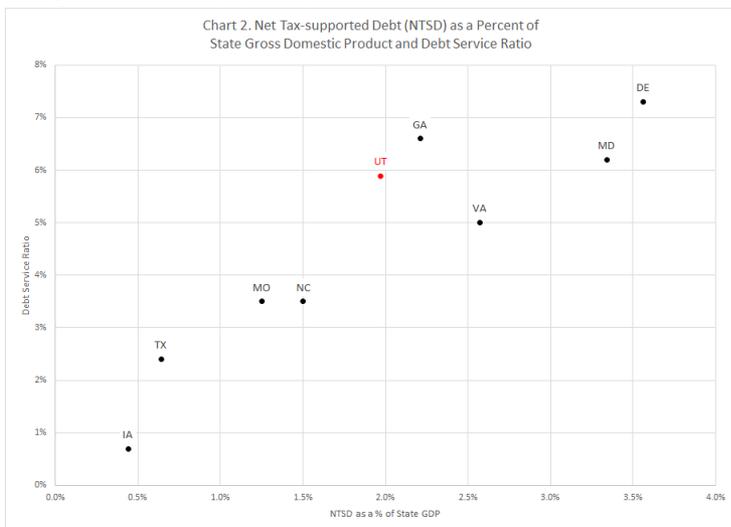


Chart 2 shows that the ratio of net tax-supported debt to total economic output in Utah is about 2 percent (i.e. NTSD as a percent of state gross domestic product). The state's debt service ratio - the proportion of the budget used to pay principal and interest on the debt - is nearly 6 percent.



On all of these measures, Utah ranks in the middle of the Triple-Triple-A states. State officials should carefully monitor these measures and continue sound financial practices that will allow Utah to maintain its high credit rating, thereby qualifying for low costs of borrowing when issuing debt.

### Utah Department of Alcoholic Beverage Control Long Term Issues - Andrea Wilko

The Business and Economic Development Appropriations Subcommittee held their June 22nd meeting at the Department of Alcoholic Beverage Control (DABC). In the meeting they discussed the long-term needs and issues of the Department. Sal Petilos, the Director of the Department of Alcoholic Beverage Control, reviewed the mission of the department and the three functional areas of the department: operations, regulations, and education. The department has experienced 34 percent growth in sales over the past five years. During FY

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2015, state liquor sales were estimated at \$396 million and for FY 2016 are expected to exceed \$400 million. The growth in sales has increased workload for DABC employees by approximately 22 percent over the past 5 years. The Legislature allocated 11 FTEs in the 2016 General Session to help reduce the workload per FTE.

Targeted funding was also allocated to help increase the salaries of store employees by 4 percent. Current salaries start at \$9 per hour for part-time and \$10.25 per hour for full-time. As a result of the low wages, turnover remains a problem in the department, with current turnover rates estimated at 33 percent. The department is hoping the targeted funding will help reduce the turnover rate going forward.

Demand for additional stores may be an issue in future legislative sessions. The Legislature authorized funding for a new store in West Valley during the 2015 General Session to address increased demand. The new store is expected to open in November 2016. In the 2016 General Session funding was authorized to build a new store in Syracuse. The site selection process for this store will begin in FY 2017.

In addition to increased store demand, the department is also experiencing increased compliance costs. DABC reported that 1,300 to 1,500 event license requests are made annually. Additionally, the number of liquor manufacturers in the state has more than doubled in the past three years. To address the growth in compliance the department is attempting to cross train employees to reduce the need for additional employees in the future.

The committee will continue the discussion of Department of Alcoholic Beverage Control needs in the September appropriations committee meeting.

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#### **Utah Schools for the Deaf and the Blind Utah County Modular Classrooms - Jill L. Curry**

In an effort to better understand budget issues regarding Utah Schools for the Deaf and the Blind (USDB), Ben Leishman, Jonathan Ball, and Jill Curry from the Office of the Legislative Fiscal Analyst visited USDB facilities at Scera Park, Orem, and Westmore Elementary Schools in Utah County in June 2016. They were accompanied by USDB Superintendent Joel Coleman, Associate Superintendents Michelle Tanner and Carolyn Lasater, and Finance Director Letty Debenham. USDB operates a number of modular classrooms and these portable units have been discussed in the Public Education Appropriations Subcommittee for at least the last two general sessions.

One of the issues USDB faces is the condition of the modular units at these schools. The unit located at Scera Park Elementary was built in 1981. The steps and ramp leading into the modular unit are rusted in parts, and they have an open pattern (i.e. not completely solid) which poses a problem for students who use assistive devices such as walking canes. Although the USDB modular classrooms at Orem and Westmore Elementary Schools are in better condition than the one at Scera Park Elementary, storage space at all three locations is inadequate to contain all of the equipment and educational materials needed for USDB's students.

Another issue USDB faces related to portable classrooms is a lack of adequate classroom space. USDB has experienced growth in its student population. The school districts in Utah County have also seen an increase in enrollment. As a result, during the school year USDB was asked to vacate a modular unit owned by Alpine School District (next to the USDB-owned modular) that USDB had been using which left USDB having to relocate those students for the remainder of the school year. Scera Park Elementary was also the location USDB had planned to build an additional modular unit in FY 2016 with a \$347,000 one-time appropriation it received from the Legislature during the 2015 General Session. However, there is not space available for USDB to do so due to enrollment growth in the school district.

As a result of these issues, USDB is in the process of acquiring land and developing plans with the Division of Facilities Construction and Management (DFCM) for a small elementary school building in Utah County.

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During the 2016 General Session, the Legislature appropriated \$700,000 one-time which will be combined with the \$347,000 one-time appropriated for a modular classroom for FY 2016 to fund this effort. The new building will help alleviate the lack of adequate classroom space and storage currently experienced by USDB in Utah County. Changes are also happening to affect short-term improvements. Through follow-up initiated by Jonathan, DFCM has examined the ramp and stairs at the Scera Park Elementary modular unit and decided to replace them with capital improvement money which is money used to make critical repairs to state facilities.