

Fiscal Highlights

\$104 Million for Watershed and Grazing Projects in Seven Years - Ivan D. Djambov

The total funding expended on watershed restoration and grazing improvement in Utah between FY 2006 and FY 2012 is almost \$104 million. Of this amount, \$23 million came through legislative appropriations to either the Grazing Improvement Program (GIP) or the Watershed Restoration Initiative (WRI), and the remaining \$81 million was contributed by these two programs' partners: landowners, private organizations, and federal and state agencies. On September 10, 2013, the managers of the two programs responded to legislative intent language requiring them to "identify performance measures that track and report the public benefits from their projects" and to provide "a plan to improve the coordination and collaboration between the two programs."

Grazing Improvement Program

The Grazing Improvement Program was created in FY 2007. The program is managed by the Department of Agriculture and Food and its mission is: "To improve the productivity, health and sustainability of our rangelands and watersheds."

Staff

A portion of the funding appropriated by the Legislature is used to fund 4.4 FTE (on average over the years), including a director and GIP coordinators. The GIP staff has the responsibility to take applications from producers and develop projects, along with costs, maps, and management plans. Coordinators are also responsible for following up to make sure projects are complete so that payments can be made. They are also responsible for giving technical advice and expertise.

Process

GIP has the following process for deciding which projects are to be funded:

1. Landowner or permittee applies for a project by contacting the regional coordinator. At times they are assisted by NRCS, BLM, US Forest Service, or SITLA rangeland management specialists to develop a proposal. A completed project has to include: goals/objectives, project description, monitoring and follow-up management plan, budget, maps and shape files.
 2. GIP coordinators and partners rank the proposed projects. Each of the six Regional Grazing Advisory Boards meets to review and make recommendations on projects.
 3. The State Grazing Board meets to review and make recommendations on projects.
 4. Projects are sent to the Resource Development Coordinating Committee (a clearinghouse for information on activities affecting state and public lands), which gives other agencies an opportunity to comment on projects.
 5. The Commissioner of Agriculture approves use of GIP funding for projects.
 6. GIP coordinators manage the projects, work with landowners and permittees to submit payments and prepare completion reports.
-

Funding

The funding for the administration of GIP is included in the Agriculture Administration line item, and the money for the projects is appropriated in a separate line item, the Rangeland Improvement line item. The total funding for GIP appropriated by the Legislature between FY 2007 and FY 2012 is \$8.8 million. This amount includes funding from the General Fund (appropriated directly and through the Rangeland Improvement Restricted Account), ARDL Restricted Account, Federal Funds, and Dedicated Credits. The total funding contributed by GIP partners for the same period is \$10.8 million.

Performance Measures

GIP has used the following performance measures in the past:

- Acres impacted (in addition to the number of acres treated, it includes the estimated impact on the areas adjacent),
- Meetings attended (staff meeting landowners and land managers), and
- Technical assistance (number of producers receiving technical assistance).

Watershed Restoration Initiative Program

The Watershed Restoration Initiative program, housed in the Department of Natural Resources, is a broad partnership with the mission: "To conserve, restore and manage ecosystems in priority areas across the state to enhance Utah's:

- wildlife and biological diversity
- water quality and yield for all uses
- opportunities for sustainable uses."

The WRI was developed to restore and improve Utah's watersheds by bringing together state, federal, and private land owners and land-management organizations to coordinate efforts and share resources. The WRI's goals and direction are set at the state level but projects are developed, reviewed, and ranked at a local level through five regional teams.

Staff

The funding appropriated to WRI by the Legislature is used to fund only one employee, the WRI Director. The director's responsibilities include: working with partners to identify needs, opportunities, and progress of projects; participating in project review meetings; recommending funding for projects; and monitoring research for new watershed restoration methods.

The WRI Director is not the only administrative staff in the process. The program extensively uses administrative staff employed by their partners. For example, the WRI is supported by two staff (habitat coordinator and database specialist) employed by the Division of Wildlife Resources (DWR) who carry-out many of the detailed needs of the partnership, including contracting, coordinating partner funding, tracking project status from the proposal stage to completion, maintaining the WRI database, and providing technical assistance with projects. Also, DWR staff at the Seed Warehouse in Ephraim provide major logistical and technical support. All project proponents and managers are employed by partners, and all of the chairs of the regional teams come from partner agencies.

Process

WRI has the following process for deciding which projects are to be funded:

1. A project is submitted to the WRI database.
2. The project proposal is reviewed preliminarily and receives feedback in the database.
3. All completed project proposals are presented to one of the five Regional Teams (15-30 participants) at an open meeting.
4. Regional Teams vote to move project ahead for ranking or return for additional work.
5. Regional Team ranks project (numeric and then high-medium-low).
6. WRI Director assigns matching funding from other partners. Often the money from partners ends up funding the entire project without any need to use the WRI appropriations from the Legislature.
7. DNR Executive Director approves use of WRI funding.
8. Project manager completes project, submits invoices for payment, and prepares completion report on final methods, acreages treated, and costs including in-kind contributions.

Funding

The total funding appropriated by the Legislature for the Watershed program between FY 2006 and FY 2012 is \$14.5 million. This funding is a combination of direct appropriations from the General Fund and from the state's sales tax labeled as Dedicated Credits. During this same period, the WRI partners brought \$69.7 million for watershed projects.

Performance Measures

The WRI program has used the following measures in the past:

- Acres treated (tracks the number of acres treated),
- Funding leverage (how many times each appropriated dollar is matched by partners),
- Number of partners (number of partners involved in the projects).

Flow of Funds for Both Programs

The following figure identifies the flow of funding (both from the Legislature and from various partners) through the two programs over time. The total funding expended on watershed restoration and grazing improvement in Utah between FY 2006 and FY 2012 is almost \$104 million.

\$103.8 Million Spent for Watershed and GIP Projects in Seven Years in Utah

State Appropriations FY 2006-2012

Watershed Funding Sources

General Fund	\$11,543,000
Dedicated Credit*	\$3,000,000
Total Funding	\$14,543,000

* Source: Sales Tax

GIP Funding Sources

\$1,189,700	General Fund
\$700,100	ARDL Rest. Acct
\$222,800	Federal Funds
\$30,000	Dedicated Credits
\$88,700	Other
\$6,577,200	Rangeland Impr. Restr.**
\$8,808,500	Total Funding

**Source: General Fund



\$14.5 Million

\$8.8 Million



Watershed Restoration Initiative

Funded since FY 2006	
Partners	State
not available	\$769,100
not available	\$316,200
\$69,663,800	\$13,457,700
\$69,663,800	\$14,543,000



Grazing Improvement Program

Funded since FY 2007	
State	Partners
	Administration Costs***
\$2,231,300	\$0
\$250,100	\$0
\$6,327,100	\$10,810,300
\$8,808,500	\$10,810,300

*** WRI heavily utilizes their partners' administration staff



Total Partners' Contributions

Cash	
\$35,648,900	BLM
\$5,109,700	USFS
\$3,816,400	NRCS
\$1,200,200	Federal (Other)
\$4,916,600	DWR
\$317,500	SITLA
\$2,318,700	Forestry, Fire, & State Lands
\$1,957,700	State (Other)
\$411,600	State Parks
\$414,800	GIP
\$2,602,500	Department of Agriculture
\$1,532,200	City Governments
\$27,800	County Governments
\$1,142,000	Private
\$766,100	Industry Mitigation
\$5,349,700	Sportsman Groups
\$2,131,400	Other
\$69,663,800	Total

Total Expenditures for Watershed and GIP and Their Partners between FY 2006 and FY 2012:

\$103.8 Million

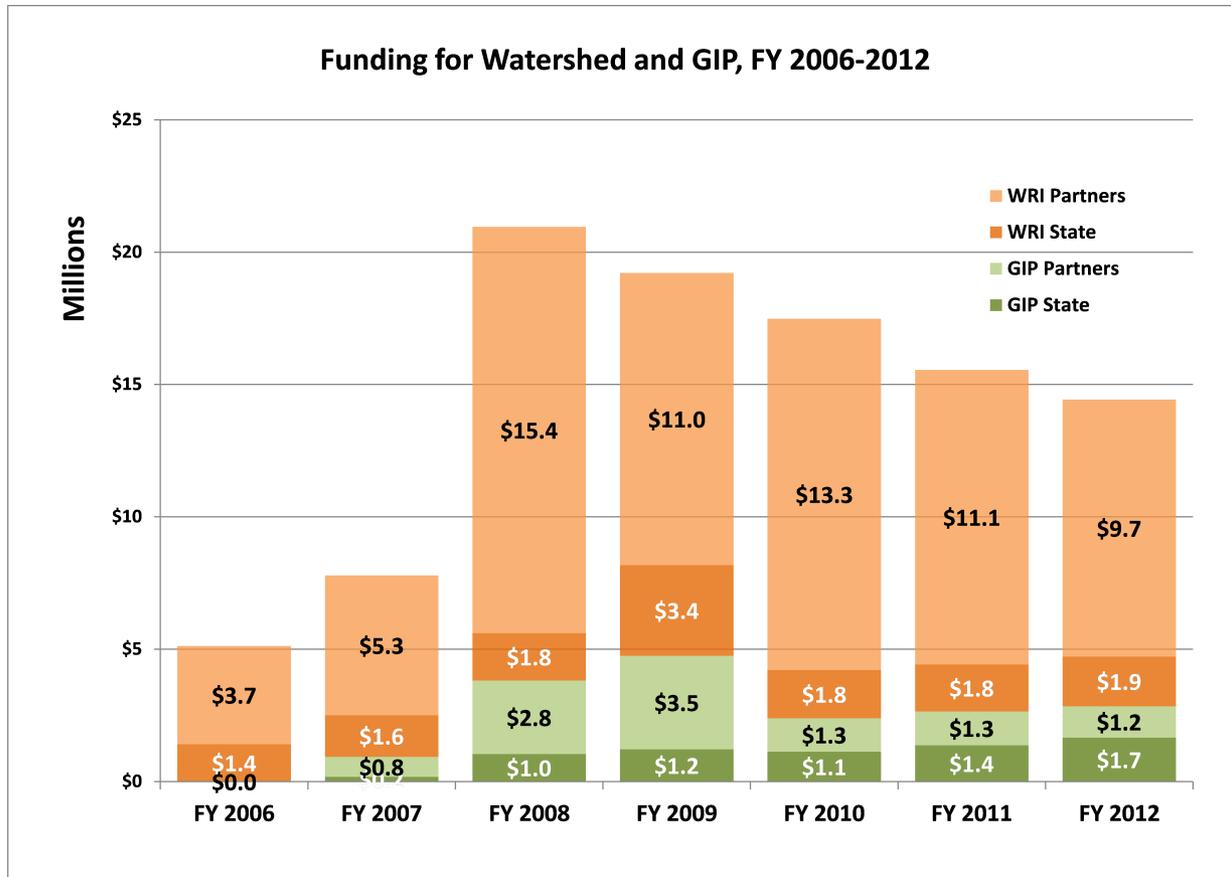


Total Partners' Contributions

Cash	
\$551,400	BLM
\$270,500	USFS
\$3,651,100	NRCS
\$15,400	Federal (Other)
\$15,000	USFWS
\$46,900	DWR
\$47,200	SITLA
\$411,200	Watershed
\$5,801,600	Private
\$10,810,300	Total

Funding Spent by Program by Year

The figure below provides the amount of funding spent by each program and their partners by year between FY 2006 and FY 2012.



Better Accountability and Collaboration

The 2013 Legislature required GIP and WRI to "identify performance measures that track and report the public benefits from their projects" and to provide "a plan to improve the coordination and collaboration between the two programs." In response to the legislative intent, the managers of the two programs reported to the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee on September 10, 2013.

Performance Measures

The two programs provided the following new performance measures they will start using and reporting:

Grazing Improvement Program

- Increase in AUM (Animal Unit Month)

Watershed Restoration Initiative

-
- Catastrophic fires prevented or limited (savings from lower firefighting costs and property not destroyed)
 - Acres restored after fires (post-fire damage avoided, such as forage not lost to invasive species or flood damages avoided)
 - Additional forage produced
 - Additional water yield in streams, wells, and springs
 - Water quality improvements
 - Vegetation resilience

GIP and Watershed Cooperation and Collaboration Plan

The plan for cooperation and collaboration between the two programs includes the following:

- GIP coordinators will actively participate in their respective WRI Regional Teams.
- Give DWR regional habitat managers access to GIP database, so they can review projects.
- DWR habitat managers will be invited to and actively participate in GIP regional board meetings, including to help rank and review projects.
- Look for projects that lend themselves to collaboration.
- WRI Director will ensure that appropriate projects for GIP funding are forwarded by the deadline for entry into the GIP database.
- GIP Director will ensure that appropriate project for WRI funding are entered into the WRI database by the deadline.
- Invite WRI Director, Alan Clark, and Manager, Tyler Thompson, to state GIP board meetings, where they can take part in reviewing and ranking the regional projects.
- Continue to hold joint meetings between GIP and WRI to look for projects that have interest to both parties for funding or projects that fit better with one funding source or the other.
- Participate in field tours to benefit and learn from successes and failures in the implementation of projects.
- Participate in joint training workshops.

Budget Year Ends with \$64 Million Remaining in the Minimum School Program - Ben Leishman

What! Utah schools left \$64 million unspent in the Minimum School Program (MSP) last year? No, in reality, several factors outside the control of the public schools can result in unspent funding at the end of each year. The interplay between various estimates used to develop the budget and the actual outcome of these estimates results in the nonlapsing balance.

The Legislature relies on estimates to build the budget for the MSP each year. These estimates are developed by the Common Data Committee (CDC), which includes representatives from the Legislative Fiscal Analyst, the Governor's Office of Management and Budget, and the Utah State Office of Education. Through a consensus process, the CDC develops estimates for the following factors:

- Weighted Pupil Units - The WPU estimate is largely based on the number of students expected to enroll in the public schools during the next budget year. Statutes detail

how school districts and charter schools generate WPU's based on various student or program characteristics. When combined, these WPU's determine how much funding is required to support several programs in the MSP. If school districts and charter schools generate fewer WPU's than estimated, a balance will accrue in the MSP.

- Taxable Value of Property - WPU's are funded from two primary sources: state revenues (Education Fund/Uniform School Fund) and local property taxes. School districts must levy a property tax called the Basic Rate to participate in the MSP. The taxable value of property helps in determining how much local revenue will be generated to support the cost of the MSP. Local revenue generated from the Basic Rate is applied to the program cost first, then the balance is funded with state revenues. If local revenue is underestimated, less state revenue is required to support the cost of the program than anticipated, and a balance will accrue in the MSP.
- Basic Rate - The Legislature estimates the Basic Tax Rate in statute each year. The Tax Commission sets the actual rate later in the year to generate the amount revenue authorized by the Legislature in statute. School districts charge the same rate, however, the amount of revenue generated by each school district will vary. The value of property, collection rate, and other factors will alter how much the Basic Rate will generate in each taxing jurisdiction. The Tax Commission uses these factors in estimating the Basic Rate which contributes to the accrual of balances in the program.

Of the \$64 million nonlapsing balance in FY 2013, approximately \$50.6 million is attributed by the Utah State Office of Education to the estimates mentioned above. The remaining \$13.4 million is made up of unspent balances in several programs. This amount may decrease as school districts and charter schools make final payments to teachers and programs for summer-related activities.

Over the past five years, the MSP nonlapsing balance has ranged from \$31.9 million to \$94.3 million, or between 1 percent and 3.2 percent of the total MSP appropriation. The following table details the total MSP appropriation and nonlapsing balance amounts for each of the past five fiscal years.

Fiscal Year	Total Minimum School Program	Nonlapsing Balance	NLB as a Percent of Total
2009	\$3,041,415,060	\$31,905,100	1.0%
2010	2,947,199,956	83,083,900	2.8%
2011	2,983,382,231	60,042,600	2.0%
2012	2,986,432,700	94,300,900	3.2%
2013	3,053,650,200	64,024,200	2.1%

Sources: Appropriations Reports, Office of the Legislative Fiscal Analyst, 2009-14.
Utah State Office of Education, Nonlapsing Balances in the Minimum School Program. September 17, 2013.

A variance of 1 to 3.2 percent of the total appropriation doesn't seem large, but the dollar value associated with that variance is substantial. For example, in FY 2012 nearly \$95 million in

appropriated funding was not distributed to the public schools, largely based on the outcome of the estimates mentioned above and other statutory provisions.

Looking closer at the factors used in estimating the cost of the MSP reveals that the CDC is good at estimating WPU. In the past five years, the variance between the WPU estimate used in the budgeting process and the actual number of WPUs generated by the school districts and charter schools has ranged from -0.3 percent to 0.5 percent. However, the variance between the estimated local revenue collected by the Basic Rate and the actual local revenue collected has a much greater range of 0.2 percent to 11.6 percent.

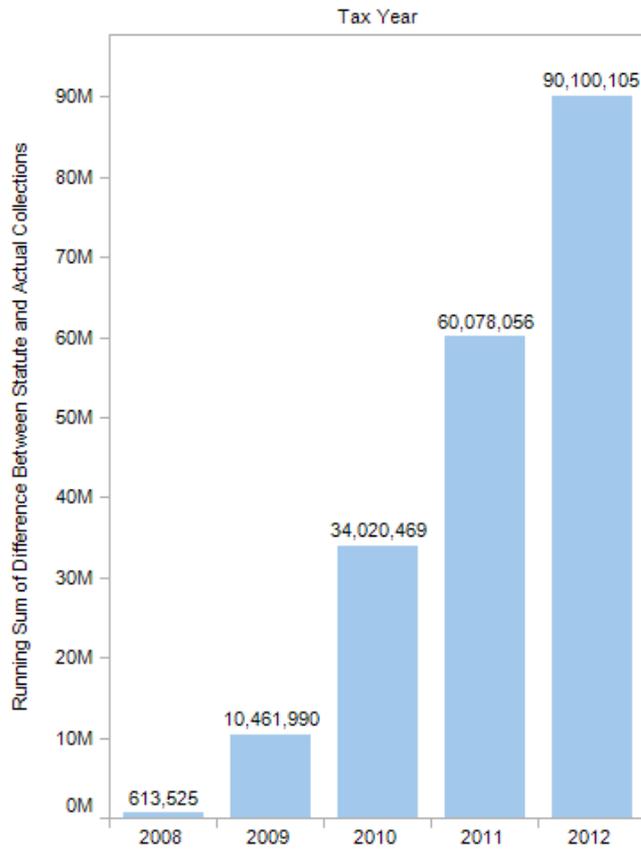
In setting the Basic Rate for FY 2014, the Tax Commission used a different methodology to reduce the anticipated variance between estimated and actual collections. The CDC is in the process of evaluating the estimating process used to determine the value of local property and the estimated local revenue in the FY 2015 budget. The combination of these efforts should result in a closer estimate and reduce the amount of nonlapsing balances remaining in the MSP at the end of the year. By the end of FY 2015, we will have a better understanding of the impact of these changes on MSP nonlapsing balances.

In the past, MSP nonlapsing balances have helped the Legislature solve some tricky budget problems. For example, the Legislature was able to fix a \$25 million estimation error following the 2012 General Session largely with MSP nonlapsing balances. However, tightening the variance between these estimates and actual experience will ensure appropriated funding is distributed to school districts and charter schools in the fiscal year intended by the Legislature.

By How Much Did Collections from the Basic Property Tax Rate Exceed Estimates Over the Past Five Years? - Thomas E. Young

The answer: \$90.1 million, or a mean over-estimate of about 6%. Here are the details.

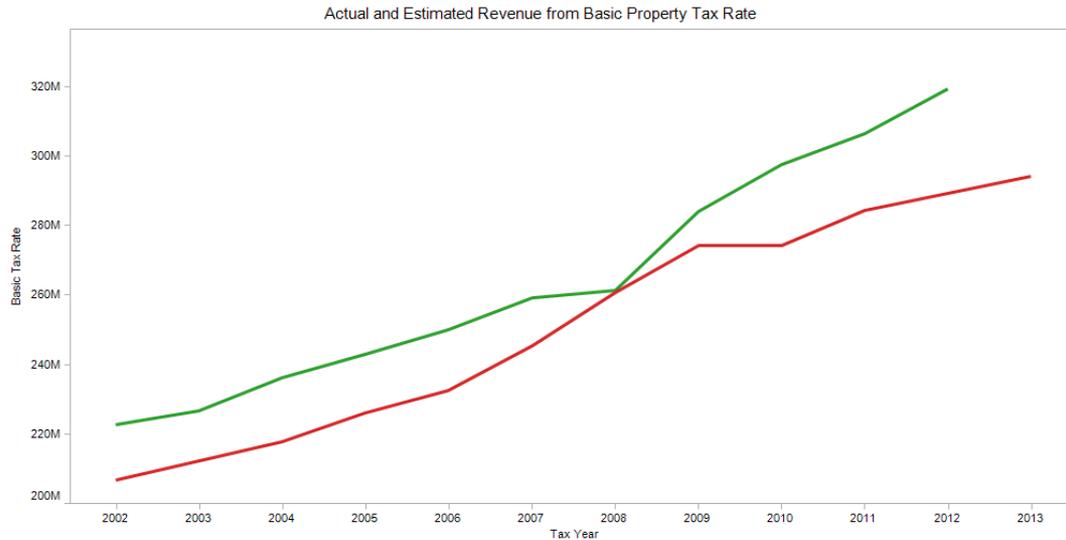
Basic Rate Property Tax Overcollection



Sources: LFA, Tax Commission, USOE

Each general session the Legislature adopts an estimated basic property tax rate. The estimated basic tax rate is meant as a guide for the Tax Commission when they calculate the final basic tax rate in June each year.

The reason there has been over-payment is because of estimating error. Here's what the estimating error has looked like since 2002, where the red line is the target revenue and the green line is actual revenue collections.



Sources: LFA, Tax Commission, USOE

Measure Names
■ Statutory Revenue Target
■ Actual Collections from Basic Rate

The estimating error stems from errors in forecasting:

- (1) property valuations; and
- (2) revenue from motor vehicle and other miscellaneous revenue sources.

To address the forecasting errors, the Tax Commission and the Common Data Committee (LFA, GOMB, Tax Commission) are updating the methods used to calculate the basic rate. This should provide more accuracy.

What does the increased accuracy mean for this November's property tax bill? Well, instead of paying a rate of 0.001691 (SB 1 *Public Education Base Budget*), individuals will pay on a more precise 0.001535 rate. If you multiply this by your home's taxable value (i.e. 0.55 time your home's market value), you will get what it means to you. For a \$250,000 home, it's a difference of about \$21.

FY 2013 Preliminary Non-lapsing and Fund Balances - Zackery N. King

During its September 17 meeting, the Executive Appropriations Committee received two reports outlining FY 2013 preliminary balances:

- Lapsing and Nonlapsing Balances (available at <http://le.utah.gov/interim/2013/pdf/00003270.pdf>) and
- Fund Balances (available at <http://le.utah.gov/interim/2013/pdf/00003272.pdf>).

Lapsing balances are funds not spent or carried forward by an agency in a given fiscal year. These funds lapse back to the funding sources from which they came. As of September 5, 2013, the Division of Finance calculated that for FY 2013, state agencies will lapse:

-
- \$2.9 million back to the General and Education funds and
 - \$45.1 million back to other funds.

These totals do not include the Department of Transportation, Debt Service, the Utah College of Applied Technology, and the Utah Education Network, which were still finalizing their preliminary closing numbers.

Generally speaking, lapsing funds are available for appropriation in the ensuing fiscal year. However, the \$2.9 million lapsing balances for the General and Education funds from FY 2013 will be used to offset a lower-than-expected revenue collection to the General Fund.

Nonlapsing balances are spending authority given by the Legislature to an agency to carry from one fiscal year to another. The Legislature must explicitly authorize such carryforward either in intent language or statute. The preliminary numbers indicate that state agencies and public education will carry \$328.1 million from FY 2013 to FY 2014 as nonlapsing balances.

The report also includes a section of graphs exhibiting a five-year history of nonlapsing balances for each appropriations subcommittee, comparing the appropriated to the actual nonlapsing balances. The data shows that some agencies are better at projecting their nonlapsing balances than others.

The second report summarizes the fund balances for restricted accounts in the General and Education funds, as well as all other fund types the State of Utah manages or oversees. The preliminary fund balances at the close of FY 2013 are as follows:

- \$334.8 million in General Fund restricted accounts, and
- \$630.1 million in Education Fund restricted accounts.

These totals include rainy day funds. While the report does summarize certain component units (entities legally or financially separate from the primary government), not all component units are included in this report. Examples include public universities in Utah.

FY 2013 Revenue Spike Common across States - Steven M. Allred

Like Utah, most states had a revenue bump in FY 2013 due to taxpayers pushing income into tax year 2012 to avoid an increase in federal tax rates in 2013. According to the National Conference of State Legislatures (NCSL), which issued a [preliminary report](#) on state budget conditions in August, 2013, 41 states reported year-over-year revenue growth in FY 2013. However, "despite the improved fiscal situation, lawmakers remain cautious about the budget outlook for FY 2014. Officials are uncertain about the sustainability of the stronger revenue growth rates experienced in FY 2013 and expect revenue collections to slow."

Our economists gave a similar outlook in the June 18 [Revenue Update](#): "Income tax collections have been particularly strong in FY 2013 due largely to federal tax changes which caused taxpayers to shift gains into tax year 2012. Revenue resulting from this should be treated as one-time in the budgeting process."

When presenting their report in Atlanta, NCSL quoted a Rockefeller Institute of Government report saying, "Such large increases in personal income tax collections would undoubtedly lead to lower

amounts in coming years." NCSL reports that, on average, states are cautiously expecting just 1.3 percent growth in general revenue in FY 2014.

In Utah, our May adopted [revenue estimates](#) had FY 2014 free revenues at 2.8 percent above FY 2013. With the income tax spike, our FY 2013 free revenue collections will exceed our FY 2014 adopted estimate. If we follow our economists' advice and assume that about 90 percent of FY 2013 spike is one-time, our FY 2014 free revenues would be estimated to grow at 2.2 percent above FY 2013.

The last U.S. recession officially ended four years ago, although recovery has been prolonged and slow. A surplus in FY 2013 may be helpful in preparing for the next downturn in the business cycle. By statute, about half of any surplus will go into the rainy day fund.

Higher Education Appropriations Subcommittee Meets - Spencer C. Pratt

The Higher Education Appropriations Subcommittee met on Wednesday, August 21, 2013. The meeting began with a presentation from the Governors Office on the new Success Framework.

With an infusion of appropriations for Mission-Based and Performance-Based Funding and Institutional Equity, each institution reported on their plans for this new funding. Institutions are focusing this new funding on increasing the number of students attending, the number of students continuing their education, and the number of student completing the requirements for a degree. Performance measures should reflect improvement in these areas over the next several years because of the infusion of this funding.

The subcommittee also heard an update from the University of Utah on the infrastructure issue. The legislators heard about the history, the progress made thus far, and the options the university is looking at for finalizing the project.

The Utah College of Applied Technology (UCAT) presented information on its efforts toward determining the need for equity funding. Similar to the situation in the Utah System of Higher Education, UCAT funding is not equal across all of the campuses. UCAT is working on a method to evaluate the current situation and how to improve equity among the campuses to alleviate this situation.

UCAT also discussed the costs per certificate at each campus and efficiencies that have been gained over the past few years.

Finally, the Legislative Auditor General presented a recent performance audit of UCAT's Programs and Funding.

Please note that the Higher Education Appropriations Subcommittee will have its final interim meeting on October 11, 2013 at Dixie State University. See <http://le.utah.gov/Interim/2013/html/00002643.htm> for the agenda.

Medical Education Council's Rural Residency Program - Angela J. Oh

The Medical Education Council (MEC) was created during the 1997 General Session. The MEC primarily focuses on the following areas:

- 1) retaining the Utah trained healthcare workforce,
- 2) strengthening public-private partnerships, and
- 3) facilitating rural training opportunities.

The Legislature appropriated \$300,000 to the MEC to create a program to place physicians into rural residency training programs throughout the State. As physicians experience the practice of rural medicine, some elect to permanently work in rural communities once their residencies are finished.

Although 15 percent of the state's population resides in rural regions, only seven percent of Utah physicians provide services in these areas. About 31 percent of rural physicians are 55 years or older; therefore are likely to retire within the next 10 years. This amounts to replacing 13 physicians annually in rural Utah. The rural residency program is one way that MEC helps to address this need for the state.

During FY 2013, 20 physicians spent a 2-4 week residency in rural locations such as Blanding, Montezuma Creek, Mount Pleasant, and Nephi. The program also supported residencies for 35 pharmacy students, 18 physician assistants, and three family nurse practitioners. Additionally, dental residents rotated at a clinic in Montezuma Creek.

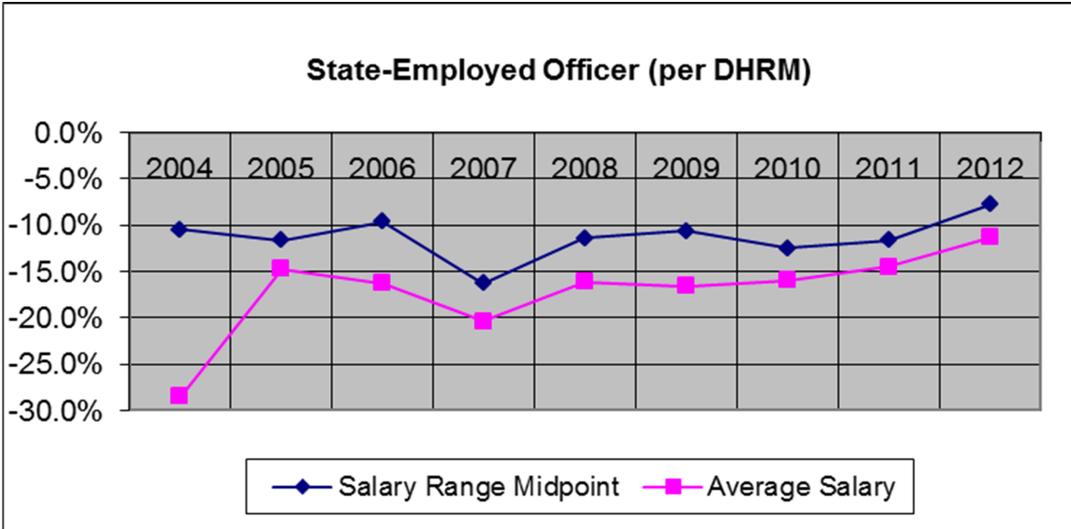
Additional information about the needs of physicians in rural Utah can be found at MEC's [website](#).

Officer Compensation Comparison - Gary R. Syphus

How does the compensation for officers employed by the State of Utah compare to the market? During the August 23rd interim meeting, the Executive Offices and Criminal Justice Appropriations Subcommittee reviewed compensation for the "officer" position, as defined by the Department of Human Resource Management (DHRM). This specific position did not include correctional officers as those were analyzed separately.

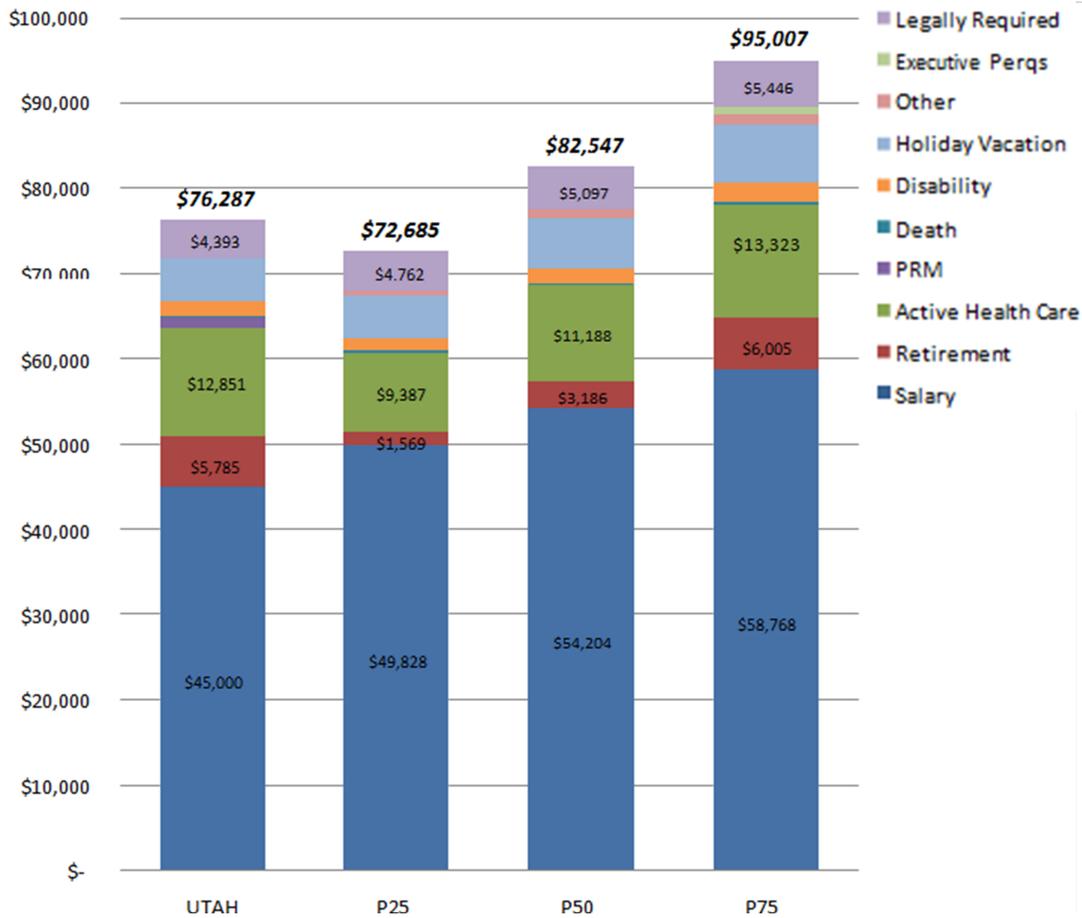
The majority of the officer positions in this analysis are located in the Department of Public Safety, with most of them being in the Utah Highway Patrol. The rest of these officer positions are employed by other state agencies, such as the Department of Natural Resources, Tax Commission, etc.

The figure below shows the historical salary level of state officers compared to the market. Due to additional appropriations in recent years, these positions are becoming more competitive with the market. The data in the figure does not contain the FY 2013 and FY 2014 numbers, which will reflect the additional appropriations above the statewide cost-of-living increases and will likely bring these officer positions more in line with the market. DHRM is still in the process of collecting the data for FY 2013.



Total compensation was broken down into (1) salary and (2) benefits. The average salary for those in the officer position employed by the state is about \$45,000, and the total compensation at this salary level is \$76,287. The next figure shows the total compensation mix and how it compares to the market.

Total Compensation Comparison



The state total compensation, when compared to the market, is between the 25th and 50th percentile. The benefits paid by the state are relatively richer, while the salary is lower. In other words, benefits generally make up a larger share of the total compensation for those officers employed by the state. Conversely, salary makes up a smaller portion of total compensation for state-employed officers.

September 12, 2013 Social Services Appropriations Meeting - Stephen C. Jardine

The Social Services Appropriations Subcommittee held a September 12, 2013 meeting at two Salt Lake City locations: Edison Elementary School in the morning and the Childrens Center in the afternoon. The legislators' agenda included the following:

Report regarding the Medicaid Data Breach. The Department of Technology Services will spend in FY 2014 about 5% or \$6.5 million on data security. The Department of Health has implemented a regular schedule for checking its systems for security issues.

Update on Medicaid Pharmacy Actual Acquisition Costs. The Department of Health will not be pursuing further actual acquisition cost as a reimbursement option within Medicaid. The initial reports indicate that this reimbursement system would likely cost the State more.

Presentation on Executive Branch Plans for Performance Measurement. The Governors Office of Management and Budget (GOMB) discussed the Governors SUCCESS efforts to affect a 25% efficiency throughout state agencies over a three year period by helping them think more strategically about where to spend their resources and time. GOMB has established a structured method for agencies to improve their systems which also allows the Governor to track progress by system, by agency, and by the State as a whole. GOMB will put its documents on its own website sometime in the future.

Tour of the Edison Elementary School. The school's Early Intervention Mental Health Pilot project was funded by a building block approved by the committee during the 2012 and 2013 General Sessions for \$3.5 million each year.

Report from Human Services, Health, Workforce Services, and the regarding what are the areas where services overlap between agencies for substance abuse and mental health and what are agencies doing to coordinate services that overlap.

Report from Health, Human Services, Workforce Services, and the regarding the prioritization of and performance measures for the services and programs that these agencies currently operate.

Presentation from the State Auditor regarding a [performance audit of Utah State Office of Rehabilitation](#). The auditors made a presentation using the document an [Audit Brief A Performance Audit of the Division of Rehabilitation Services Cost Controls](#) and discussed finding as well as 15 recommendations from the audit. The audit and this item on the agenda were covered by the news media ([Audit reveals money waste and policy failures in rehab agency](#), Deseret News, September 12, 2013, Marjorie Cortez).

Presentation regarding Refugee Services in Utah. The Department of Workforce Services discussed programs for refugees operated by their department. Other presenters included Thurl Bailey (the Governor's Ambassador to Refugees in Utah), individual refugees, Catholic Community Services, and the Asian Community Center. An [Issue Brief Refugee Assistance](#) was also provided by staff.

Response regarding Subcommittee questions from the 2013 General Session, Department of Health:

1. For the autism pilot projects, Medicaid pays 69% or \$80 vs. the average PEHP rate of \$112 for the highest trained service provider. For the lesser trained service provider, Medicaid pays 55% or \$28 vs. PEHP's average reimbursement rate of \$51.

2. Resource: [Medicaid vs PEHP - Autism Pilot Reimbursement Rates](#)

Presentation regarding costs and benefits of the Medicaid Optional Expansion Report:

1. Comparison of the optional Medicaid expansion fiscal estimates of direct impacts: (A) average savings of \$13.5 million General/ Education Fund from 2014 to 2016 and costs of \$59.7 million General/Education Fund in FY 2021 from the Fiscal Analyst vs. (B) savings of \$19.4 million General

Fund from 2014 to 2016 and costs of \$31.7 million General Fund in FY 2021 from the Public Consulting Group (PCG) report. The primary reasons for the differences are client projections, cost per client, and estimated savings from prisoners medical costs.

2. Resources:

- [Issue Brief - 2013 Interim - Medicaid Expansion Financial Estimate Comparison](#)
- [PCG - Utah Medicaid Expansion Analysis](#)

Tour of the Childrens Center, which mission is to provide comprehensive mental health care to infants, toddlers, preschoolers, and their families.

Update on Medicaid Eligibility Cards. The Department of Health anticipates changing to plastic rather than monthly paper eligibility cards in Medicaid starting July 2014. The ongoing annual General Fund savings will be about \$480,000 to \$520,000. There are one-time costs of about \$200,000 from the General Fund to make the change.

Verbal report by agencies regarding 2013 General Session Review and 2014 General Session Outlook:

1. Health - indicated that the Medicaid Management Information System replacement project will likely run out of money in the spring of 2014. Health also indicated there will be the full year impact of federal health care reform for FY 2015. The Legislature funded as ongoing the 1/2 year impact for FY 2014 starting in January.

2. Human Services - discussed potential 2014 General Session requests for mandatory and caseload increases for a variety of programs.

3. Workforce Services - discussed implementation using funding received to address newly eligible individuals resulting from passage of the federal *Affordable Care Act*.

4. State Office of Rehabilitation - discussed implementation of 2013 funding and potential requests for the 2014 General Session focusing particularly on increased caseloads for vocational rehabilitation clients.

5. Utah Association of Counties - discussed the ongoing issue for local mental health and substance abuse authorities of having to use all uncommitted funds for Medicaid match rate requirements. This situation leaves little funding to address non-Medicaid eligible individuals in their counties.

Report on Mental Health Pilot Project report. Human Services provided a report in response to 2013 General Session intent language. Additional material was provided to the committee including: [Early Intervention Mental Health Legislative Report](#), [Appendix A Barriers and Feedback](#), [Appendix B Early Intervention Schools](#), [Appendix C Access Map for Family Resource Facilitators](#), [Appendix D Mobile Crisis Map](#), [GOMB Quarterly Report](#).

Update on the General Assistance (GA) program. Workforce Services reported an impending rule change will save approximately \$300,000 annually in the General Assistance program by making applicants eligible at the end of any month in which they apply. The department suggested these savings could help cover more GA cases. The department indicated it will give a 60-day notice if they have to close the program.

Report on intent language regarding Employment Projects. Workforce Services provided two documents in order to respond to the intent language:

1. [DWS Employment Projects Report - Overview](#)
2. [DWS Employment Projects - Detailed Report](#)

Report on intent language regarding Employment Services. Workforce Services provided the document [Reed Act Employment Services](#) in order to respond to the intent language.

Answers from Human Services to 2013 General Session subcommittee questions. The department provided the document, [DHS Response Rep. Redd Questions on Medicaid Waivers](#), to answer committee questions regarding Medicaid waivers, department efforts to encourage efficiencies, Office of Recovery Services collection efforts by type and how each contributes to the State ([Overview of ORS Collections](#)), the difference between basic foster care and privatized contracted care for youth in the custody of the Division of Child and Family Services, the decision to place a child in DCFS custody and whether or not there is any arbitrariness in that process, and the different types of foster care as well as how children enter foster care and the types and frequency of placements.

Report on intent language from the Division of Child and Family Services. Human Services provided two documents as a response to the intent language:

1. [SAFE Modernization Progress Report - September 2013](#)
2. [SAFE Modernization Cost Estimate - August 2013](#)

Report on intent language regarding the Drug Offender Reform Act (DORA) program. Utah Substance Abuse Advisory Council provided the following three documents as a response to the intent language:

1. [DORA - Report to the Office of the Legislative Fiscal Analyst - September 2013](#)
2. [DORA - Quick Facts](#)
3. [Comparison of DORA and Drug Court](#)

The council stated that the report indicates they've accomplished everything they said they would do with one exception. The exception involves recommending that any new DORA funding be done according to a formula distributing 66% to the Human Services, 32% to Corrections, and 2% to Courts. The committee discussed this and asked them to work with staff.

Report from the Department of Administrative Services regarding the increased cost for the Utah State Hospital building project. The Department of Administrative Services stated that the State Hospital pediatric and youth building is 66% complete. They also explained that at the time of original appropriation the Legislature believed there could be some savings due to depressed construction costs and made an appropriation at a lower than estimated amount. In the year and a half lag time construction costs have actually increased. Administrative Services, in conjunction with the Governor's Office, determined that the best approach was to proceed with the original plan rather than reduce a wing of the new pediatric and youth facility.