Fiscal Highlights

Alcoholic Beverage Control Act Enforcement Fund 2016 - Gary R. Syphus

In relation to Alcohol Beverage Act, what is the "enforcement ratio" and how do you fund the required enforcement agents?

The enforcement ratio is generated by a formula that considers certain factors, mainly state population and various types of issued liquor licenses. Based on these factors, the formula prescribes a certain amount of alcohol law enforcement agents. As the state population and issued alcohol licenses increase, the more agents the formula prescribes. Conversely, as the state population and issued alcohol licenses decrease, the fewer agents the formula prescribes.

Since the creation of the fund in FY 2012, the formula required 32 agents until the end of FY 2016. Beginning in FY 2017, both the population and issued licenses have increased enough to require 33 agents as calculated by the Department of Alcoholic Beverage Control (DABC). The Department of Public Safety (DPS) consults with DABC to inform them of the needed amount of agents; DPS reports that they meet the enforcement requirement ratio of 33 agents. Below is the detailed formula with the prescribed amount of agents.

Date	Population	Full Restaurant Licenses (Pop/4,467)	Club Licenses (Pop/7,850)	Limited Restaurant Licenses (Pop/6,817)	Tavern Licenses (Pop/73,666)	On-Premise Licenses (Pop/28,765)	Reception Center (Pop/251,693)	Total Licenses	*Certified Count of Alcohol Agents*
1-Jul-13	2,904,800	641	370	388	54	97	52	1,600	*32*
1-Jul-14	2,949,200	650	375	393	54	98	52	1,622	*32*
1-Jul-15	2,987,700	658	380	398	55	99	53	1,643	*32*
1-Jul-16	3,032,600	668	386	404	56	101	53	1,668	*33*

The Alcoholic Beverage Control Act Enforcement Fund was created to fund a set amount of alcohol law enforcement agents defined by the "enforcement ratio" set in statute (32B-1-104). The fund consists of 1 percent of the total gross revenue from the sale of liquor within the State. Here is the activity of the fund:

Description	Revenue	Interest Earned	TOTAL REVENUE	Transfers Out (Expenditures)	Balance	Annual Difference Revenue Less Expense
FY 2012 (start of fund)	$3,206,199	$8,558	$3,214,757	$554,307	$2,660,450	$2,660,450
FY 2013	$3,468,656	$15,404	$3,484,060	$3,236,561	$2,907,949	$247,499
FY 2014	$3,485,801	$11,802	$3,497,603	$3,667,786	$2,737,766	($170,183)
FY 2015	$3,762,386	$11,583	$3,773,969	$3,616,512	$2,895,223	$157,457
FY 2016	$4,064,044	$18,173	$4,082,217	$3,765,130	$3,212,310	$317,087

During the 2016 General Session, the Legislature signaled to DPS to expend $100,000 from the fund to meet the statutory requirement of 33 agents prescribed by the enforcement ratio. In short, the enforcement ratio reflects the number of required agents depending on the factors of population and issues liquor licenses.

The related Alcohol Beverage Act Enforcement Fund is in place to fund the increased costs for additional enforcement agents.

Arches Health Plan Costs and Burdens - Andrea Wilko

In October 2015, Arches Health Plan, a non-profit health insurance co-op created following the Affordable Care Act, received much less in federal "risk corridor payments" than anticipated and was placed in receivership by the Utah Insurance Department for insolvency. Arches owes $34 million in outstanding claims and has $22 million in remaining assets. Much of the $12 million shortfall is owed to hospitals across the State. There are 70,000 claims against the existing assets.

The Department of Insurance detailed the insolvency process for the Executive Appropriations Committee in its September meeting. Utah law has a specific process for dealing with insolvency which the Department of Insurance will use. The goal of the Department is to maximize the payments and distributions to policyholders and claimants. Based on the priority of the distributions, the healthcare providers and hospitals sit in second position, behind only the costs to preserve, recover, and distribute the assets of Arches. The Department of Insurance plans to keep the costs to administer the insolvency at a minimum to ensure that they maximize the funds going back to the claimants.

The third party administrator is currently processing 6,000 explanation of benefit claims a week. All claims should be processed by the end of the year. The department allows 45 days for claimants to object to the explanation of benefit. This process should be complete by the end of March 2017.

The statutory process has been complicated on the Arches issue due to the Department of Justice's involvement. The Department of Justice appears to have jumped the line on claims. This issue is in litigation in several other states' insolvencies. The Department of Insurance will continue to keep the Legislature apprised of the impacts this issue might have on stakeholders.

Capitol Preservation Board Operations - Steven M. Allred

The Capitol Preservation Board (CPB) is keeping busy with normal operations, upcoming events, and several projects. This article highlights some of the important things taking place.

All fees and donations collected by the CPB go into the State Capitol Fund and are used as allowed by statute - for furnishings, repairs, maintenance, and other costs of complying with statute. For FY 2016 the Legislature appropriated $408,100 from Dedicated Credits. As of September 25, 2016, the CPB has collected $566,000, an indication that the recently completed tile project did not slow down event reservations. Collections include a $5,000 donation from a private source and $24,900 from the tile project. Despite good collections, the fund balance declined from $1,135,100 in FY 2015 to $742,200 in FY 2016.

The FY 2016 CPB line item operating budget was $4.3 million. Most of that money ($3.5 million) was spent on operations and maintenance on Capitol Hill buildings and grounds. The next largest expenditure was $0.7 million for personnel services (10 FTE).

Some of the larger projects currently undertaken by the CPB include:

- Preparations continue for the Capitol Centennial the week of October 3-8, 2016. This is a large event with many facets to coordinate.
- The east public transit entrance concrete project will be completed this month.
- The restoration of the Mormon Battalion historical monument is scheduled to be completed this month.

- Completion of the third phase of the Capitol Interior Security technology project, which includes additional cameras, is scheduled to be completed this month.
- The bollard installation project was completed with $730,000 remaining from the appropriation. Last session the Legislature reallocated this money to upgrade the UHP control center.
- The Senate Audio/Video Chamber/Caucus room upgrade project continues with a goal to be completed by the next general session.

Evaluation of Contracted Educational Services - Jill L.Curry

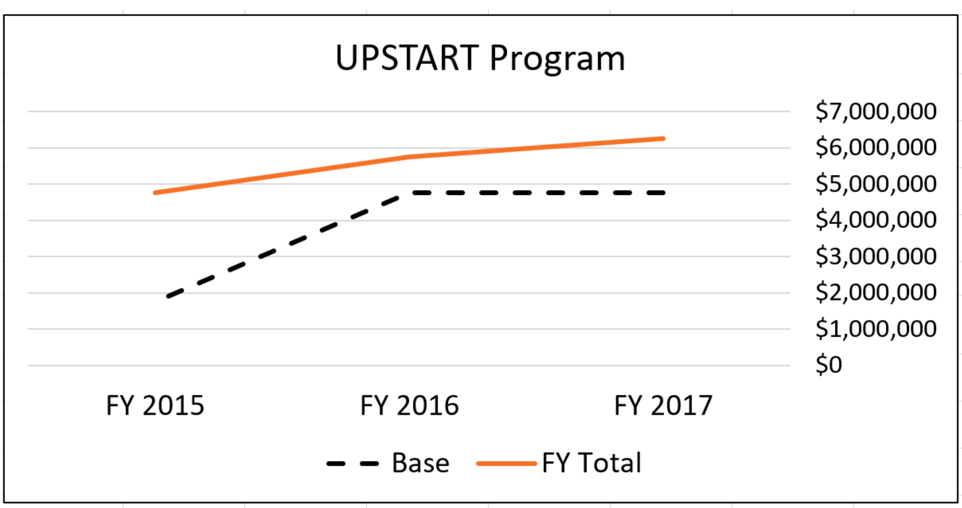
Following the 2016 General Session, the Governor vetoed several education funding items, those in the USOE - Initiative Programs line item which were in S.B. 2, Item 6. Program provisions require the State Board of Education to contract with private entities to provide educational services. Funding for these items was restored during a special session held this past May with agreement to evaluate the effectiveness of each program. This review took place during the Public Education Appropriations Subcommittee meeting held on September 22, 2016. Among the programs discussed were the UPSTART and K-3 Early Intervention Reading programs.

UPSTART is a home-based educational technology program for preschool children. It is designed to give Utah four-year-olds an individualized reading, math, and science curriculum with the goal of achieving school readiness for kindergarten. All Utah children are eligible to participate in the program the year before they enter kindergarten. However, participation priority is given to low-income families and families who are not native English speakers. The UPSTART program is administered by the Waterford Institute.

The recent appropriations to UPSTART are illustrated in the table and figure below. In FY 2015 the program received an increase of $3 million ongoing from the Education Fund to create a new base budget of about $4.7 million. In this most recent session, UPSTART was appropriated an additional $1.5 million (ongoing) from the Education Fund and also $500,000 in Temporary Assistance for Needy Families (TANF) reserve money (which is not included in the figures below).

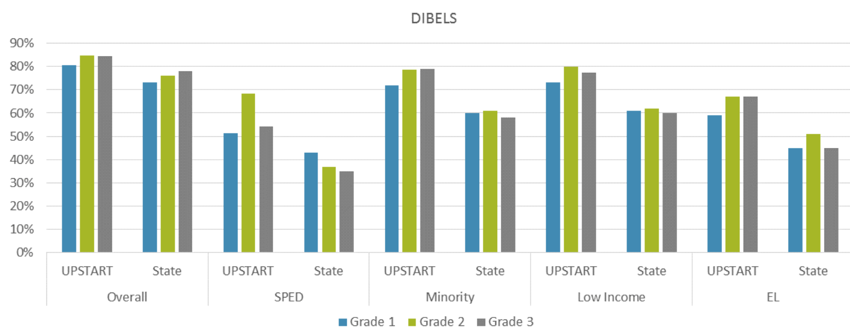
UPSTART Appropriations

Fiscal Year	Base	Ongoing	One-time	FY Total
FY 2017	$4,763,900	$1,500,000		$6,263,900
FY 2016	$4,763,900		$1,000,000	$5,763,900
FY 2015	$1,763,900	$3,000,000		$4,763,900



Evaluations of the UPSTART program show continued success at helping preschool-age children develop literacy skills thereby preparing them for kindergarten. In comparisons of UPSTART and non-UPSTART students, the students who have participated in the UPSTART program perform higher on a number of assessments including the DIBELS and SAGE assessments. As illustrated in the figure below containing the longitudinal effects measured using the DIBELS assessment, these results hold for overall comparisons of UPSTART and non-UPSTART student populations and also when focusing on specific groups e.g. low income and special education students.

Longitudinal Effects - DIBELS

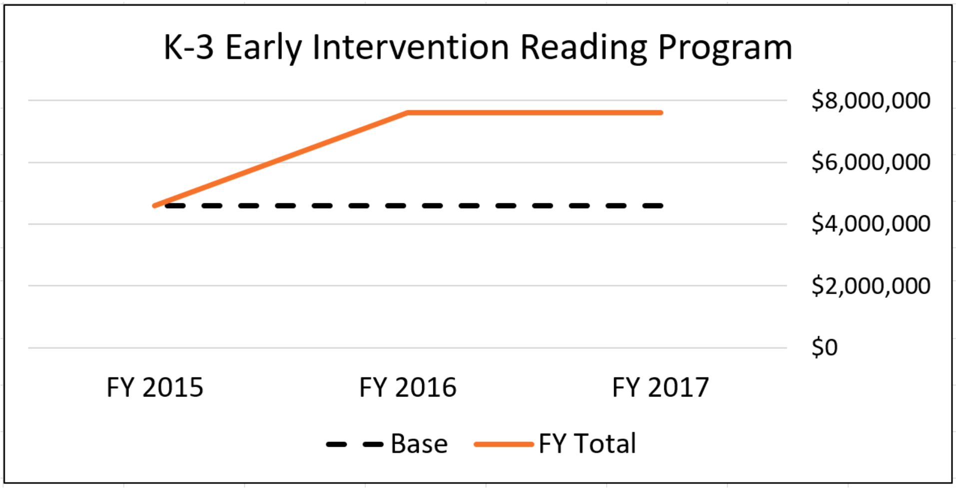


The K-3 Early Intervention Reading Program addresses early reading through the use of interactive reading software for kindergarten through third grade students. Schools can choose the vendor with whom they want to work. In fiscal year 2016 there were eight vendors from which to choose.

Recent appropriations to the K-3 Early Intervention Reading Program are shown in the table and figure below. This program has maintained a base of $4.6 million across the three years included. However, for fiscal years 2016 and 2017, it had one-time funding of $3 million in each year.

Early Intervention Appropriations

	Base	Ongoing	One-time	FY Total
FY 2017	$4,600,000		$3,000,000	$7,600,000
FY 2016	$4,600,000		$3,000,000	$7,600,000
FY 2015	$4,600,000			$4,600,000



The main concern with the Early Intervention program is the fidelity of program usage. In the 2015-2016 school year, only 16 percent of schools (60 out of 379) met fidelity of use with at least 80 percent of their students' average minutes of use greater or equal to 80 percent of the vendor's average minutes of use recommendations. This figure is an improvement over 2014-2015 where only 13 percent of schools (46 out of 355) met the 80 percent fidelity requirements.

When used with fidelity the program has demonstrated results. For example, in kindergarten the program effects double when moving from low usage to relaxed optimal usage (80 percent of their students' average minutes of use greater or equal to 80 percent of the vendor's average minutes of use recommendations) and optimal usage (fully meeting the vendor's recommendations). In second grade there is a four-fold increase in the treatment effect when comparing students in the lowest usage group with students at optimal usage as illustrated below.

Varying Levels of Use and Outcomes

Table 1. Program-wide Treatment and Control Group Composite Score Means and Effect Sizes, by Level of Use

Usage Group	Kindergarten			1st Grade			2nd Grade			3rd Grade		
	Tr.	Cntrl	ES	Tr.	Cntrl	ES	Tr.	Cntrl	ES	Tr.	Cntrl	ES
Intent to Treat	N=8,073			N=11,490			N=2,841			N=2,524		
(lowest use)	148	139	.10	191	192	-.01	162	158	.05	–	–	–
Relaxed Optimal	N=2,218			N=4,544			N=924			N=612		
	155	139	.26	198	194	.04	164	153	.16	–	–	–
Optimal	N=409			N=993			N=157			N=100		
(highest use)	158	138	.42	–	–	–	168	134	.46	–	–	–

Note. A dash in a cell means that the treatment does not have a significant effect. ITT (lowest use): all students; Relaxed optimal (second highest use): students must meet at least 80% of vendors recommended dosage; Optimal (highest use): students must meet vendors' recs for at least 80% of the weeks used and use it for the minimum weeks recommended.

From the Governor's Office of Management and Budget, Phil Dean, budget director and chief economist, reviewed these programs and highlighted three key points for the discussion. The first point was the importance of continuous critical evaluation of programs. In conjunction with this point, the second point he made was that, due to limited resources, government needs to prioritize what it will fund and often the decision is not between programs that are good or bad, but rather among programs that are good, better, or best. In terms of preschool education, the state is currently funding three preschool pilot projects: UPSTART, the pay-for-success partnership to expand high quality preschool opportunities, and the high quality school readiness program stemming from S.B. 101 (2016 General Session). Questions policymakers may want to consider in the future are what is the state's long-term objective? Is it a move to universal preschool or is it preschool targeted to specific students? The third key point is that we need to think carefully about state versus local control of programs. Funding of public education programs could be put into the weighted pupil unit with local decisions on how to allocate resources. This decision may also impact the degree of fidelity with which programs are implemented as well because local control may promote entities to be more invested in programs and thus provide more incentive to fully use those programs.

This review of these programs during the subcommittee meeting is not the last. These programs will continue to be evaluated as they progress. One development the State Board of Education is working on is a metric to use to compare the outcomes among the different preschool programs. Right now each program is evaluated using slightly different metrics. Their goal is to have a common metric available starting next fall or at least be moving significantly in that direction.

Higher Education Appropriations Subcommittee Meets at Mountainland ATC - Spencer C. Pratt

On August 2, 2016, the Higher Education Appropriations Subcommittee met at Mountainland Applied Technology College in Lehi. The first topic of discussion centered around student debt, comparing Utah data to national data. The issue brief, "Student Debt: USHE and National Data", showed various measurements of student debt for the institutions in the Utah System of Higher Education (USHE). Approximately 54 percent of graduates complete their degree with debt. The average amount of debt is $18,921. The percentage of students graduating with debt ranks 41st in the country; the average debt level is 49th. Additional data showing affordability, economic diversity, and student success was also presented. Default rates for students with debt ranged from 3.2 percent to 15.2 percent for USHE institutions in 2012. When Utah is ranked with other states, it has the 7th lowest default rate in the country, with an average of 5.5 percent.

A historical view of higher education funding - both state funds and tuition - was presented. State funding, as a percentage of the total has decreased in the past 15 years, while tuition has increased. Across the USHE over the past few years, those two sources have split the total cost fairly evenly. The issue brief also showed average costs per degree at each of the institutions. The brief also showed various measures comparing Utah to the other states.

Sen. Millner reported on partnership proposals for stackable credentials as outlined in S.B. 103, recently passed during the 2016 General Session. A review of the proposals concluded that a number would be asked to be refined and resubmitted. These will be presented during the Subcommittee's October meeting.

Both the USHE CTE Annual Report and the UCAT Annual Report were shown and are available for subcommittee members to review. A report showing UCAT Certificates and Program Length was then presented which provides specific data on the percentage of program certificates that are 0-500 hours, 501-1,000 hours, and those over 1,000 hours at each UCAT campus. UCAT campuses also reported on specific things each has done to gain additional internal efficiencies.

Following the adjournment of the meeting, committee members were invited to take a tour of the Mountainland Applied Technology College Thanksgiving Point Campus.

Public Education Appropriations - Meeting Summary - Ben Leishman

Subcommittee members met on September 22, 2016, to discuss pending education funding issues including potential upcoming legislation, financial oversight, and a review of certain programs. The following subsections highlight meeting discussions:

Potential Legislation

Legislation may be brought during the 2017 General Session to implement several statutory changes discussed during the meeting. These changes include providing clarity and addressing outdated statutes in certain categorical programs within the Minimum School Program, reducing the number of reports statute requires the State Board of Education to prepare for the subcommittee, and reauthorizing programs set to expire at the end of FY 2017. Additional detail is provided in the bullets below:

- *Minimum School Program Oversight* **-** During the 2016 General Session, legislation was introduced to address several issues within the Minimum School Program approved in committee work last fall. The bill did not pass both houses prior to the end of the General Session. There were three items included in the bill. First, eliminate the Teacher Salary Supplement Restricted Account. This account was created to assist the Department of Human Resource Management and the Division of Finance when they managed the program. Several years ago, the management of the program was moved to the State Board of Education, eliminating the need for the restricted account. Second, statute requires the State Board of Education to use up to $1.0 million of the funds allocated for Career & Technical Education - Comprehensive Guidance to provide matching grants to local districts and charter schools. Funding has not been allocated for the grants in several years. The State Auditor identified this discrepancy in a recent review of the program. The introduced bill removed this requirement. Lastly, the introduced bill removed the ability for the State Board of Education to reimburse school districts for out-of-state tuition costs above the state allocation if they opt to send a student to a neighboring state. There is no dedicated source of funding to pay these costs; currently the State Board of Education uses general nonlapsing balances within the Minimum School Program. A more complete summary of these changes can be found here: Minimum School Program - Categorical Program Oversight.
- *Statutory Reports* - The subcommittee reviewed reports statute requires the State Board of Education to submit to the subcommittee. The information contained in several of the reports is required to be collected and reported as part of the budget process. Committee staff identified several reports that could be eliminated because the information would still be available on an ad-hoc basis. Subcommittee members wanted to review the list again and work with the co-chairs on potential legislation. A matrix of statutory reports can be found here: Statutory Report Summary.
- *Education Programs Scheduled to be Repealed* - At the end of FY 2017 (July 1, 2017), statutes governing three education programs are set to expire, namely, Charter School Start-up Costs, Peer Assistance & Review, and Pilot Online School Survey Programs. Subcommittee members briefly discussed each item. Legislation will likely be introduced to extend the Charter School Start-up Cost and Peer Assistance & Review statutes.

Financial Oversight

Subcommittee members heard a report from the State Board of Education on the implementation of financial management changes at the State Board. The Legislature appropriated funding for FY 2017 to hire additional financial management staff, namely, managerial accountants, an internal auditor, and a grants management officer. The Legislature also provided authority for the Board to use approximately $4.3 million in nonlapsing balances from the Minimum School Program to begin updating financial management systems used by the State Board of Education.

Programmatic Reviews

The majority of subcommittee time was used reviewing the funding and performance of six contracted programs originally vetoed by the Governor. Following the 2016 General Session, the Governor vetoed Senate Bill 2, Item 6, which included funding for the Electronic High School, UPSTART, Pro-Start, Electronic Elementary Reading Tool, Early Intervention Reading, and the IT Academy. The Legislature worked with the

Governor to re-appropriate the funding for these programs during the May Special Session of the Legislature. More information on this item can be found in another article in this month's newsletter.

Finally, the subcommittee discussed ways to better evaluate the high number of budget requests the subcommittee receives each year during the General Session. This is an ongoing discussion, but the subcommittee will request an additional meeting in January to hear many of these requests before the session begins.

Public Lands Office New Attorney Positions - Brian Wikle

In the 2016 General Session the Public Lands Policy Coordinating Office (PLPCO) received funding for three new attorney positions along with necessary staff support. The office has filled two of the attorney positions and is in the process of assessing the needs for support positions. The office faced two primary challenges in attracting quality attorneys with requisite expertise: (1) the appropriations were one-time and potential hires recognized the inherent instability that such funding creates; and (2) two positions were funded for FY 2016 supplemental which compounded the issue of one-time funding because PLPCO must receive nonlapsing authority to carry over any of the new funding to FY 2017. Following is a summary of the appropriations, hiring, and expenditures to date.

Rural Public Lands Attorney and Assistant -- $300,000 General Fund, one-time, FY 2016 supplemental (see S.B. 3, Item 121)
Shea Owens was hired as an attorney effective July 11, 2016. Approximately $40,000 of the appropriation has been spent, and PLPCO will request nonlapsing authority for any funding that remains at the close of FY 2016. Although Shea is based in Panguitch, he participates in weekly staff meetings via conference call and he meets with PLPCO staff at least monthly in the Salt Lake City office. Shea meets with county officials in southern Utah on an almost daily basis, and they have praised his work. Due to the extensive travel required, PLPCO is currently renting a vehicle for Shea's use from DNR, and the office will request purchase of a vehicle for FY 2018. Shea is assessing the needs for the assistant position, and PLPCO intends to hire an assistant before the end of the calendar year.

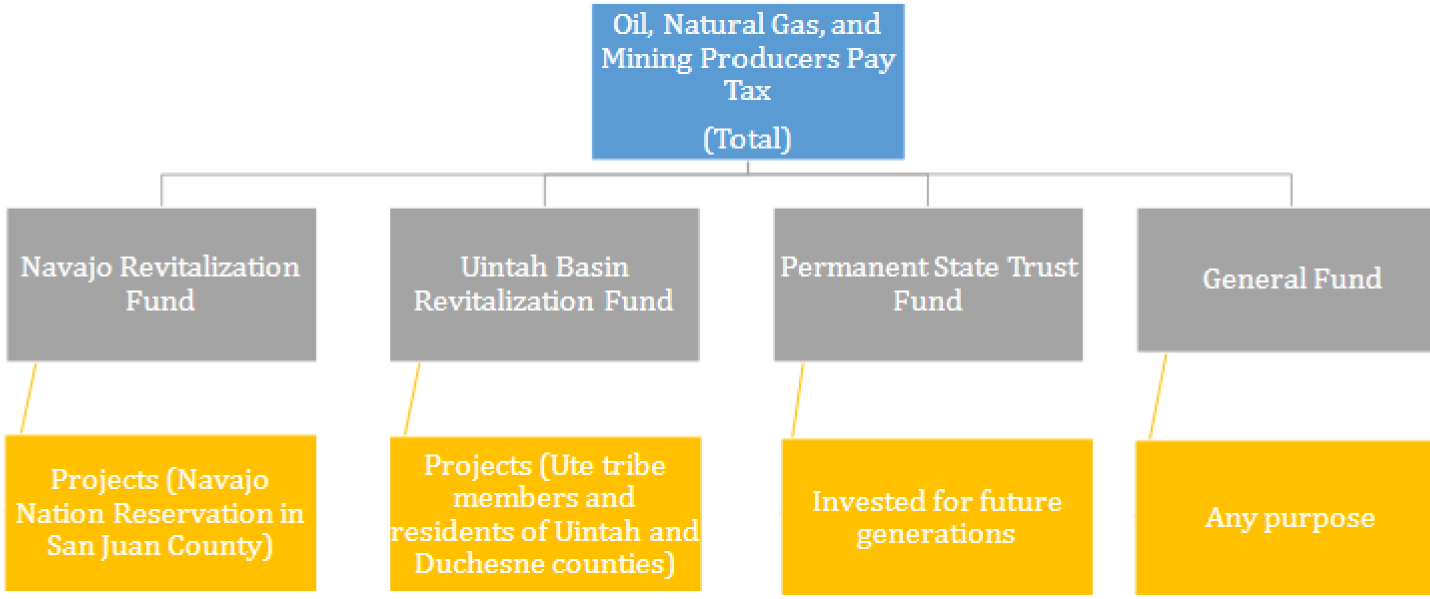
Public Lands Attorney -- $180,000 General Fund, one-time, FY 2016 supplemental (see S.B. 3, Item 121)
The position has not been filled.

Endangered Species Attorney and Staff -- $206,000 Sovereign Lands Management Account, one-time, FY 2017 (see H.B. 2, Item 122)
Braden Shepperd was hired as an attorney effective May 2, 2016. Approximately $51,000 of the appropriation has been spent, and PLPCO will request nonlapsing authority for any funding that remains at the close of FY 2017. Braden gained experience with litigation and administrative procedures associated with the Endangered Species Act while working in Nebraska. In addition to focusing on endangered species issues associated with sage grouse, Mexican wolves, and rare plants, Braden has also assisted PLPCO with issues related to wild burros and wild horses in southern Utah.

Severance Tax Deposit in FY 2017 - Thomas E. Young

The 2012 Joint Resolution on Severance Tax allows a portion of severance tax revenue to be deposited into the Permanent Trust Fund. In FY 2017, the first deposit will be made. Based upon current economic conditions and projections, the shift in severance tax revenue from the General Fund to the Permanent State Trust Fund will be about **$9.6 million** this fiscal year. A brief discussion of severance tax revenue follows; this issue brief has further information.

Severance tax is distributed per the following diagram. After the taxes are received by the Tax Commission, the money is deposited into four funds - the General Fund, the Navajo Revitalization Fund, the Uintah Basin Revitalization Fund, and the newly authorized Permanent State Trust Fund.



After deposits are made into the funds, rules on the uses of the money apply. Uses on money directed into the Navajo Revitalization Fund and the Uintah Basin Revitalization Fund include such things as capital and infrastructure projects and other non-private, non-operational expenditures. Recipients are intended to be Ute tribe members and residents in Uintah and Duchesne counties (Uintah Basin Revitalization Fund) and members of the Navajo Nation Reservation in San Juan County (Navajo Revitalization Fund).

The severance tax deposited into the Permanent State Trust Fund is invested for future generations. Interest and dividends on severance tax revenue deposited into the Permanent State Trust Fund are credited to the General Fund.

Lastly, severance tax deposited into the General Fund can be used for any purpose deemed appropriate by the Legislature.

Utah Dairy Commission Funding - Ivan D. Djambov

The Utah Dairy Commission receives over $2.5 million per year from assessments on dairy producers (Fund 5475). This fund has been "off budget," which means it is not included in the appropriations process (reporting, review, appropriations bills, etc.). In a report reviewing all "off-budget" funds, the Fiscal Analyst recommended the Legislature increase the oversight of the Dairy Commission by requiring an annual report to the Retirement and Independent Entities Appropriations Subcommittee, along with the other independent entities.

The 2013 report also addressed a concern that the number of board members listed on the commission's website exceeded the number authorized in statute. The report recommended the commission either eliminate the extra board member from the website or request the Legislature change the statute and increase the number of board members.

The commission removed the extra board member just before the report was published in 2013. However, during our follow up this year, the commission, which refers to itself as "Dairy Council of Utah and Nevada," had again listed an extra board member on their website (http://www.dairycouncilutnv.com/about-us/).

The Analyst reaffirms the recommendations about the Utah Dairy Commission in the 2013 report and recommends the Legislature consider the following options:

1. Increase the oversight of the Dairy Commission by: (a) including in UCA 4-22 a requirement for the Utah Dairy Commission to annually report to the Retirement and Independent Entities Appropriations Subcommittee, and (b) making the Dairy Commission Fund (Fund 5475) on budget, so that it would annually be reviewed in the legislative appropriations review process and will be included in an appropriations bill; or
2. Consider striking the enabling clause of the Utah Dairy Commission (4-22), along with the requirement for the assessments (4-22-7).

What do Funding Mixes Have in Common with Ace of Base? - Clare Tobin Lence

Both received lots of attention in 1994, and not much since.

Back in December 1994, the Executive Appropriations Committee (EAC) approved a set of criteria for determining the mix of funding sources for employee compensation and Internal Service Fund (ISF) service cost adjustments for state entities. EAC has not reaffirmed this motion for the past 22 years. During that time, the Office of the Legislative Fiscal Analyst (LFA) has primarily handled these questions of funding mix internally, guided by the 1994 criteria.

Although funding mixes for compensation and ISF service cost adjustments are a technical area of the budget, the fiscal impact can be significant. As an example, S.B. 8, "State Agency and Higher Education Compensation Appropriations," 2016 General Session, cost $79 million with $47 million in state funds (from the General, Education, and Uniform School Funds) and $32 million in non-state funds. If the bill was appropriated with different funding mix methodologies, the share of state funds could have been as much as $32 million more or approximately $9 million less.

Following a recent in-depth review, LFA requested that EAC revisit and affirm the criteria for determining funding mixes. EAC considered the draft criteria presented by LFA during their September meeting and moved to open a bill file for a resolution that would set the criteria in rule. These criteria are listed in the issue brief found here, on page 2.

The draft criteria may be adjusted, but once finalized, the rule should have more staying power than other relics from 1994.

What Happened in the September 22, 2016 Social Services Appropriations Meeting? - Stephen C. Jardine

The Social Services Appropriations Subcommittee met on Thursday, September 22, 2016 for a morning meeting at the Cottages of Hope in Ogden, Utah. The agenda and topics covered were as follows:

1. Call to Order/Approval of the Minutes
2. Update on Implementation of Health Coverage Improvement Program - "During the 2016 General Session of the Utah State Legislature, House Bill 437 passed and was signed into law by Governor Gary Herbert on March 25, 2016. This bill directs the Department of Health (DOH) to expand coverage for parents and to develop criteria for three new eligibility groups of adults

without dependent children. DOH must submit a plan to the Centers for Medicare and Medicaid Services (CMS) to modify the current Utah Medicaid program accordingly. It is estimated that 9,000-11,000 adults will be covered through these changes."

3. Subcommittee Questions from the 2016 General Session (Department of Health - "We are looking at data for individuals whose costs are high but less than $100,000 to determine if there are meaningful interventions that can be used to mitigate costs in certain circumstances."
4. Study of Continuous 12-month Enrollment for Children on CHIP and Medicaid - "If Utah switched all eligible children on Medicaid to 12-month continuous eligibility, it would cost the State between $300,000 and $2.2 million General Fund. The Department of Health would likely pay for an additional 1,000 to 50,000 member months of medical services. The Department of Health indicates that currently 23 other states have a 12-month continuous eligibility for children on Medicaid."
5. Quarterly Status Reports on Replacement of Medicaid Management Information System - "The Department is estimating that the net ongoing impact to the State for the PRISM will be a cost increase. The ongoing increase is estimated to be $290,000 in General Fund ($1,161,000 in total funds)."
6. Public Input on Topics on Today's Agenda - one individual provided public input regarding agenda item #4 (Study of Continuous 12-month Enrollment for Children on CHIP and Medicaid).
7. Highlight Some Performance Measure Trends: (a) Department of Health - "Rates of Gonorrhea have increased from 22.2 per 100,000 in FY 2013 to 62.3 per 100,000 in FY 2016, a 181 percent increase. UDOH is monitoring this increase and distributing surveillance updates to the LHDs. Additionally, UDOH monitors all GC cases for appropriate treatment and is conducting a case-control study to better identify risk factors for GC among Utah residents. UDOH aims to halt this increase in the gonorrhea rate in FY 2017."; (b) Department of Human Services - the subcommittee reviewed trends with regard to four major Human Services' outcome measures included in the H.B. 7, Social Services Base Budget (2016 General Session); and (c) Department of Workforce Services - "Cases Determined for Eligibility within 30 days have increased by 10 percent over the last four years. Dislocated workers that have re-entered employment has gone up by nine percent over the last four years. Job seekers served has gone down by 36 percent over the last four years (because the economy as a whole has been strengthening). Cost per placement has gone up by 27 percent over the last four years.
8. Fiscal Note and Budget Item Follow-up Report (Social Services) (http://le.utah.gov/interim/2016/pdf/00003385.pdf). Staff provided an overview of the 2016 Interim Fiscal Note and Budget Item Follow Up Report (http://le.utah.gov/interim/2016/pdf/00003034.pdf) originally presented to the Executive Appropriations Committee (EAC) in July of 2016. EAC voted unanimously to have the report heard in each appropriations subcommittee. 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. 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 in Follow up on Building Blocks Within Social Services.
9. Tour of Cottages of Hope - Cottages of Hope, located in Ogden, Utah opened its doors in January of 2008. It's 2016 operational budget is $660,000. During 2015 Cottages of Hope received $330,000 from the State of Utah. Cottages of Hope served 3,200 customers from September 2015 to August 2016. Cottages of Hope presented the following documents describing its efforts on behalf of the state: (1) SparkPoint Center Brochure and (2) Prosperity Center Brochure.

10. SNAP Performance Audit Issue Brief- Staff provided an Issue Brief to a report created by Department of Workforce Services (DWS) as a response to an audit on SNAP (food stamp) abuse performed by the Utah State Auditor. There were five finding recommendations and DWS responded by either making changes to their data capture and analysis efforts or continuing efforts that have been implemented. Three audit recommendations led to administrative changes and for the remaining two recommendations, the agency continued efforts they had in place. For any debts that are collected from SNAP Abuse, 35 percent of the collected amount is deposited into the State General Fund by way of incentive for agencies to collect the debts. It is estimated that of the 794 Intentional Program Violations (IPV) SNAP over-payments referred for adjudication in SFY16, 120 remain in adjudication. The impact on the state budget is still unclear.
11. Strategies to Assist Families Identified as Part of Intergenerational Poverty - Department of Workforce Services (DWS) coordinated a presentation on strategies being used throughout the state to combat Inter-generational Poverty. Presenters highlighted what part of the state had the most need, who the agency was partnering with, and other programs such as neighborhood revitalization. Forecasts for percentage of children with access to high quality preschool were also presented (estimated 42 percent by 2019).
12. Direct Care Salary Increase Report - the Division of Services for People with Disabilities (DSPD) received appropriations for direct support worker wage increases for community providers in both the 2015 and 2016 General sessions. DSPD reported that the 2015 General Session increase raised direct support worker wages 10.5 percent and the 2016 General Session increase raised wages an additional eight percent. This had the effect of increasing starting wages, on average, from $8.16 per hour up to $9.67 per hour. It also had the effect of increasing average wage from $10.35 per hour up to $11.82 per hour. Legislative intent language also requires community providers to report on the distribution to ensure that 100 percent of the increase goes to direct support staff. DSPD also performed audits on a sample of community provider reports which showed that the information was supported by payroll information maintained by the community providers. The Community providers also provided a direct care staff turnover calculation update indicating that turnover rates had fallen from 86 percent to 57 percent, a 29 percentage-point decrease.
13. Recovery Services Medical Collections Report (Summary) Issue Brief - "the Utah Department of Health (DOH) has contracted with the Office of Recovery Services (ORS) since the early 1980s to perform insurance verification, medical collections, and cost avoidance of medical claims for its Medicaid program. . . In 2013, Utah implemented an Accountable Care Organization (ACO) model. By contract, ACOs are now responsible for health claim collections . . . however . . . ACOs are not responsible for insurance verification, investigation, and collection on personal injury cases involving Medicaid members or estate recovery. All of these functions are still required under Medicaid federal regulations. Starting in July 2015 the percentage of Medicaid clients served by ACOs went from 70 percent to 85 percent." As a result of 2016 General Session legislative intent language, ORS submitted a report providing a five-year history of medical collections, changes in workload, and other supplementary information including an estimate of how the ORS budget might be reduced to match actual collections to date and future projections. The report shows that the most recent ORS collection totals went down nine percent, from $18.5 to $16.9 million. Total Medicaid collections, as shown on the Legislature's Fiscal Health Dashboard (http://le.utah.gov/lfa/fiscalhealth/revenuesTab) show a 36 percent decrease from $28 million in FY 2014 to $17.9 million in FY 2016. DOH has expressed concern about making any reductions in ORS staff that are responsible for mandatory Medicaid functions. ORS states that "only 7.25 FTE are devoted to Health Claim recovery." The issue brief offers five options the legislature may want to consider.
14. Use TANF for Homeless Reform Initiative and Report - The Director of Housing and Community Development, Jonathan Hardy, gave a presentation on the state of the TANF award which was given to aid Homelessness efforts. Salt Lake County received $1,200,000 in order to operate the

Midvale Family Shelter year round. Prior to this, the Midvale Shelter was only open during the winter.

15. Use TANF for Domestic Violence Shelters and Report - Of the $787,000 authorized in the 2016 General Session for Domestic Violence Shelters, ten contracts have been signed by organizations working with DWS, eight are in the signature process, and two more are in budget negotiations.
16. Other Business - staff provided copies of the following two briefs: (1) Issue Brief - 2016 Interim - Medicaid Spending Statewide - "This issue brief summarizes FY 2015 statewide spending on Medicaid of $553,909,000 General Fund and $7,212,000 Education Fund ($2,438,200,800 total funds). Totals represent 25 percent of all General Fund spending statewide. Other entities provided $190,213,500 or 25 percent of the matching funds used to draw down $1,686,866,300 in federal funds in FY 2015. The data source for information in this brief comes primarily from the Department of Health's annual report entitled 'Utah Annual Report of Medicaid & CHIP.'" (2) Issue Brief - 2016 Interim - Medicaid Collections, What is the Bang for our Buck? - "Total return on investment for Medicaid collection agencies when comparing direct collections vs. collection costs has ranged from $3.83 to $8.99 for the General Fund from FY 2014 through FY 2017 estimated."