

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE
April 23, 2002 at 1:00 P. M.
Room 303, State Capitol Building

Members Present: Sen. Leonard Blackham, Committee Co-Chair
Rep. Jeff Alexander, Committee Co-Chair
Sen. Ron Allen
Sen. Gene Davis
Sen. Mike Dmitrich
Sen. Karen Hale
Sen. Peter Knudson
Pres. Al Mansell
Sen. Steve Poulton
Sen. John Valentine
Rep. Patrice Arent
Rep. Ralph Becker
Rep. Greg Curtis
Rep. Brad King
Speaker Martin Stephens
Rep. David Ure

Sen. Bill Hickman, Vice-Chair
Rep. Ron Bigelow, Vice Chair

Members Excused: Rep. Kevin Garn
Rep. Jackie Biskupski

Staff Present: John Massey, Legislative Fiscal Analyst
Michael Kjar, Deputy Director
Linda Hansen, Secretary

Others Present: Andrea Wilko, Fical Analyst
Spencer Pratt, Fiscal Analyst
Lynne Ward, Governor's Office of Planning and Budget
Kevin Walthers, Fiscal Analyst
Dave Marrow, State Parks
Stephen Ogilvie, State Parks
Jack DeMann, State Parks Board
Jonathan Ball, Fiscal Analyst
Thor Nilsen, Fiscal Analyst

List of Others Present on File:

Committee Co-Chair Blackham called the meeting to order at 1:15 p.m.

Co-Chair Blackham excused Rep. Kevin Garn and Rep. Jackie Biskupski.

1. **Approval of Minutes**

Motion: Sen. Valentine made a motion to approve the minutes of March 1 and March 5, 2002. The motion passed unanimously.

2. **Update on Revenues**

A written revenue summary was handed out to the Committee.

Andrea Wilko, Fiscal Analyst, appeared before the Committee and said the latest TC-23 from the Tax Commission shows a projected FY 2002 shortfall of approximately \$30 million. This does not include final income tax payments due in April. This information will be available in June.

In the General Fund Ms. Wilko said the sales tax is on track with FY 2002 projections and should come in at forecast levels and the insurance taxes seem to be improving.

Ms. Wilko reported that in the Uniform School Fund, withholding has slowed to a growth rate of 2.4 percent. She said final payments are beginning to come in and there will be a better idea of year-end levels in June. She said corporate profits are down less than originally forecast which is a good thing.

Ms. Wilko reviewed some negative issues. She said employment growth continues to be a drag on revenues and severance taxes will continue to be affected by the fluctuating oil prices. She reported that the new 30 percent Depreciation Allowance is expected to have an affect on state revenue with an estimated impact of \$18 million in FY 2002, \$22 million in FY 2003, and \$20 million in FY 2004.

On the positive side Ms. Wilko said inflation remains low which should help the economy and consumer spending seems to be bouncing back. She said on the national scene, manufacturing is improving. These factors should help but any visible recovery is not expected until the 3rd or 4th quarters of 2002.

3. **Federal Funds Report**

A handout "Federal Fund Issues" was given to the Committee.

Spencer Pratt, Fiscal Analyst, said the FY 2003 state budget includes \$1,722,264,000 of federal funds anticipated for services delivered by state agencies and this represents almost 23 percent of the total \$7.6 billion state appropriation.

Mr. Pratt reviewed current statute as listed in UCA 63-40-4 as follows:

All applications made by agencies of the state for federal assistance program funds, with the exception of the State Board of Education, university, and college research grants, shall be approved by the governor prior to their submission to the federal authorities. The governor may not approve any applications submitted between legislative sessions if the Legislature has indicated an intent to reject the program requested. If a federal assistance program is approved and accepted between legislative sessions, the governor may authorize the state agency designated to receive the funds to expend such funds from the date they become available until June 30 following the next annual general session of the Legislature, subject to the following limitations:

- (a) the expenditure is consistent with state law and with the terms of the grants; and*
- (b) the program does not commit the Legislature for matching funds for future years unless the program has first been approved by the Legislature in an appropriations act.*

Mr. Pratt also reviewed from the Statute that *any state agency that participates in any federal assistance program shall make such reports regarding it as the federal assistance management officer, the Executive Appropriations Committee, or the Office of Legislative Fiscal Analyst requires.*

The Analyst discussed the Statute providing that the Committee may at least meet annually with the state's congressional delegation to discuss issues relating to federal mandates and the appropriate or inappropriate use of federal power to influence state policy. The Analyst reported that this has been hard to accomplish with busy schedules of the delegation.

Mr. Pratt reported that years ago agencies would apply for new grants with little or no state oversight but now agencies must submit a request to the Governor's Office of Planning and Budget prior to applying for new grants.

The Governor's Office of Planning and Budget requires a report from all agencies prior to applying for a federal grant. A sample of this report is included in Appendix I of the handout.

The report is designed to address the concerns of the Legislature dealing with the program's funding after the federal funding is no longer available, and the number of FTE positions that the grant will add to the agency, Mr. Pratt said.

Mr. Pratt said that over the past several years, the Office of the Legislative Fiscal Analyst has periodically reported to the Executive Appropriations Committee the federal grants for which state agencies are applying. He said this reporting has been on an ongoing basis, to keep the Legislature, through the Executive Appropriations Committee, informed as to the status of federal funds throughout the year.

The Analyst said that during the Legislative Sessions, the analysts for each appropriations subcommittee present a three-year history of individual federal grants utilized as part of the plan of financing for each line item and the information helps the legislators understand how the federal grants increase or decrease over the three-year time frame.

Mr. Pratt reported that the State Auditor annually performs a compliance audit of all federal funds expended to determine whether the funds were spent in accordance with federal laws and regulations.

Mr. Pratt reviewed requests from Appendix II of the handout and highlighted the following grant requests that would add FTE positions and have indicated that continued State funding would be requested after the federal funding ends: Public Safety requested 9 FTE; Workforce Services requested 1.5 FTE; and State Office of Education requested 3.5 FTE.

In summary Mr. Pratt said because federal funds are such an important issue and significant part of the plan of financing for the state budget, it is important for both legislators and the staff of the Analyst's office to know which grants are being considered, when those grants will affect the budget and future implications in accepting those grants.

The Analyst said that the Fiscal Analyst's Office has tried to provide such information to the Legislature and will continue to provide whatever information that the Legislature feels is most useful.

Mr. Pratt recommended that the Executive Appropriations Committee continue to hear the periodic update of new federal grants and continue to have the Governor's Office of Planning Budget authorize agencies in their applications. The Analyst's office welcomes suggestions on how reports can be improved to address any concerns.

Co-Chair Blackham asked the Committee if this report is enough or should it be reported in a different

manner.

Sen. Valentine asked if there are any other options that we have other than a report to the Executive Appropriations Committee? It seems that there should be some type of action on the grants that are being done so we have some kind of plan rather than taking the report and putting it on the shelf.

John Massey said that if the Legislature specifically states during the Session that they don't want an agency to apply for a particular grant the Governor cannot allow an agency to go forward with that. But absent that specific direction the governor then has, through the Statutory authority, the authority to authorize agencies to go ahead and receive grants during the interim and so right now the only oversight that the Committee has is what we are doing today. Mr. Massey said some of the grants are in process and are going to be applied for and the Committee would have an opportunity to express concerns with this and request the agency to tell the Committee more about their needs before they actually accept the grant. The Committee cannot tell the agency they cannot have the grant but could request more justification why they need it and make the agency more accountable.

Lynne Ward, Governor's Office of Planning and Budget, commented on possibilities of shifting funds around to qualify for federal funds and responded to questions of the Committee.

The Committee wanted to add the list of federal programs that the Governor has rejected to be included in the report.

Co-Chair Blackham asked the Committee to review the matter and it will be rescheduled at a later date for ideas how to solve the matter.

4. Public Safety and Corrections Motor Pool

A written report was handed out to the Committee on Fleet Issues in the Department of Public Safety and Utah Department of Corrections.

Kevin Walthers, Fiscal Analyst, said that Item 102 of Senate Joint Resolution 15 (2002 General Session) requested a study to determine if it would be beneficial "to remove the Department of Public Safety and the Department of Corrections from the state fleet and create their own motor pool."

In reviewing the relationship between the Division of Fleet Operations and the Departments of Corrections and Public Safety, the Analyst sought the answer to three questions:

1. Can the Department of Public Safety and Utah Department of Corrections manage their fleets more efficiently than the Division of Fleet Operations?
2. Are vehicle use patterns (vehicle types and assignment) in the Department of Public Safety and Utah Department of Corrections efficiently managed?
3. Does current commute policy meet legislative intent?

Mr. Walthers reviewed the issues and recommended that given the fact that Division of Fleet Operations provides efficiencies that Department of Public Safety and Utah Department of Corrections have not shown they can duplicate, and given that removal of nearly 1,100 vehicles from the central fleet would decrease economies of scale and raise costs for other agencies, the Analyst does not believe that decentralizing the fleet for Utah Department of Corrections and Department of Public Safety provides a benefit to the state.

The Analyst recommended that the Division of Fleet Operations should set rates to more accurately reflect the full cost of operating a Highway Patrol vehicle.

In setting rates for law enforcement vehicles, Mr Walthers recommended that Division of Fleet Operations should separate charges for vehicles and equipment.

The Analyst recommended adding to Administrative Rule a provision requiring any sworn officer with commute privileges to file a DF-61 form (or similar form created by the Division of Fleet Operations). The rule should exempt Utah Highway Patrol officers in marked patrol cars.

The Analyst recommended that the Legislature require the Utah Department of Corrections and Department of Public Safety to report all commute authorizations to Division of Fleet Operations and provide updated commute vehicle counts (by division and by vehicle type) to the Executive Offices and Criminal Justice Appropriation Subcommittee and the Capital Facilities and Administrative Services Subcommittee each year.

Mr. Walthers responded to questions of the Committee.

Co-Chair Blackham said that the report will be taken under consideration.

5. Report from Parks and Recreation on Park Closures

A handout was given to the Committee by Stephen Ogilvie, Financial Manager, Utah State Parks.

Mr. Ogilvie reported to the Committee on certain public meetings that have been held throughout the state on state park closures. Two important issues from the meetings are that the people of Utah love their parks and that State Parks had an unpopular message.

Mr. Ogilvie requested that the Committee allow state parks to have the latitude as to how to absorb the half million dollar cut in the budget.

Dave Morrow, Utah State Parks, also reported on the meetings held throughout the state on park closures. He said the unanimous opinion is "don't close our park".

Mr. Morrow said the closure of parks is a step backward for Utah. He said the State Parks have been very successful to generate 50 percent outside of the General Fund to maintain the parks.

Mr. Morrow said the parks are an economic benefit to the communities and a significant benefit to the quality of life.

It is with reluctance Mr. Morrow said to report the motions of the State Park Board concerning closure of State Parks as follows:

1. Seek alternative management of Jordan River Parkway including the golf course. After sixty days if an alternative is not found the Park will close.
2. Seek alternative management of Fort Buenaventura from any entity for proposal. After sixty days if an alternative is not found the Park will close.
3. Transfer the management of Minersville State Park to Beaver County
4. Do not close Millsite Park or consider alternative management but accept offers from Ferrin City to cut costs of providing water to the Park.
5. Do not close Piute Park/Otter Creek State Parks or consider alternative management.

Mr. Morrow responded to questions of the Committee.

Jack DeMann, Utah State Parks Board, said the Parks Board set about to do the job required by the

Legislature to recommend parks for closure by December 1, 2002.

Mr. DeMann indicated there may be help from Salt Lake City on Jordan River Parkway; a private group to help Fort Buenaventura; and Beaver County may take over Minersville.

Mr. DeMann reviewed the effect on closure of Piute Park and Otter Creek Park.

Mr. DeMann said it is unfortunate to close State Parks and that they add to the quality of life but they will move forward and do what the Legislature wants done.

Mr. DeMann said they can't wait until December 1, 2002, to close the State Parks because they would be losing \$1 million instead of \$500,000 due to the fact that the parks would have been operating for six months.

Speaker Stephens said that the State Parks are not doing what the Legislature requested. The Legislature requested recommendations December 1, 2002.

Speaker Stephens said the Legislature are looking for recommendations and requested that the State Parks do what was asked.

Pres. Mansell agreed that if State Parks waited that \$500,000 would be gone out of their budget. He said they have brought recommendations for park closures and he felt the sooner to implement the situation would be better.

Pres. Mansell requested that the matter be handled in shorter time than December 1, 2002.

Speaker Stephens requested that State Parks have another look at the matter before the Legislature makes a decision and bring their recommendations by December 1, 2002.

Rep. Becker expressed appreciation to the State Parks and State Parks Board for all of their efforts in this matter.

Sen. Hickman inquired if State Parks had reviewed the revenue and a fee increase to offset the cut in the budget.

Mr. Morrow indicated that they have looked at revenue.

Motion: Rep. Curtis made a motion to not accept the recommendations of State Parks at this time and have State Parks give an analysis of the fees and alternative revenue sources to balance the budget cuts and place the matter on the agenda for the May meeting.

The motion passed unanimously with Rep. Ure absent at the time of voting.

6. Review Proposal for a Families, Agencies, Communities Together (FACT) Study

Jonathan Ball and Thor Nilsen, Fiscal Analysts, appeared before the Committee.

Mr. Ball handed out a written proposal on a study on Families, Agencies, and Communities Together (FACT).

Mr. Ball proposed that the study ask the question “ Should every Social Service program be a FACT program?” The study would review Families, Agencies, and Communities Together for Children and Youth at Risk Program and its effectiveness in improving service delivery through collaboration.

Mr. Ball said the team for the study includes himself, Stan Eckersley, Fiscal Analyst, William Greer, Fiscal Analyst, Thor Nilsen, Fiscal Analyst, Spencer Pratt, Fiscal Analyst, and Tim Osterstock, Legislative Auditor.

Mr. Ball proposed that the study investigate models of improved service delivery that FACT generated that can be applied statewide; whether it necessary to continue FACT as an independent program; and if so, in what form?

A potential report outline was reviewed by Mr Ball including executive summary with recommendations; introduction/hypotheses; historical overview; FACT developed systems of service and support; collaboration among various entities in delivering FACT service and support; administration costs and structures; application of FACT concept to other state-sponsored social service delivery systems; and conclusions and recommendations.

Mr. Ball told the Committee that the study team was here today for the Committee’s input and suggestions on the proposal.

Sen. Allen wanted to make certain that they look at how the FACT counselor acts as an ombudsman between government and citizens.

Rep. Alexander suggested in Item 6 that it be determined what agency will be in charge.

Rep. Alexander said it should be determined if all Social Service workers should be FACT workers.

Sen. Hickman mentioned concern as to investing taxpayers money wisely. Is it being spent on good and services or is it being spent on capital facilities? Is the money getting to the service level it needs to be.

Co-Chair Blackham expressed appreciation for the efforts of the team.

Sen. Valentine asked if there are any other options that we have other than a report to the Executive Appropriations Committee? It seems that there should be some type of action on the grants that are being done so we have some kind of plan rather than taking the report and putting it on the shelf.

John Massey said that if the Legislature specifically states during the Session that they don't want an agency to apply for a particular grant the Governor cannot allow an agency to go forward with that. But absent that specific direction the governor then has, through the Statutory authority, the authority to authorize agencies to go ahead and receive grants during the interim and so right now the only oversight that the Committee has is what we are doing today. Mr. Massey said some of the grants are in process and are going to be applied for and the Committee would have an opportunity to express concerns with this and request the agency to tell the Committee more about their needs before they actually accept the grant. The Committee cannot tell the agency they cannot have the grant but could request more justification why they need it and make the agency more accountable.

7. Identify Studies for Executive Appropriations Committee and Subcommittees During the 2002 Interim

A written list of potential 2002 Interim Studies was handed out to the Committee.

Co-Chair Blackham recommended that each Committee member turn back to the Chairs those items that they think are most important, listing them high or low priority.

John Massey, Fiscal Analyst, suggested that a letter from Executive Appropriations Committee to Legislative Management Committee requesting that Item 4 Cost-of-Living Adjustment for Public Safety and Law Enforcement be assigned to Quasi-Governmental Entities Appropriations Subcommittee. Mr. Massey also suggested that a letter from Executive Appropriations to Legislative Management Committee requesting that Item 5 Decertifying Nursing Home Beds be assigned to Health and Human

Services Appropriations Subcommittee.

Motion: Sen. Knudson made a motion that the Committee send a letter to Legislative Management Committee requesting that Item 4 Cost-of Living Adjustment for public Safety and Law Enforcement be assigned to Quasi-Governmental Entities Appropriations Subcommittee and that the Committee send a letter to Legislative Management Committee requesting that Item 5 Decertifying Nursing Home Beds be assigned to Health and Human Services Appropriations Subcommittee.

The motion passed unanimously with Pres. Mansell, Sen. Poulton, and Speaker Stephens absent at the time voting.

Motion: Co-Chair Alexander made a motion that an other item be added to the list which would be Item 29 to research what is to be included in a free public education and what is the State's responsibility.

The motion passed unanimously with Pres. Mansell, Sen. Poulton, Speaker Stephens and Rep. Ure absent at the time of voting.

Sen. Hickman said there is an issue before Salt Lake City and the Wasatch front area concerning the utilization of the Rio Grand Depot and expansion of state agencies into the remaining part of that facility and he felt that this matter should be reviewed.

Motion: Rep. Becker made a motion to add an other item, Item 30 to review the utilization of the Rio Grand Depot and expansion of state agencies into the remaining part of that facility and look at alternatives for location of State Archives downtown.

The motion passed unanimously with Pres. Al Mansell, Sen. Poulton, Speaker Stephens, and Rep Ure absent at the time voting.

Motion: Rep. Becker made a motion that a reserve accounts list be created.

The motion passed unanimously with Pres. Al Mansell, Sen. Poulton, Speaker Stephens, and Rep Ure absent at the time voting.

Co-Chair Blackham referred to the suggested issues for in-depth review on Page 4 and indicated there are 5 listed and all are significant and important. He inquired if the Committee had a preference or if

they would like to wait for one month to make that decision.

Motion: Sen. Davis made a motion to wait one month on issues for in-depth review on Page 4 of the handout.

The motion passed unanimously with Pres. Al Mansell, Sen. Poulton, Speaker Stephens, and Rep Ure absent at the time voting.

Motion: Sen. Knudson made a motion to adjourn the meeting. The motion passed unanimously.

The meeting was adjourned at 3:15 p.m.

Minutes were reported by Linda Hansen, Secretary.

Sen. Leonard Blackham, Co-Chair

Rep. Jeff Alexander, Co-Chair

Handouts:

Revenue Summary

Federal Fund Issues

Fleet Issues in the Department of Public Safety and Utah Department of Corrections

Utah Division of Parks and Recreation State Park Closures

FACT Program

Potential 2002 Interim Studies