

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room S210, Senate Building, State Capitol Complex
January 12, 2010

MEMBERS PRESENT: Sen. David Hinkins, Co-Chairman
Sen. Karen Mayne
Rep. Jim Bird
Rep. Susan Duckworth
Rep. Brian King
Rep. Ryan Wilcox

MEMBERS EXCUSED: Rep. Michael Morley
Sen. Dan Liljenquist
Rep. Jim Dunnigan
Rep. Lynn Hemingway

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors list will be filed with committee minutes

Co-Chair Sen. Hinkins called the meeting to order at 9:16 a.m. and welcomed everyone. Members of the committee introduced themselves.

Sen. Hinkins turned the time over to the Analyst, Danny Schoenfeld, to present the State Budget Update. The Analyst explained and reviewed the revenue estimates and reductions for FY 2010 and 2011 that will need to be adopted in this session. He further identified possible reductions that the committee will make coming from the various departments.

The Analyst answered questions from the committee regarding the 5% ongoing reductions for FY 2011 and 4% one-time reductions for FY 2010.

Sen. Hinkins turned the time over to Jacob Smith for the presentation of the Governor's Budget Recommendations.

Jacob Smith, Governor's Office of Planning and Budget, detailed the Governor's recommendations for this committee. He explained the process that takes place when requesting additional funds. He stated that the Insurance Department will be moving into a new building requiring one time funding for the move and daily operating expenses in the amount of \$243,400. They recommend to restore FY 2010 back fill in the amount of \$230,000 and a Health Research

Analyst in the amount of \$59,400 making one-time total amount fo \$532,800 for the Insurance Department. He further detailed the Dedicated Credits and the Restricted Revenue.

The committee questioned the Insurance Department request and Neil Gooch, Deputy Insurance Commissioner, responded to their questions regarding an audit that had recently taken place.

Danny Schoenfeld presented at In-depth Budget Review of the Department of Workforce Services stating that the Analyst makes the following recommendations: 1) Reassert the Legislature's legal and constitutional budget authority by appropriating DWS' budget in separate line items beginning in FY 2011, and/or require DWS to report to the Legislature on funding reallocations between programs in their line items prior to making such allocations. 2) Require the department to further consolidate its facilities. 3) Consider transferring the General Assistance program from DWS to the Utah State Office of Rehabilitation during the 2010 General Session. Further, since the FY 2011 base budget included reduced funding for GA, make the program a revolving program, with payments to qualified individuals being repaid by federal Supplemental Security Income payments. Setting up the revolving program would require a one-time appropriation. 4) Establish a more formal mechanism for communication and coordination between the veterans' employment and training function in the Department of Workforce Services and the benefits outreach function in the Department of Veterans' affairs in order to maximize benefits and services being provided to veterans through current state and federal funding. 5) Change statue to require the depositing of all unused funds at year end associated with the Medicaid program in the Department of Workforce Services into the Medicaid General fund Restricted Account. 6) Further study the consolidation of the Medicaid program for the agencies involved [Health, Workforce Services, and Human Services]. 7) Ensure that DWS is in full compliance with statute regarding the Displaced Homemaker Fee, giving particular attention to accountability for all fee revenues, program evaluation and annual submission of "a written report of that evaluation to the legislature".

Sen. Hinkins introduced the presentation of the Performance Audit of the Department of Workforce Services Eligibility Determination Services presented by David Pulsipher and Tim Osterstock, from the Office of the Legislative Auditor General. A brief overview of the results of the audit were presented to the committee with suggestions and recommendations for improvement.

The Auditors responded the questions from the Committee.

Response to the audit was given by Kristen Cox, Executive Director of DWS. A handout was provided to the committee with a step-by-step response to the recommendations.

Ms. Cox responded to questions and comments from the committee.

The Analyst explained the 2009/10 Budget Cut Implementation Report for each Department.

Sen. Hinkins turned the time over to the various Departments for the Agency Reports on FY 2010 Budget Implementation and Governor's FY 2010 Executive Order.

Department of Workforce Services

Kristen Cox, Executive Director, with the assistance of Bill Greer, Chief Financial Officer, explained they have taken FTE cuts, travel cuts, and cuts in day to day operations among others in order to meet their budget cuts. Even with the limited state funding they are continuing to provide services to their clients. Efforts will be made to redistribute workload that may impact facilities which could then further contribute to cost savings.

Committee members expressed appreciation for the work the Department provides to the people in the state.

Department of Alcoholic Beverage Control

Dennis Kellen, Executive Director, with the assistance of John Freeman, Deputy Director, and Leonard Langford, Director of Finance, explained the role of the Department in the state. They stated that by eliminating putting stickers on bottles they had saved \$951,000 in salaries this last year. Further cuts will be made by reducing the amount of funds spent on the ParentsEmpowered program.

They further stated the amount of profit that their service provides the States General Fund this year will be over \$100 million going into the General Fund, School Lunch program and Sales Tax.

Committee members asked if the ParentsEmpowered program cuts could be made up by making use of Public Service Announcements (PSA) by the media.

Department of Commerce

Franciene Giani, Executive Director, assisted by Peter Anjewierden, Budget Officer, explained that they are a fee based by licensees department and do not receive any funding from the General Funds. They generally return approximately \$10 million annually to the General Fund. Reductions in their department have come in the form of hiring freeze, travel expense reduction, mileage reimbursements at a lower rate, as well as switching to T-Mobile phone services. By reducing unnecessary board and committee meetings and making better use of the internet by having annual report and newsletter published on-line has also produced a significant savings. They are trying to work on fee renewal notice system via the internet as well. Ms. Giani

explained that they had not hired three individuals that had been previously approved with the passing of Senate Bill 81. She further asked the committee to take this into consideration as well as the funding increases from the new drivers license fees to be used toward their budget cuts.

Department of Financial Institutions

Edward Leary, Commissioner, accompanied by Michael Jones, Chief Examiner, stated that their department are the bank examiners for banks and credit unions under the jurisdiction of the state of Utah. Their funds come from fees collected by the institutions they have jurisdiction over. Mr. Leary stated that they had eliminated four Financial Institutions Examiner positions through attrition and delayed hiring other positions resulting in cost savings. They further have travel expenses reimbursed from the institutions they examine that are out of state. He further stated that they quarterly have their expenses reviewed by their own financial Board of Directors.

HIP Utah

Tomi Osanna, Executive Director of HIPUtah provided the committee with a handout and a slide presentation followed. Ms. Osanna then explained the program to the committee. HIPUtah provides reasonable access to health insurance for Utahns with serious medical conditions and who are considered uninsurable. At the conclusion of her presentation she stated her appreciation for the committee's continued commitment to the program but expressed concern that funding for the program continue thus providing health insurance coverage to this at-risk population in the state.

Ms. Osanna responded to questions from the committee.

Department of Insurance

Kent Michie, Commissioner of Insurance, told the committee that he would be retiring in two days. Mr. Michie was assisted by Neal Gooch, Deputy Commissioner and Doyle Christensen, Director of Agency Services. Mr Christensen provided the committee with a handout. Mr. Michie explained that their department had taken a one day per month furlough over an eight month period resulting in significant savings to the state and saving four positions from being eliminated. With the retirement of Mr. Michie and retirement of Mr. Mickey Braun last December this will leave the Department with only one Senior Advisor, Mr. Gooch. Their plan is to not replace the two retired individuals which would save four positions in the Department.

The Commissioner explained the purpose of the department is to regulate the insurance industry, protect the consumer and have an interaction with insurance companies.

Mr. Michie responded to questions from the committee. The committee thanked Mr. Michie for his years of service.

MOTION: Rep. Wilcox moved to recess. The motion passed unanimously.

Sen. Hinkins recessed the meeting at 12:00 p.m.

Session reconvened at 2:17 p.m.

Sen. Hinkins called the meeting to order. Sen. Hinkins turned the time over to the Labor Commission for their presentation.

Labor Commission

Sherrie Hayashi, Labor Commissioner, assisted by Dave Lamb, Administrative Director, explained they are a regulatory agency and oversee the health and safety in Utah's workplaces. She stated that their department has hired eighteen fewer employees since the year 2000, that is 14% fewer employees over the last ten years. There have been other cuts in mailing, cuts in non-essential items, training and purchases.

The committee asked Ms. Hayashi about industrial accidents and she responded noting that the number of accidents has decreased.

Public Service Commission

Julie Orchard, Administrator, excused Ted Boyer, Director. Ms. Orchard explained that the Public Service Commission makes sure Utahans have proper utility service and that the utility companies receive a fair return on their rates. They also make sure the hearing impaired receive proper equipment. They further provide a universal service to the outlying areas so that they pay a fair comparable rate. The Commission will delay software purchases, no out of state travel, restrict the cell phone increases and purchases and delay hiring new employees.

Ms. Orchard responded to questions from the committee.

Utah State Office of Rehabilitation

Don Uchida, Executive Director, explained to the committee the Rehabilitation Departments under his direction. The departments are: Rehabilitation Services, Service for the Blind and

Visually Impaired, Services to the Deaf and Hard of Hearing, and Disability Determination. Mr. Uchida went on to explain how each department is funded and how the cuts will impact services to these departments.

The committee asked the Director about the recommendation from the Fiscal Analyst regarding moving the General Assistance Program from Workforce Services to the Department of Rehabilitation. The Director and the Analyst responded to this question.

Danny Schoenfeld concluded the meeting explaining the Proposed Budget Changes FY 2010 and FY 2011. He explained that further discussion will take place in the meeting on January 20th.

MOTION: Rep. King moved to adjourn.

The motion passed unanimously. Sen. Hinkins adjourned the meeting at 2:49 p.m.

Sen. David Hinkins, Co-Chair

Rep. Michael Morley, Co-Chair