



GOED FISCAL NOTE AND BUILDING BLOCK FOLLOW-UP

BUSINESS, ECONOMIC DEVELOPMENT AND LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: ANDREA WILKO

BUDGET BRIEF

SUMMARY

This report follows-up on select fiscal notes and budget actions from past legislative sessions. For each item, the report includes a stop light (red, yellow, green) for implementation status, budget accuracy, and, where available, performance. It details original cost and/or revenue estimates, legislative appropriations, and actual experience. It is intended to create a feed-back loop that improves future estimates and initiatives.

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. H.B. 150 - STEM Action Center (Sci, Tech, Eng, Math)

Committee: BEDL

Analyst: Andrea Wilko

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$20,000,000	\$0	\$20,000,000	\$0	\$20,000,000	\$17,993,000	\$2,007,000

Explanation

The STEM Action Center prioritizes STEM education with the goal of developing Utah's workforce for the future. The program focuses on research and implementation of STEM education best practices across Utah by coordinating STEM related activities, creating and supporting STEM education, facilitating educator access to education tools and aligning public STEM education with higher-education STEM activities.

Implementation

The STEM Action Center board uses legislative funding to oversee several projects that align with K-12 education and support the Utah State Office of Education and higher education partners. These programs address issues that support outreach, recruitment, retention and student achievement. The board also strives to align technology and innovation with industry needs and higher education initiatives to ensure development of the future workforce.

The STEM Action Center has committed the funds as directed in statute towards the following:

- Up to \$5,000,000 to be used for STEM education related instructional technology and related professional development to support mathematics instruction and related assessment, data collection, analysis, and reporting.
- Up to \$1,500,000 to be used for developing the STEM education endorsements and related incentive programs.
- Up to \$5,000,000 to be used for providing a STEM education high quality professional development application.
- Up to \$3,500,000 to be used to fund the STEM education middle school applied science initiative.
- Up to \$5,000,000 to be used to fund the high school STEM education initiative.

Accuracy

Funds have been encumbered or expended. Some funds will carry forward for contracts not fully paid at June 30. GOED anticipates a remaining balance of \$2,007,000 at the end of FY 2015.

Performance

The STEM Action Center team is defining outcomes as part of the design for all projects. They are in the process of developing the metrics and accompanying data are, in addition to the mechanism(s) needed to track data. A third party evaluation partner, the Instructional Technology and Learning Center at Utah State University (USU), provides evaluation support to all projects in the Center. An evaluation plan is included for all projects and is developed in collaboration with the schools, districts and product providers, if there is a product that is included in the project. The evaluation plan includes not only achievement outcomes but also pays attention to the effectiveness of the process. Finally, the Center includes a defined monitoring plan for the projects that allows for effective fiscal and program support of the project and stakeholders during the implementation of the project. (Results of the program are not currently available but are in process.)

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. Administration of Avenue H Health Insurance Marketplace

Committee: BEDL

Analyst: Andrea Wilko

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$650,000	\$0	\$650,000	\$0	\$650,000	\$250,000	\$400,000

Explanation

The Governor's Office of Economic Development received \$650,000 in one-time resources to help cover the operational costs associated with the Avenue H program for FY15.

Implementation

Avenue H used allocated funds to pay for personnel costs for 6 employees and basic operational costs associated with managing the program. Similar expenditures have occurred in previous years.

Accuracy

GOED anticipates a \$400,000 carry forward balance for this program as a result of being able to use federal resources and a grant from the Department of Health to cover some of the operational costs of the program originally estimated in the state request. Avenue H anticipates using the carry forward balance for technical enhancements, and marketing efforts in FY 2016.

Performance

At June 30, 2014, there were 3,970 covered employees with 6,914 dependents for a total enrollment of 10,884. One year later (June 30, 2015) there are 5,224 covered employees and 8,403 dependents for a total enrollment of 13,627. This represents a 25% increase in Utah residents covered by insurance that without this program may have gone uninsured.

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. Business Marketing

Committee: BEDL

Analyst: Andrea Wilko

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$575,000	\$0	\$575,000	\$0	\$575,000	\$450,000	\$125,000

Explanation

The Governor's Office of Economic Development received \$200,000 in ongoing and \$375,000 in one-time resources to help support a public relations campaign to promote the state of Utah as a premier global business destination. Funding was used to help promote that Utah as a prime location for company relocation and expansion, particularly in the 6 key economic industry clusters identified for the state.

Implementation

These funds were used to contract with a marketing company to develop an IT focused PR campaign and website. The PR campaign and web platform will be launched to key markets late June/ early July. Funding was also combined with funding for global branding to implement a contract with MRM McCann.

Accuracy

GOED anticipates a carry forward-balance of \$125,000. Funding will roll forward into the new year, but will be encumbered to support the cost of completing the development and launch of the PR campaign.

Performance

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. Small Business Development

Committee: BEDL

Analyst: Andrea Wilko

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$225,000	\$0	\$225,000	\$0	\$225,000	\$225,000	\$0

Explanation

The Governor's Office of Economic Development received \$225,000 in one-time resources to help support the operating costs of 14 Business Resource Centers (BRC) located across the state.

Implementation

GOED requested that each BRC submit a request for funds to support their respective needs. These requests were evaluated and then a funding determination was made regarding how to distribute these funds. Contracts were issued with each BRC and funds were distributed following a 75% initial request and 25% when the project/purchase was complete.

Accuracy

Contracts were issued with each BRC and funds were distributed following a 75% initial request and 25% when the project/purchase was complete.

Performance

Each BRC used the funding as requested to support various projects based on regional operation needs.

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. S.B. 233 - Utah Small Business Jobs Act

Committee: BEDL

Analyst: Andrea Wilko

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$100,000	\$0	\$100,000	\$0	\$100,000	\$100,000	\$0

Explanation

S.B. 233 "Utah Small Jobs Act" enacted a small business job tax credit and investment program. A section of the bill established a dedicated credit of \$100,000 and prescribed a formula for its application.

Implementation

Soon after the bill became law, three companies applied for the credits and each paid \$33,333.33.

Accuracy

The entire amount of the dedicated credit was collected in FY 2015.

Performance

The Small Business Jobs Act Tax credit has leveraged \$30,000,000 of the Premium Tax surplus to induce investments in businesses located in low income or distressed census tracts. The program currently has three investment firms participating in the program. The firms have until the end of CY 2015 to disburse the funds raised via the tax credits into such businesses. The office is currently engaged in fostering partnerships to aid in the disbursements of these funds.

Appendix A - Guidelines for Scoring Follow-ups

Fiscal Note Building Block Follow-Up Report

The Analyst follows up on bills and building blocks from two sessions ago.

- **Item Explanation**
What the appropriation is supposed to do. For bills the explanation is the fiscal note
- **Implementation**
Is the item being implemented in a timely manner?
- **Accuracy**
Was the fiscal note accurate? Both the Analyst and the agency are rated.
- **Performance Measures**
Shown and evaluated when appropriate.
- **Follow the Money**
The report traces funding from the original request to the remaining balance.

Red - Yellow - Green Guidelines

We point out problems, potential trouble, and things going as expected with traffic light colors.

One Size Does Not Fit All

Early on, we found that what was reasonable for revenue estimates is unreasonable for ordinary bills and building blocks. Our guidelines are less stringent when an agency is asked to do something new and different than their usual fare.

\$10,000 Rule

The temptation to manage a fiscal note is so great that we give an automatic Yellow to any bill with a fiscal note near \$10,000.

The Director's Exception

The Director may draw your attention to any bill or building block with a yellow if the item needs your attention.

Current Rules

Accuracy of Familiar Programs / Processes

-  Green - Within 5% of estimate or variances less than \$10,000.
-  Yellow - Greater than 5% but less than or equal to 10% of estimate and more than \$10,000.
-  Red - Greater than 10% of estimate and more than \$10,000.

Accuracy of Unfamiliar Programs / Processes

-  Green - Within 10% of estimate or variances less than \$10,000.
-  Yellow - Greater than 10% but less than or equal to 20% of estimate and more than \$10,000.
-  Red - Greater than 20% of estimate and more than \$10,000.

Accuracy of Revenue Bills

-  Green - Within the estimates margin of error.
-  Yellow - Greater than margin of error but less than two times margin of error.
-  Red - Greater than two times margin of error.

Implementation

-  Green - Implemented within the first month of the bill's effective date. The definition of implemented will vary according to the difficulty of the bill's task. Tasks that are too large to be implemented in the first month can be considered implemented if the agency has a reasonable plan and they are on schedule.
-  Yellow - Implemented after the first month but before the fourth month of the bill's effective date.
-  Red - Implemented after three months of the bill's effective date.

Performance Measures

The Analyst will decide if performance measures are appropriate and will use the "Implementation" guidelines. The Analyst will evaluate the agency's performance measures and recommend alternate measures when necessary.