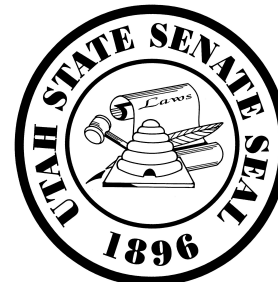




Fiscal Note
H.B. 325 2nd Sub. (Gray)
2016 General Session
Office of Rehabilitation Services
Amendments
by Thurston, N. (Thurston, Norman.)



General, Education, and Uniform School Funds

JR4-5-101

| | Ongoing | One-time | Total |
|---------------------------|---------|----------|-------|
| Net GF/EF/USF (rev.-exp.) | \$0 | \$0 | \$0 |

Enactment of this legislation would transfer the Utah State Office of Rehabilitation (USOR) from the Utah State Board of Education (USBE) to the Department of Workforce Services (DWS) in FY 2017. The transfer could result in USBE losing up to \$2,121,000 in dedicated credit revenue currently provided by USOR for indirect administrative services beginning in FY 2017. The bill deposits \$21,385,100 from the General Fund and \$5,000,000 from beginning nonlapsing balance into the newly created Office of Rehabilitation Transition Restricted Account.

| Revenues | FY 2016 | FY 2017 | FY 2018 |
|-----------------------|------------|---------------------|----------------------|
| Dedicated Credits | \$0 | \$(2,121,000) | \$(2,121,000) |
| Restricted Funds | \$0 | \$26,385,100 | \$0 |
| Total Revenues | \$0 | \$24,264,100 | \$(2,121,000) |

Enactment of this legislation reduces base budget appropriations to the State Office of Rehabilitation (USOR) at the Utah State Board of Education (USBE) by \$273,700 ongoing from the General Fund and \$21,111,400 ongoing from the Education Fund, and deposits an equally off-setting amount (\$21,385,100) from the General Fund plus an additional \$5,000,000 from beginning nonlapsing balances into the new Office of Rehabilitation Transition Restricted Account created in the bill. The bill authorizes the Department of Workforce Services (DWS) to spend up to \$26,385,100 from the Office of Rehabilitation Transition Restricted Account, plus another \$62,656,000 from federal funds and \$985,600 from dedicated credits in FY 2017 for USOR. To ensure smooth transition of federal assistance and client services, the bill also authorizes USBE to spend up to \$26,385,100 from the Office of Rehabilitation Transition Restricted Account. Total expenditures from the Office of Rehabilitation Transition Restricted Account between the two agencies may not exceed the total amount available in the account. DWS allocates indirect costs to individual federal grants and programs in accordance with a federally-approved cost allocation plan resulting in each federal grant and program bearing an equitable share of the indirect costs. As such, this bill necessitates the inclusion of USOR in DWS's cost allocation plan. In the event that USOR's federal grants and programs do not have sufficient available funding to pay for their share of the indirect costs ultimately allocated to them, it may need supplemental appropriations in subsequent years to pay those costs, or technical reallocations of General Fund and federal fund authority between line items to ensure sufficient authority exists in the applicable line items where the indirect savings or costs occur. While the potential General Fund impact is unknown, it would not likely exceed \$1.8 million. As DWS' overhead costs are not increasing by an amount proportional to the new USOR overhead cost allocation revenue, savings elsewhere in DWS should offset any increase to USOR. Should USOR have to move from its current data system technology to the Department of Technology Services (DTS) and pay DTS rates for information technology support, it could have a potential cost of up to \$1,000,000. Enactment of this legislation could also cost DWS and USOR \$192,000 from overhead transfers and \$48,000 from federal funds one-time in FY 2017 for moving and transition costs.

| Expenditures | FY 2016 | FY 2017 | FY 2018 |
|---------------------------|------------|----------------------|---------------------|
| General Fund | \$0 | \$21,111,400 | \$21,111,400 |
| General Fund, One-Time | \$0 | \$0 | \$0 |
| Education Fund | \$0 | \$(21,111,400) | \$(21,111,400) |
| Federal Funds | \$0 | \$62,704,000 | \$62,656,000 |
| Dedicated Credits | \$0 | \$985,600 | \$985,600 |
| Restricted Funds | \$0 | \$52,770,200 | \$0 |
| Transfers | \$0 | \$192,000 | \$0 |
| Total Expenditures | \$0 | \$116,651,800 | \$63,641,600 |

Local Government

UCA 36-12-13(2)(c)

Enactment of this legislation likely will not result in direct, measurable costs for local governments.

Individuals & Businesses

UCA 36-12-13(2)(d)

Enactment of this legislation likely will not result in direct, measurable expenditures by Utah residents or businesses.

Performance Note

JR4-2-404

No performance note required for this bill

Notes on Notes

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.