

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE
February 18, 2003 at 4:00 P. M.
Room 303, State Capitol Building

Members Present: Sen. Leonard Blackham, Committee Co-Chair
Rep. Ron Bigelow, Committee Co-Chair
Sen. Ron Allen
Sen. Gene Davis
Sen. Mike Dmitrich
Sen. Karen Hale
Sen. Peter Knudson
Pres. Al Mansell
Sen. Michael Waddoups
Sen. John Valentine
Rep. Jeff Alexander
Rep. Greg Curtis
Rep. Brent Goodfellow
Rep. Patricia Jones
Rep. Brad King
Rep. Karen Morgan
Speaker Martin Stephens
Rep. Michael Styler

Sen. Bill Hickman, Vice-Chair
Rep. Rebecca Lockhart, Vice Chair

Staff Present: John Massey, Legislative Fiscal Analyst
Michael Kjar, Deputy Director
Sharon Johnson, Secretary

Others Present: Subcommittee co-chairs from all nine subcommittees except Sen.
Hatch

List of Others Present on File:

Committee Co-Chair Blackham called the meeting to order at 4:20 p.m.

1. Capital Facilities and Administrative Services.

Rep. Pace and Sen. Beverly Evans came before the committee. Sen. Evans presented a balanced budget from their committee. They funded Administrative Services and Debt Service with only minimal funding for other projects. A priority of the committee is dealing with aging facilities that need attention and the growing backlog. The 04 budget requires that DFCM use soft money to meet their budgetary balancing requirements. Sen. Evans praised the staff's efforts in working on the budget and the committee members who made some difficult decisions. Rep. Pace echoed Sen. Evans comments regarding the work of the committee.

2. Commerce and Revenue/UCAT

Sen. Jenkins and Rep. Bennion came before the committee and Sen. Jenkins presented the UCAT budget. He began by stating that UCAT has experienced nothing but budget cuts since its inception. He explained that as the subcommittee calculated membership hours and compared the costs of adult and secondary students it was determined that adult students are subsidizing the secondary students. Sen. Jenkins requested that UCAT be held harmless for secondary students in the same manner as Public Education. The campuses that are struggling have a high secondary enrollment and the subcommittee requests special consideration for smaller colleges. Sen. Jenkins stated that they have adopted intent language for Higher Education, Public Education and UCAT and he distributed a handout listing their critical funding needs which include:

1. Enrollment growth,
2. Operations and Maintenance for new facilities on two of the campuses; and
3. Lease Funding for two colleges in high growth areas.

Rep. Bennion presented the Commerce and Revenue budget. He referred to a reallocation in the Transportation Fund that is dependent upon current legislation. The subcommittee approved non-lapsing intent language for the Labor Commission and the Public Service Commission. The budget for the Dept. of Alcoholic Beverage Control includes funding for new stores and rent increases and the budget for Financial Institutions corrects underfunding from last year. The subcommittee approved fee increases for the Dept. of Commerce. A concern for the subcommittee is the increased demand on Workforce Services due to the economic downturn. They will use one-time money to meet some of these current demands but expect a rebound in the future and that this will not be an ongoing problem. There were other transfers made to commerce funds to cover shortfalls. Rep. Bennion also reported on HIPA Utah and that they found some money for that program.

3. Approval of Revenue Estimates

Motion: Rep. Bigelow moved to adopt the attached February consensus revenue estimates for FY 2003 and FY 2004.

The committee discussed the motion. Sen. Valentine asked for an explanation on how these numbers were determined. Andrea Wilko, Legislative Fiscal Analyst, explained to the committee that these numbers are very conservative and show an improvement because they are no longer dropping but remaining flat. She mentioned a positive aspect are increases in the oil tax, corporate franchises, and the inheritance tax. Sen. Valentine asked whether the prospect of war with Iraq had been factored in? Dr. Wilko responded that the numbers include a forecast for that possibility of up to one year. She felt that the projections are mid range for FY 03 and a little more confident for FY 04, yet are still very conservative.

The motion to adopt the revenue estimates passed unanimously.

4. Economic Development and Human Resources

Sen. Carlene Walker and Rep. Sheryl Allen came before the committee. Rep. Allen presented a summary of their subcommittee's budget. They have consolidated the ethnic offices of Asian, Black, Hispanic, and Pacific Islander Affairs into Community Development to mitigate the impact of the reductions. This consolidation excludes the office of Indian affairs as they are mandated to remain a separate entity. Rep. Allen stated that the intent language adopted by the subcommittee specifically addresses performance based measures and requests that most of programs under Community and Economic Development have non-lapsing funding. The subcommittee analyzed the Economic Development funding and those areas that would have a quick turnaround at generating revenue as well as creating a wish list.

5. Natural Resources

Rep. Ure presented their budget to the committee and addressed the two percent cuts taken by subcommittee. He listed a few unresolved problems such as the need to find supplemental money for grasshopper control in '03 and a need to deal with diseased domestic rabbit herds. The state traditionally reimburses farmers who are ordered by the state to destroy these diseased rabbits. The subcommittee also has to deal with an increase in rental costs for the Division of Water Rights Office in Price. In order to balance the budget they have moved money from dedicated credits to replace general fund money.

6. Transportation, Environmental Quality and National Guard

Rep. Bush and Sen. Eastman came before the committee. Rep. Bush presented their budget to the committee. He began with the Department of Environmental Quality. This department has many federal mandates that are required to be funded and utilize matching funds so the budget cuts will be deeply felt. Most of the two percent reductions are coming from DEQ and will result in cutting entire programs not just budgets. The subcommittee proposes cutting inspections of X-ray equipment as some entities can find private sources for this. Eliminating some air quality monitoring stations was approved by the subcommittee as they felt that the vital stations could get some federal money.

Rep. Bush next addressed the Transportation Department. Although the Centennial Highway Funds doesn't receive much from the General Fund the amount there is critical. The subcommittee held fast to that amount because if highway funding is cut then they will not be able to make the bond payments for I-15. Sen. Eastman commented that although there may not appear to be cuts, the budget was thoroughly reviewed. Rep. Bush explained that the Dept. of Transportation inspects tramways at ski resorts and that the cost to state is only reimbursed by a third so they are looking at how to charge more for these inspections. The state owns the ferry boats at Lake Powell and they are looking at the operating costs and considering privatization. Transportation also oversees airports and deals with the expenses associated with those.

The subcommittee wanted to minimize impact to the National Guard as 50% of the Guard has

been called up. The Guard receives 98% of its funding from federal funds but the state portion is important. The Guard has been trying to cut maintenance costs and performs as much maintenance as they can at a cost lower than could be provided by DFCM. The budgets for Veteran Affairs, Veteran Services and Nursing Homes were also evaluated by the subcommittee.

7. Legislature

Sen. Blackham stated that the hearing for the Legislature would be held in a later meeting.

8. Executive Offices and Criminal Justice

Sen. Buttars and Rep. Hogue came before the committee. Rep Hogue presented the budget and stated that they are highly dependant on General Fund monies. They have taken budget reductions in courts, public safety, and corrections. Their recommendations list the cuts and one-time money transfers made by the subcommittee. They approved intent language regarding the combination of two divisions' line items in Corrections and a study of combining training academies for POST and Corrections. The subcommittee voted on fee and salary increases.

Sen. Buttars commented on controversial issues addressed by the subcommittee. The first is the Victims Reparations Funds. That fund did have some taken away but it has a large reserve and the fund is taking in enough to cover their spending. The second issue was the Fire Academy. Sen. Buttars stated that they have not been touched in the past so this year they took some from the restricted account. The subcommittee discussed closing Lone Peak and the early release of some inmates as it is not fully utilized during the day. There is also intent language on a study to consider outsourcing medical care at the prison. Speaker Stephens asked if the study could be done before end of session as it could result in a large savings. Sen. Buttars responded that it couldn't be done that quickly. John Massey, Legislative Fiscal Analyst, stated that a contingency appropriation could be made that is subject to the result of study then the adjusted appropriation would take effect.

8. Health and Human Services

Sen. Steele and Rep. Seitz came before the committee. Rep. Seitz began with the presentation for the Health Dept. The subcommittee's primary concern is how to minimize the impact of diminished services and that the reduction is affecting the elderly and disabled who are reduced to living at or below the poverty level. The subcommittee did not have enough money to address early intervention programs.

Sen. Steele emphasized that when money is cut from the state budget, the impact of federal matching rates is very significant. The subcommittee tried to maximize the federal dollars that would be received and shifted allocations to increase utilization. They have reallocated elsewhere the \$21 million cut from Human Services since the reductions began and they requested to not have to take the additional two percent cut as their cuts have been so severe.

The Department of Human Services estimates that if the Division of Services for People with Disabilities could increase funding then they could remove people from the waiting list into programs. An increase in licensing fees could generate more money. Some of the problems the subcommittee has are increased Medicaid costs and providing care for clients in nursing homes. Human Services has not resolved the issue of Child Welfare staffing. The Division of Child and Family Services proposes to add 50 caseworkers and trainers to help it comply with court ordered child welfare practices. If the number of caseworkers doesn't increase the state could have more litigation costs. There is currently a high turnover in this area due to low wages and high workloads. The highest percent of increase in the state is in providing services to the aging. This has been a challenge for the subcommittee as well as dealing with substance abuse demands.

9. Higher Education

Rep. Brad Johnson and Sen. David Gladwell presented the subcommittee budget with the required cuts. The subcommittee recommended that the Board of Regents be empowered to decide where the two percent cuts take place. Enrollment growth in higher education has exceeded 29,000 students in the last decade and the universities have unfunded growth right now. Their budget also had to take into account other mandated inflationary costs in FY 04 which leave other needs unfunded such as the New Century Scholarships. Students have higher tuition costs and are bearing a greater burden of mandated costs such as O and M and utilities. There is a concern about losing financial aid federal matching funds for medical education if the state match is cut.

Rep. Johnson commented on three things to focus on:

1. Increased O and M for buildings. Although the number of new buildings is increasing O and M is not.
2. He feels that public money should provide for \$1.3 million of student aid and welfare for students and not from increased tuition.
3. The subcommittee would like to see UEN be held harmless and even add money there in order to deliver low-cost broad based education.

Sen. Valentine commented on the proposed cuts to be made by the Board of Regents which would have a greater effect on the smaller institutions. Sen. Gladwell responded that historically the larger universities have taken the most cuts and a with smaller cut this year they could use the money to pursue becoming centers of excellence and national models.

Sen. Hickman asked if Zero Base Budgeting for the upcoming years has been considered. Speaker Stephens addressed border waivers and out of state tuition and whether the committee had taken a position on that issue. The committee briefly discussed HB 75, Nonresident Tuition for Higher Education Amendments, by Rep. Pace and what effect it would have on the state's institutions. Sen Allen commented that money from research centers is very important and that it could lead to possible harm to the state if those out of state students feel unwelcome.

10. Public Education

Rep. Snow and Sen. Stephenson came before the committee. Sen. Stephenson presented the budget and expressed appreciation to the subcommittee and staff. The subcommittee has a balanced budget as required and have fully funded new students within the parameters of the budget presentation. They reallocated money within the budget and created a new approach to charter school students which will fund them equitably with regular students. They have proposed to have a separate line item for the charter school revenue that is not combined with the minimum school fund. Another consideration was to have proportional weighting for charter school students from elementary to high school. Sen. Stephenson listed some of the issues facing the committee. One of these is the lack of local revenues for the School of the Deaf and Blind as this prevents them from keeping up with the salary schedule. Another issue is the higher cost of adults in high school programs who need to bear more of the cost. In order to deal with the budget cuts the subcommittee proposed taking away from the block grant in Teacher quality and cutting UPASS training. They felt that if additional funding becomes available then the subcommittee should determine where the restoration would be made. They would like to restore teacher supplies and materials and also restore board and voted leeways. The subcommittee decided to use some of the Trust Land money temporarily and the committee discussed the legality of this, if it would be a cap, and how much would actually be taken. This use of Trust Land money would require a statutory change. Rep. Snow commented that they really struggled to provide the necessities and that nice-to-haves may not be funded.

11. Committee Business

Sen. Waddoups requested that the analysts give an indication of which fees have increased from last year.

Motion: Rep. Bigelow moved to adjourn. The motion passed unanimously.
Meeting adjourned at 6:15 p.m.

Sen. Leonard Blackham
Committee Co-Chair

Rep. Ron Bigelow
Committee Co-Chair