

1 **BUDGETING PROCEDURES AMENDMENTS**

2 2011 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: John Dougall**

5 Senate Sponsor: Wayne L. Niederhauser

6

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions in the Budgetary Procedures Act.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ provides that the governor may elect to submit, as opposed to being required to
- 13 submit, a proposed budget under the Budgetary Procedures Act;
- 14 ▶ modifies language to add additional clarity to the requirements for proposed
- 15 budgets;
- 16 ▶ provides that the proposed budget may specify changes in estimates, projections,
- 17 and proposals;
- 18 ▶ modifies the statutory structure of the code;
- 19 ▶ provides that the governor has discretion in submitting a budget proposal rather than
- 20 having an obligation to do so; and
- 21 ▶ makes technical changes.

22 **Money Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 None

26 **Utah Code Sections Affected:**

27 AMENDS:



28 63J-1-201, as last amended by Laws of Utah 2010, Chapter 415

29 63J-1-411, as renumbered and amended by Laws of Utah 2009, Chapter 183

30 ENACTS:

31 63J-1-201.5, Utah Code Annotated 1953

32 63J-1-201.7, Utah Code Annotated 1953



34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section 63J-1-201 is amended to read:

36 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**
37 **-- Appropriations based on current tax laws and not to exceed estimated revenues.**

38 (1) ~~[The]~~ If the governor chooses to submit a proposed budget to the Legislature, the
39 governor shall deliver, not later than 30 days before the date the Legislature convenes in the
40 annual general session, a confidential draft copy of the governor's proposed budget
41 recommendations to the Office of the Legislative Fiscal Analyst according to the requirements
42 of this section.

43 (2) (a) ~~[The]~~ When submitting a proposed budget, the governor shall, within the first
44 three days of the annual general session of the Legislature, submit to the presiding officer of
45 each house of the Legislature:

- 46 (i) a proposed budget for the ensuing fiscal year;
- 47 (ii) a schedule for all of the proposed changes to appropriations ~~[of the]~~ in the proposed
48 budget, with each [appropriation] change clearly itemized and classified; and
- 49 ~~[(iii) the statement described in Subsection (2)(c); and]~~
- 50 ~~[(iv)]~~ (iii) as applicable, a document showing proposed ~~[expenditures and]~~ changes in
51 estimated revenues that are based on changes in state tax laws or rates.

52 (b) The proposed budget shall include:

- 53 (i) a projection of the total estimated revenues and ~~[expenditures]~~ appropriations for
54 the next fiscal year;
- 55 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all
56 federal grants or assistance programs included in the budget;
- 57 (iii) a ~~[complete]~~ plan of proposed ~~[expenditures]~~ changes to appropriations and
58 estimated revenues for the next fiscal year that is based upon the current fiscal year state tax

59 laws and rates;

60 (iv) an itemized estimate of the proposed changes to appropriations for:

61 [~~(A)~~ the Legislative Department as certified to the governor by the president of the
62 Senate and the speaker of the House;]

63 [~~(B)~~ (A) the Executive Department;

64 [~~(C)~~ (B) the Judicial Department as certified to the governor by the state court
65 administrator;

66 [~~(D)~~ payment and discharge of the principal and interest of the indebtedness of the
67 state;]

68 [~~(E)~~ the] (C) changes to salaries payable by the state under the Utah Constitution or
69 under law for [the] lease agreements planned for the next fiscal year; and

70 [~~(F)~~ other purposes that are set forth in the Utah Constitution or under law; and];

71 [~~(G)~~ (D) all other changes to ongoing or one-time appropriations[:], including
72 dedicated credits, restricted funds, nonlapsing balances, grants, and federal funds;

73 (v) for each line item, the average annual dollar amount of staff funding associated
74 with all positions that were vacant during the last fiscal year; [~~and~~]

75 (vi) deficits or anticipated deficits[:];

76 [~~(c)~~ The budget shall be accompanied by a statement showing:]

77 [(i) the revenues and expenditures for the last fiscal year;]

78 [(ii) the current assets, liabilities, and reserves, surplus or deficit, and the debts and
79 funds of the state;]

80 [(iii) an estimate of the state's financial condition as of the beginning and the end of the
81 period covered by the budget;]

82 [~~(iv)~~ a complete analysis of lease with an option to purchase arrangements entered into
83 by state agencies;]

84 [~~(v)~~ (vii) the recommendations for each state agency for new full-time employees for
85 the next fiscal year, which shall also be provided to the State Building Board as required by
86 Subsection 63A-5-103(2);

87 [~~(vi)~~ (viii) any explanation that the governor may desire to make as to the important
88 features of the budget and any suggestion as to methods for the reduction of expenditures or
89 increase of the state's revenue; and

90 [~~(vii)~~] (ix) information detailing certain fee increases as required by Section 63J-1-504.

91 (3) [~~(a)-(i)~~] For the purpose of preparing and reporting the proposed budget~~[, the]~~:

92 (a) The governor shall require the proper state officials, including all public and higher
93 education officials, all heads of executive and administrative departments and state institutions,
94 bureaus, boards, commissions, and agencies expending or supervising the expenditure of the
95 state money, and all institutions applying for state money and appropriations, to provide
96 itemized estimates of changes in revenues and [~~expenditures~~] appropriations.

97 [~~(i)~~] (b) The governor may [~~also~~] require the persons and entities subject to Subsection
98 (3)(a) to provide other information under these guidelines and at times as the governor may
99 direct, which may include a requirement for program productivity and performance measures,
100 where appropriate, with emphasis on outcome indicators.

101 [~~(b)~~] (c) The governor may require representatives of public and higher education, state
102 departments and institutions, and other institutions or individuals applying for state
103 appropriations to attend budget meetings.

104 [~~(c)-(i)-(A)~~] (4) In submitting the budgets for the Departments of Health and Human
105 Services and the Office of the Attorney General, the governor shall consider a separate
106 recommendation in the governor's budget for changes in funds to be contracted to:

107 [~~(F)~~] (a) local mental health authorities under Section 62A-15-110;

108 [~~(H)~~] (b) local substance abuse authorities under Section 62A-15-110;

109 [~~(HH)~~] (c) area agencies under Section 62A-3-104.2;

110 [~~(IV)~~] (d) programs administered directly by and for operation of the Divisions of
111 Substance Abuse and Mental Health and Aging and Adult Services;

112 [~~(V)~~] (e) local health departments under Title 26A, Chapter 1, Local Health
113 Departments; and

114 [~~(VI)~~] (f) counties for the operation of Children's Justice Centers under Section
115 67-5b-102.

116 [~~(B)~~] (5)(a) [~~In the governor's budget recommendations under Subsections~~
117 ~~(3)(c)(i)(A)(I), (H), and (HH), the]~~ In making budget recommendations, the governor shall
118 consider an amount sufficient to grant the following entities the same percentage increase for
119 wages and benefits that the governor includes in the governor's budget for persons employed by
120 the state:

121 (i) local health departments, local mental health authorities, local substance abuse
122 authorities, and area agencies [~~the same percentage increase for wages and benefits that the~~
123 ~~governor includes in the governor's budget for persons employed by the state.];~~

124 [~~(C) If the governor does not include in the governor's budget an amount sufficient to~~
125 ~~grant the increase described in Subsection (3)(c)(i)(B), the governor shall include a message to~~
126 ~~the Legislature regarding the governor's reason for not including that amount.]~~

127 [(ii) (A) ~~In submitting the budget for the Department of Agriculture, the governor shall~~
128 ~~consider an amount sufficient to grant]~~

129 (ii) local conservation districts and Utah Association of Conservation District
130 employees [~~the same percentage increase for wages and benefits that the governor includes in~~
131 ~~the governor's budget for persons employed by the state.], as related to the budget for the
132 Department of Agriculture; and~~

133 [(B) ~~If the governor does not include in the governor's budget an amount sufficient to~~
134 ~~grant the increase described in Subsection (3)(c)(ii)(A), the governor shall include a message to~~
135 ~~the Legislature regarding the governor's reason for not including that amount.]~~

136 [(iii) (A) ~~In submitting the budget for the Utah State Office of Rehabilitation and the~~
137 ~~Division of Services for People with Disabilities, the Division of Child and Family Services,~~
138 ~~and the Division of Juvenile Justice Services within the Department of Human Services, the~~
139 ~~governor shall consider an amount sufficient to grant]~~

140 (iii) employees of corporations that provide direct services under contract with [~~those~~
141 ~~divisions, the same percentage increase for cost-of-living that the governor includes in the~~
142 ~~governor's budget for persons employed by the state.];~~

143 (A) the Utah State Office of Rehabilitation and the Division of Services for People
144 with Disabilities;

145 (B) the Division of Child and Family Services; and

146 (C) the Division of Juvenile Justice Services within the Department of Human
147 Services.

148 [(B)] (b) If the governor does not include in the governor's budget an amount sufficient
149 to grant [~~the~~] an increase for any entity described in [Subsection (3)(c)(iii)(A)] Subsection
150 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason
151 for not including that amount.

152 ~~[(iv)-(A)]~~ (6) (a) The Families, Agencies, and Communities Together Council may
153 propose a budget recommendation to the governor for collaborative service delivery systems
154 operated under Section 63M-9-402, as provided under Subsection 63M-9-201(4)(e).

155 ~~[(B)]~~ (b) The Legislature may, through a specific program schedule, designate funds
156 appropriated for collaborative service delivery systems operated under Section 63M-9-402.

157 ~~[(v)]~~ (7) The governor shall include in the governor's budget the state's portion of the
158 budget for the Utah Communications Agency Network established in Title 63C, Chapter 7,
159 Utah Communications Agency Network Act.

160 ~~[(vi)-(A)]~~ (8) (a) The governor shall include a separate recommendation in the
161 governor's budget for funds to maintain the operation and administration of the Utah
162 Comprehensive Health Insurance Pool. ~~[(B)]~~ In making the recommendation, the governor
163 may consider:

164 ~~[(F)]~~ (i) actuarial analysis of growth or decline in enrollment projected over a period of
165 at least three years;

166 ~~[(H)]~~ (ii) actuarial analysis of the medical and pharmacy claims costs projected over a
167 period of at least three years;

168 ~~[(H)]~~ (iii) the annual Medical Care Consumer Price Index;

169 ~~[(IV)]~~ (iv) the annual base budget for the pool established by the Commerce and
170 Revenue Appropriations Subcommittee for each fiscal year;

171 ~~[(V)]~~ (v) the growth or decline in insurance premium taxes and fees collected by the
172 State Tax Commission and the Insurance Department; and

173 ~~[(VI)]~~ (vi) the availability of surplus General Fund revenue under Section 63J-1-312
174 and Subsection 59-14-204(5)(b).

175 (b) In considering the factors in Subsections (8)(a)(i), (ii), and (iii), the governor may
176 consider the actuarial data and projections prepared for the board of the Utah Comprehensive
177 Health Insurance Pool as it develops the governor's financial statements and projections for
178 each fiscal year.

179 ~~[(d)-(i)]~~ (9) (a) The governor may revise all estimates, except those relating to the
180 Legislative Department, the Judicial Department, and those providing for the payment of
181 principal and interest to the state debt and for the salaries and expenditures specified by the
182 Utah Constitution or under the laws of the state.

183 ~~[(ii) The estimate for the Legislative Department, as certified by the presiding officers~~
184 ~~of both houses, shall be included in the budget without revision by the governor.]~~

185 ~~[(iii) (b) The estimate for the Judicial Department, as certified by the state court~~
186 ~~administrator, shall also be included in the budget without revision, but the governor may make~~
187 ~~separate recommendations on the estimate.~~

188 ~~[(e) (10) The total appropriations requested for expenditures authorized by the budget~~
189 ~~may not exceed the estimated revenues from taxes, fees, and all other sources for the next~~
190 ~~ensuing fiscal year.~~

191 ~~[(4) In considering the factors in Subsections (3)(c)(vi)(B)(I), (II), and (III) and~~
192 ~~Subsections (5)(b)(ii)(A), (B), and (C), the governor and the Legislature may consider the~~
193 ~~actuarial data and projections prepared for the board of the Utah Comprehensive Health~~
194 ~~Insurance Pool as it develops its financial statements and projections for each fiscal year.]~~

195 ~~[(5) (a) In adopting a budget for each fiscal year, the Legislature shall consider an~~
196 ~~amount sufficient to grant local health departments, local mental health authorities, local~~
197 ~~substance abuse authorities, area agencies on aging, conservation districts, and Utah~~
198 ~~Association of Conservation District employees the same percentage increase for wages and~~
199 ~~benefits that is included in the budget for persons employed by the state.]~~

200 ~~[(b) (i) In adopting a budget each year for the Utah Comprehensive Health Insurance~~
201 ~~Pool, the Legislature shall determine an amount that is sufficient to fund the pool for each~~
202 ~~fiscal year.]~~

203 ~~[(ii) When making a determination under Subsection (5)(b)(i), the Legislature shall~~
204 ~~consider factors it determines are appropriate, which may include:]~~

205 ~~[(A) actuarial analysis of growth or decline in enrollment projected over a period of at~~
206 ~~least three years;]~~

207 ~~[(B) actuarial analysis of the medical and pharmacy claims costs projected over a~~
208 ~~period of at least three years;]~~

209 ~~[(C) the annual Medical Care Consumer Price Index;]~~

210 ~~[(D) the annual base budget for the pool established by the Commerce and Revenue~~
211 ~~Appropriations Subcommittee for each fiscal year;]~~

212 ~~[(E) the growth or decline in insurance premium taxes and fees collected by the tax~~
213 ~~commission and the insurance department from the previous fiscal year; and]~~

214 ~~[(F) the availability of surplus General Fund revenue under Section 63J-1-312 and~~
215 ~~Subsection 59-14-204(5)(b).]~~

216 ~~[(iii) The funds appropriated by the Legislature to fund the Utah Comprehensive~~
217 ~~Health Insurance Pool as determined under Subsection (5)(b)(i):]~~

218 ~~[(A) shall be deposited into the fund established by Section 31A-29-120; and]~~

219 ~~[(B) are restricted and are to be used to maintain the operation, administration, and~~
220 ~~management of the Utah Comprehensive Health Insurance Pool created by Section~~
221 ~~31A-29-104.]~~

222 ~~[(6)] (11) If any item of the budget as enacted is held invalid upon any ground, the~~
223 ~~invalidity does not affect the budget itself or any other item in it.~~

224 Section 2. Section **63J-1-201.5** is enacted to read:

225 **63J-1-201.5. Financial statement to be submitted annually.**

226 The governor shall submit an audited financial statement no later than December 1 of
227 each year that shows:

228 (1) the revenues and expenditures for the last fiscal year;

229 (2) payment and discharge of the principal and interest of the indebtedness of the state;

230 (3) the current assets, liabilities, and reserves, surplus or deficit, and the debts and
231 funds of the state;

232 (4) an estimate of the state's financial condition as of the beginning and the end of the
233 period covered by the budget; and

234 (5) a complete analysis of lease with an option to purchase arrangements entered into
235 by state agencies.

236 Section 3. Section **63J-1-201.7** is enacted to read:

237 **63J-1-201.7. Legislative budget considerations -- Wage increases for certain**
238 **entities -- Comprehensive health insurance pool.**

239 (1) In adopting a budget for each fiscal year, the Legislature shall consider an amount
240 sufficient to grant local health departments, local mental health authorities, local substance
241 abuse authorities, area agencies on aging, conservation districts, and Utah Association of
242 Conservation District employees the same percentage increase for wages and benefits that is
243 included in the budget for persons employed by the state.

244 (2) (a) In adopting a budget each year for the Utah Comprehensive Health Insurance

245 Pool, the Legislature shall determine an amount that is sufficient to fund the pool for each
246 fiscal year.

247 (b) When making a determination under this Subsection (2), the Legislature shall
248 consider factors it determines are appropriate, which may include:

249 (i) actuarial analysis of growth or decline in enrollment projected over a period of at
250 least three years;

251 (ii) actuarial analysis of the medical and pharmacy claims costs projected over a period
252 of at least three years;

253 (iii) the annual Medical Care Consumer Price Index;

254 (iv) the annual base budget for the pool established by the Commerce and Revenue
255 Appropriations Subcommittee for each fiscal year;

256 (v) the growth or decline in insurance premium taxes and fees collected by the tax
257 commission and the insurance department from the previous fiscal year; and

258 (vi) the availability of surplus General Fund revenue under Section 63J-1-312 and
259 Subsection 59-14-204(5)(b).

260 (c) In considering the factors in Subsections (2)(b)(i), (ii), and (iii), the Legislature may
261 consider the actuarial data and projections prepared for the board of the Utah Comprehensive
262 Health Insurance Pool as it develops its financial statements and projections for each fiscal
263 year.

264 (d) The funds appropriated by the Legislature to fund the Utah Comprehensive Health
265 Insurance Pool as determined under this Subsection (2):

266 (i) shall be deposited into the fund established by Section 31A-29-120; and

267 (ii) are restricted and are to be used to maintain the operation, administration, and
268 management of the Utah Comprehensive Health Insurance Pool created by Section
269 31A-29-104.

270 Section 4. Section **63J-1-411** is amended to read:

271 **63J-1-411. Internal service funds -- End of fiscal year -- Unused authority for**
272 **capital acquisition.**

273 (1) An internal service fund agency's authority to acquire capital assets under
274 Subsection 63J-1-410(8)(a) shall lapse if the acquisition of the capital asset does not occur in
275 the fiscal year in which the authorization is included in the appropriations act, unless the

276 Legislature identifies the authority to acquire the capital asset as nonlapsing authority:
277 (a) for a specific one-time project and a limited period of time in the Legislature's
278 initial appropriation to the agency; or
279 (b) in a supplemental appropriation in accordance with Subsection (2).
280 (2) (a) An internal service fund agency's authority to acquire capital assets may be
281 retained as nonlapsing authorization if the internal service fund agency includes a one-time
282 project's list as part of the budget request that it submits to the governor and the Legislature at
283 the annual general session of the Legislature immediately before the end of the fiscal year in
284 which the agency may have unused capital acquisition authority.
285 (b) The governor:
286 (i) may approve some or all of the items from an agency's one-time project's list; and
287 (ii) shall identify and prioritize any approved one-time projects in the budget that the
288 governor submits to the Legislature.
289 (c) The Legislature:
290 (i) may approve some or all of the specific items from an agency's one-time project's
291 list as an approved capital acquisition for an agency's appropriation balance;
292 (ii) shall identify any authorized one-time projects in the appropriate line item
293 appropriation; and
294 (iii) may prioritize one-time projects in intent language.
295 (3) An internal service fund agency shall submit a status report of outstanding
296 nonlapsing authority to acquire capital assets and associated one-time projects to the
297 Governor's Office of Planning and Budget and the Legislative Fiscal Analyst's Office with the
298 proposed budget [~~required by~~] that may be submitted by the governor as provided under
299 Section 63J-1-201.

Legislative Review Note
as of 3-8-11 6:41 PM

Office of Legislative Research and General Counsel