

1 **JOINT RULES RESOLUTION ON BASE BUDGETING**

2 **PROVISIONS**

3 2019 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Jefferson Moss**

6 Senate Sponsor: Daniel Hemmert

8 **LONG TITLE**

9 **General Description:**

10 This resolution modifies joint rules related to base budgeting.

11 **Highlighted Provisions:**

12 This resolution:

- 13 ▶ defines terms;
- 14 ▶ requires every appropriations subcommittee to create a zero based budget for a
- 15 percentage of the subcommittee's budgets each interim; and
- 16 ▶ modifies provisions governing appropriations subcommittee meetings.

17 **Special Clauses:**

18 None

19 **Legislative Rules Affected:**

20 AMENDS:

21 **JR3-2-101**

22 **JR3-2-402**

23 **JR3-2-501**

24 **JR4-2-406**

26 *Be it resolved by the Legislature of the state of Utah:*

27 Section 1. **JR3-2-101** is amended to read:



28 **JR3-2-101. Definitions.**

29 As used in this chapter:

30 (1) "Base budget" means:31 (a) a zero based budget; or32 (b) for a line item or program that was not the subject of a zero based budget analysis
33 during the immediately preceding interim, a simple base budget.34 [~~1~~] (2) "Chair" means:35 (a) the chair of an appropriations subcommittee or the Executive Appropriations
36 Committee; or37 (b) a member of a joint appropriations subcommittee or the Executive Appropriations
38 Committee member who is authorized to act as chair under JR3-2-303.39 [~~2~~] (3) "Committee" means a joint appropriations subcommittee or the Executive
40 Appropriations Committee.41 [~~3~~] (4) "Majority vote" means a majority of a quorum as provided in JR3-2-404.42 [~~4~~] (5) "Original motion" means a non-privileged motion that is accepted by the chair
43 when no other motion is pending.44 [~~5~~] (6) "Pending motion" refers to a motion starting when a chair accepts a motion
45 and ending when the motion is withdrawn or when the chair calls for a vote on the motion.46 [~~6~~] (7) (a) "Privileged motion" means a procedural motion to adjourn, set a time to
47 adjourn, recess, end debate, extend debate, or limit debate.

48 (b) "Privileged motions" are not substitute motions.

49 [~~7~~] (8) "Proposed budget item" means any item under consideration by an
50 appropriations committee for inclusion in an appropriations bill.51 (9) (a) "Simple base budget" means amounts appropriated by the Legislature for each
52 line item for the current fiscal year that:53 (i) are not designated as one-time in an appropriation, regardless of whether the
54 appropriation is covered by ongoing or one-time revenue sources; and55 (ii) were not vetoed by the governor, unless the Legislature overrode the veto.56 (b) "Simple base budget" includes:57 (i) any changes to those amounts approved by the Executive Appropriations
58 Committee; and

59 (ii) amounts appropriated for debt service.

60 ~~[(8)]~~ (10) "Substitute motion" means a non-privileged motion that is made when a
61 non-privileged motion is pending.

62 ~~[(9)]~~ (11) "Under consideration" means the time starting when a chair opens a
63 discussion on a subject or an appropriations request that is listed on a committee agenda and
64 ending when the committee disposes of the subject or request, moves on to another item on the
65 agenda, or adjourns.

66 (12) "Zero based budget" means a budget that is created by starting from zero and
67 adding line items and programs recommended through a zero based budget analysis.

68 (13) "Zero based budget analysis" means a review of a line item or program in a simple
69 base budget to determine whether or the extent to which to recommend the line item or
70 program be included in a budget for the upcoming fiscal year.

71 Section 2. **JR3-2-402** is amended to read:

72 **JR3-2-402. Executive appropriations -- Duties -- Base budgets.**

73 ~~[(1) As used in this rule:]~~

74 ~~[(a) "Base budget" means amounts appropriated by the Legislature for each item of~~
75 ~~appropriation for the current fiscal year that:]~~

76 ~~[(i) are not designated as one-time in an appropriation, regardless of whether the~~
77 ~~appropriation is covered by ongoing or one-time revenue sources; and]~~

78 ~~[(ii) were not vetoed by the governor, unless the Legislature overrode the veto.]~~

79 ~~[(b) "Base budget" includes:]~~

80 ~~[(i) any changes to those amounts approved by the Executive Appropriations~~
81 ~~Committee; and]~~

82 ~~[(ii) amounts appropriated for debt service.]~~

83 ~~[(2)]~~ (1) (a) The Executive Appropriations Committee shall meet no later than the third
84 Wednesday in December to:

85 (i) direct staff as to what revenue estimate to use in preparing budget
86 recommendations, to include a forecast for federal fund receipts;

87 (ii) consider treating above-trend revenue growth as one-time revenue for major tax
88 types and for federal funds;

89 (iii) hear a report on the historical, current, and anticipated status of the following:

- 90 (A) debt;
- 91 (B) long term liabilities;
- 92 (C) contingent liabilities;
- 93 (D) General Fund borrowing;
- 94 (E) reserves;
- 95 (F) fund balances;
- 96 (G) nonlapsing appropriation balances;
- 97 (H) cash funded infrastructure investment; and
- 98 (I) changes in federal funds paid to the state;
- 99 (iv) hear a report on:
 - 100 (A) the next fiscal year base budget appropriation for Medicaid accountable care
 - 101 organizations according to Section [26-18-405.5](#);
 - 102 (B) an explanation of program funding needs;
 - 103 (C) estimates of overall medical inflation in the state; and
 - 104 (D) mandated program changes and their estimated cost impact on Medicaid
 - 105 accountable care organizations;
 - 106 (v) decide whether to set aside special allocations for the end of the session, including
 - 107 allocations:
 - 108 (A) to address any anticipated reduction in the amount of federal funds paid to the
 - 109 state; and
 - 110 (B) of one-time revenue to pay down debt and other liabilities;
 - 111 (vi) approve the appropriate amount for each subcommittee to use in preparing its
 - 112 budget;
 - 113 (vii) set a budget figure; and
 - 114 (viii) adopt a base budget in accordance with Subsection [~~(2)~~] (1)(b) and direct the
 - 115 legislative fiscal analyst to prepare one or more appropriations acts appropriating one or more
 - 116 base budgets for the next fiscal year.
 - 117 (b) In a base budget adopted under Subsection [~~(2)~~] (1)(a), appropriations from the
 - 118 General Fund, the Education Fund, and the Uniform School Fund shall be set as follows:
 - 119 (i) if the next fiscal year ongoing revenue estimates set under Subsection [~~(2)~~] (1)(a)(i)
 - 120 are equal to or greater than the current fiscal year ongoing appropriations, the new fiscal year

121 base budget is not changed;

122 (ii) if the next fiscal year ongoing revenue estimates set under Subsection ~~[(2)]~~ (1)(a)(i)
123 are less than the current fiscal year ongoing appropriations, the new fiscal year base budget is
124 reduced by the same percentage that projected next fiscal year ongoing revenue estimates are
125 lower than the total of current fiscal year ongoing appropriations;

126 (iii) in making a reduction under Subsection ~~[(2)]~~ (1)(b)(ii), appropriated debt service
127 shall not be reduced, and other ongoing appropriations shall be reduced, in an amount
128 sufficient to make the total ongoing appropriations, including the unadjusted debt service,
129 equal to the percentage calculated under Subsection ~~[(2)]~~ (1)(b)(ii); and

130 (iv) the new fiscal year base budget shall include an appropriation to the Department of
131 Health for Medicaid accountable care organizations in the amount required by Section
132 [26-18-405.5](#).

133 (c) The chairs of each joint appropriations subcommittee are invited to attend this
134 meeting.

135 ~~[(3)]~~ (2) All proposed budget items shall be submitted to one of the subcommittees
136 named in [JR3-2-302](#) for consideration and recommendation.

137 ~~[(4)]~~ (3) (a) After receiving and reviewing subcommittee reports, the Executive
138 Appropriations Committee may refer the report back to a joint appropriations subcommittee
139 with any guidelines the Executive Appropriations Committee considers necessary to assist the
140 subcommittee in producing a balanced budget.

141 (b) The subcommittee shall meet to review the new guidelines and report the
142 adjustments to the chairs of the Executive Appropriations Committee as soon as possible.

143 ~~[(5)]~~ (4) (a) After receiving the reports, the Executive Appropriations Committee
144 chairs will report them to the Executive Appropriations Committee.

145 (b) The Executive Appropriations Committee shall:

146 (i) make any further adjustments necessary to balance the budget; and

147 (ii) complete all decisions necessary to draft the final appropriations bills no later than
148 the 39th day of the annual general session.

149 Section 3. **JR3-2-501** is amended to read:

150 **JR3-2-501. Meetings -- Zero based budget creation -- Appropriation reviews.**

151 (1) (a) During the interim, the Executive Appropriations Committee shall meet at least

152 every other month on the day before interim meetings.

153 (b) The appropriations subcommittee chairs may attend these meetings and provide
154 input regarding their budget.

155 (2) Appropriation subcommittees shall meet at least once during the interim and may
156 also hold additional meetings if authorized by the Legislative Management Committee.

157 (3) (a) Each interim, each appropriations subcommittee shall create a zero based
158 budget for approximately 20% of the budgets that fall within the appropriation subcommittee's
159 responsibilities.

160 (b) Each appropriations subcommittee shall ensure that each of the budgets for which
161 the appropriations subcommittee has responsibility is the subject of a zero based budget
162 analysis at least once every five years.

163 [~~3~~] (4) (a) The Executive Appropriations Committee may, based on a legislator's or
164 citizen's complaint, review any appropriation, whether in an appropriations bill or otherwise, to
165 ensure that the entity to which the funds were appropriated complies with any legislative intent
166 expressed in the legislation appropriating the funds.

167 (b) If the Executive Appropriations Committee finds that an entity has not complied
168 with any legislative intent concerning an appropriation expressed in the legislation
169 appropriating the fund, the committee may make a recommendation concerning the
170 appropriation to the entity receiving the funds and the Legislative Management Committee.

171 Section 4. **JR4-2-406** is amended to read:

172 **JR4-2-406. Funding mix for state employee compensation adjustments and**
173 **internal service fund rate impacts.**

174 (1) The legislative fiscal analyst shall prepare a budget for state employee
175 compensation adjustments and internal service fund rate impacts that minimizes costs to the
176 unrestricted General Fund, Education Fund, and Uniform School Fund, by:

177 (a) using a mix of funding sources that is proportionate to that of the base budget, as
178 defined [~~under Joint Rule 3-2-402~~] in JR3-2-101, at the appropriation unit level for the same
179 budget year;

180 (b) including sources other than the unrestricted General Fund, Education Fund, and
181 Uniform School Fund, regardless of the availability of additional revenue;

182 (c) adjusting the funding mix when the full or partial use of one or more sources is

183 directed in statute, federal regulation, or the terms of a federal grant; and

184 (d) adjusting the funding mix based on the appropriate use of funding sources other
185 than the unrestricted General Fund, Education Fund, and Uniform School Fund,
186 transportation-related funds, federal funds, restricted accounts, and dedicated credits.

187 (2) When the legislative fiscal analyst adjusts the funding mix in accordance with
188 Subsection (1)(c) or (d), the legislative fiscal analyst shall:

189 (a) eliminate the appropriate portion of the source from the funding mix;

190 (b) deduct the amount associated with the source from the base budget total;

191 (c) recalculate the proportional distribution among remaining sources; and

192 (d) distribute the appropriate budget adjustment amounts accordingly.

193 (3) If the legislative fiscal analyst identifies a funding mix that would provide
194 additional spending authority for sources other than the unrestricted General Fund, Education
195 Fund, and Uniform School Fund and additional revenue is unavailable, in accordance with
196 Subsection (1)(b), an agency may make or request program reductions, reprioritizations,
197 reallocations, or fee increases pursuant with Utah Code Title 63J, Chapter 1, Budgetary
198 Procedures Act.

199 (4) The legislative fiscal analyst shall request that an internal service fund agency
200 reflect state employee compensation adjustments and impacts from rate changes in other
201 internal funds in the rates recommended by the internal service fund agency for a given budget
202 cycle, either:

203 (a) on a prospective basis for the budget year, based on an estimated amount; or

204 (b) on a one-year lag basis, if the specific internal service fund has sufficient operating
205 reserves to maintain the internal service fund's fiscal integrity.

206 (5) (a) The Executive Appropriations Committee may approve for one fiscal year
207 exceptions to the budget preparation criteria described in Subsections (1) through (4).

208 (b) The legislative fiscal analyst shall prepare a budget that includes exceptions
209 approved by the Executive Appropriations Committee under this Subsection (5).

210 (c) The Executive Appropriations Committee shall annually determine whether to
211 re-approve an exception approved by the Executive Appropriations Committee under this
212 Subsection (5).