

Fiscal Highlights

2016 Second Special Session Public Education Appropriations - Jill L.Curry

Following the 2016 General Session, Governor Herbert vetoed Item 6 in Senate Bill (S.B.) 2, Public Education Budget Amendments, which removed appropriations for several programs and restored the appropriation for one program in the Utah State Office of Education - Initiatives Programs line item. The Legislature and Governor's office agreed to convene a Special Session to address the vetoed education funding items. The Special Session was held on May 18th and during the session the Legislature passed S.B. 2001, Public Education Appropriation Restorations, which restored the budget increases and decreases and the intent language originally passed in S.B. 2, Item 6.

In total S.B. 2001 appropriated just under \$1 million ongoing and about \$3.8 million one-time from the Education Fund as detailed in the table below. It also restored intent language which authorizes the use of Temporary Assistance for Needy Families (TANF) funds for UPSTART Early Childhood Education and includes reporting requirements on the use of these funds by the Department of Workforce Services (DWS) to the Office of the Legislative Fiscal Analyst this fall.

S.B. 2001, Public Education Appropriation Restorations		
Appropriation Unit	FY 2017 Ongoing	FY 2017 One-time
Electronic High School	(1,001,100)	---
UPSTART Early Childhood Education	1,500,000	---
ProStart Culinary Arts Program	---	275,000
Electronic Elementary Reading Tool	500,000	---
Early Intervention	---	3,000,000
IT Academy	---	500,000
Total	998,900	3,775,000

Behind the Trends in State Expenditures - Clare Tobin Lence

Each month, LFA staff update the [Expenditures](#) section of the [Fiscal Health Dashboard](#) to help legislators, staff, and others monitor spending by state agencies through the fiscal year. This section of the dashboard includes five key areas: Medicaid, Higher Education, Public Education, Criminal Justice, and Transportation. Dashboard expenditure indicators show a year-to-date amount for recorded spending within the fiscal year -- currently as of day 311. The historical data chart (seen by clicking the "Show History" button) provides some additional detail on trends over time. The red line on the chart shows total Actual (for previous years) and Revised Estimated (for the current year) expenditures. Four of the areas -- all except Transportation -- anticipate increased expenditures in FY 2016 as compared to FY 2015. In each of these cases, the red line shows a greater increase in FY 2016 than the trend would suggest due to new appropriations from the 2015 General Session, when there were significant resources available.

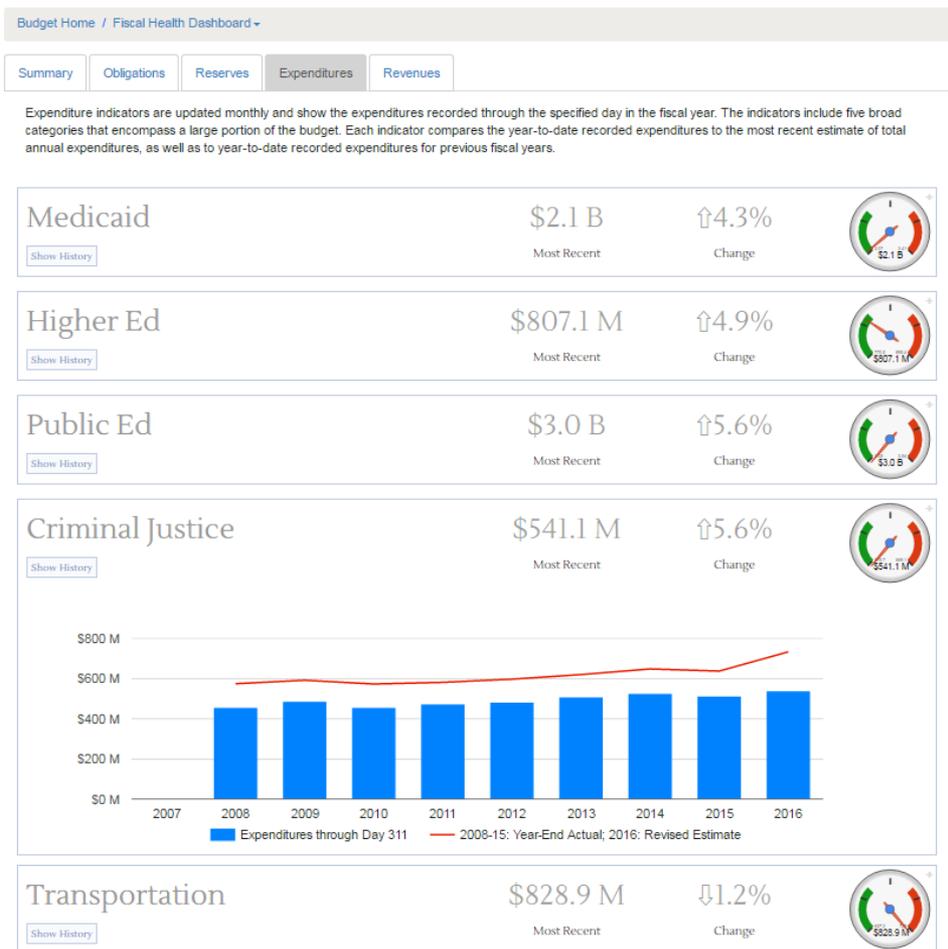
However, most of these areas are not spending as quickly as would be expected given previous year-to-date expenditures and accounting for the new appropriations. The blue bars on the historical data chart show year-to-date spending in each area. The slower spending can be seen on this chart and also on the gauge. If the gauge needle is straight up and down, spending is exactly on track with the previous year's year-to-

date spending, factoring in any increase in appropriations. A needle in the green range indicates slower-than-expected spending; a needle in the red range indicates faster-than-expected spending.

Slower-than-expected spending at day 311 could lead to two possible results by the close of the fiscal year. First, spending could increase in the final months and meet the Revised Estimated total. Second, year-end expenditures could be lower than the Revised Estimated amount, leaving a lapsing or nonlapsing balance. If expenditures close out lower than expected, the red line data point for FY 2016 Actual will be lower than it was for FY 2016 Revised Estimated, pulling down the trend line.

Cautious spending (to avoid overspending), new program implementation, or a need for a supplemental adjustment in the next General Session could all slow spending in a way that may or may not lead to a full catch-up by the close of the fiscal year. In the case that balances result, there are a few potential causes. One is the challenge for agencies to estimate their nonlapsing balances in October, very early in the fiscal year. Agencies may also underestimate nonlapsing balances to avoid having them reallocated during the General Session. Lapsing balances may result from non-state funds, if agencies ultimately collect fewer federal funds, dedicated credits, or restricted funds than what was appropriated. Lastly, changes in accounting policies may influence trend lines.

Each of the areas shown in the Expenditures section illustrates a different example of possible year-end scenarios. A full discussion of the factors driving the trends in these areas will be presented at the June meeting of the Executive Appropriations Committee.



¹ Dashboard categories are for internal comparison only and should not be compared to one another across categories.
² Expenditures and revenue are unaudited and unconsolidated. For audited financial statements, see the State of Utah Consolidated Financial Report.

Figure 1. Dashboard Expenditures as of Day 311, FY 2016, with Criminal Justice detail.

Budget of the State of Utah - 2016 General Session - Ben Leishman

Each year, the Fiscal Analyst's office produces an appropriations report. This year's report is a comprehensive account of actions made by the Legislature during the 2016 General Session, the 2015 1st Special Session, and the 2016 2nd Special Session. The report fulfills a statutory requirement "to prepare after each session of the Legislature, a summary showing the effect of the final legislative program on the financial condition of the state" (UCA 36-12-13(2(j))).

The report begins with a summary of the entire state budget. Information contained in the summary includes several graphics detailing state revenues, expenditures, and the allocation of new discretionary funds available during the 2016 General Session. The summary also highlights employee compensation adjustments, bills that affect revenue, reserve funds, structural balance, and debt. Finally, the summary concludes with several budget tables that provide detail on the state budget.

Following the Statewide Summary, additional sections of the report detail budget changes for each section of the budget, organized by appropriations subcommittee. Each section begins with a written summary highlighting the agencies and line-items covered in the section and any budget changes made by the Legislature. Each of these sections concludes with a series of tables that detail the budget by subcommittee, agency, and line-item.

Each subcommittee section includes an "A3" and "B2" table that provide appropriation adjustment details for each budget year -- A3 details FY 2017 and B2 details FY 2016. The tables answer the common question, "Where was my item funded?" The tables list the item name, the agency that received the appropriation, the line-item where the funds were appropriated, the bill and item number for the appropriation, the revenue source, and finally, the amount appropriated.

The Budget of the State of Utah can be found online at budget.utah.gov or through the following link:

[Budget of the State of Utah](#)

We have created a slide-show presentation you can use when speaking with constituent groups about the budget. The slide-show can be found online at budget.utah.gov or through the following link:

[Utah Budget Slideshow](#)

The Budget of the State of Utah will be updated to reflect the actions taken by the Legislature during the 2016 2nd Special Session. Once these changes are made, the above link will be updated and hard copies will be made available upon request.

Budget Policy Changes Enacted in 2016 G.S. - Steven M. Allred

During the 2016 General Session, the Legislature passed several bills that had an impact on budgetary policy. Many of these changes were based on recommendations from our office as we studied the State's funds and operations. This article highlights ten bills and one appropriation that made budget policy changes. Bills are grouped by theme.

[Medicaid Accountable Care Organizations \(ACOs\)](#)

- **H.J.R. 7**, *Joint Rules Resolution on Medicaid Funding Report*: Requires the Executive Appropriations Committee to hear a report each December on Medicaid ACOs, including base budgets, program needs, medical inflation, and cost of mandated Medicaid program changes.
- **S.B. 154**, *Medicaid Accountable Care Organizations*: Requires the Medicaid base budget to include the cost of mandated Medicaid program changes.

Internal Service Funds (ISFs)

- **H.B. 351**, *Attorney General Fiscal Amendments*: Allows the AG to operate as an ISF for legal services that the office provides to state agencies and establishes a rate committee.
- **S.B. 37**, *Human Resource Management Rate Committee*: Modifies the DHRM rate committee for expanded services to be provided by the ISF.
- **S.B. 52**, *Rate Committee Modifications*: Changes the ISF rate committees to include seven (rather than three) agencies, only one of which may be GOMB, Finance, DTS, or DAS.

Budgeting Procedures

- **S.J.R. 8**, *Joint Rules Resolution on Performance Notes*: Requires a performance note to be printed for every piece of legislation.
- **H.B. 320**, *Federal Funds Procedures Act Amendments*: Requires agencies to submit a copy of the grant approval letter before they may expend the federal grant; puts USBE on similar approval process as the executive and judicial branches; clarifies that exemption for "pass-through federal funds" doesn't apply to federal funds passed through from USBE to a local education agency.
- **Request for Appropriation**, Business Cycle Management: Enhances long-term approaches to budgeting by appropriating \$120,000 to GOMB for an FTE to analyze revenue trends volatility, and budget stress testing; and \$15,000 to LFA for purchase of consulting services and economic scenarios for stress testing.
- **H.B. 310**, *Tax Credit Review Amendments*: Required the Revenue and Taxation Interim Committee and LFA to review certain tax credits during the 2016 Interim.
- **S.B. 17**, *Revenue and Taxation Amendments*: Clarifies the formula for calculating the oil and gas severance tax.
- **S.B. 212**, *Wildland Fire Suppression Fund*: Amends year-end General Fund surplus deposit requirements, requiring up to \$4 million of any surplus to be deposited in the Wildland Fire Suppression Fund, thus shifting potential future deposits from other accounts and transfers.

Dredging the Great Salt Lake and Utah Lake - Ivan D. Djambov

The low water levels at the Great Salt Lake and Utah Lake motivated the 2015 Legislature to appropriate \$3 million one-time from restricted accounts (\$2.5 million from the Sovereign Lands Management Account and \$500,000 from the State Park Fees Account) for the dredging of the marinas of the two lakes. The Division of Facilities and Construction Management (DFCM) is overseeing these projects. DFCM has contracted with an engineering firm, J-U-B Engineers, to do the design and secure the necessary permits. As of May 2016, the status of the two dredging projects is as follows:

The Great Salt Lake

The Army Corp of Engineers has just issued the necessary permit (after 10 months instead of the projected 18 months) and the construction contract is planned to be awarded by the end of May or early June, 2016.

The total budget for this project is \$1.5 million: \$100,000 for J-U-B Engineers, \$60,000 for DFCM's 4% fee, and the remaining for dredging.

The engineers have determined that the best method for this project is to use Suction Dredging. The plan is to dredge 75% to 90% of the marina three-foot deep, starting at the marina entrance and working east. The dredging spoils will be placed at the parking lot of the old Saltair building, about two miles to the east of the marina.

Utah Lake

The permitting process for this project is not yet completed. The Army Corp of Engineers has not issued the permit. At Utah Lake there are additional permitting requirements that have to be obtained from the U.S. Fish and Wildlife Service concerning the endangered June Sucker. It is anticipated that all permits and approvals will be secured and the construction will begin this fall. The total budget for this project is also \$1.5 million: \$100,000 for J-U-B Engineers, \$60,000 for DFCM's 4% fee, and the remaining for dredging.

The best method for this dredging project determined by the engineering firm is to use a coffer dam. The plan is to excavate three-foot deep most of the main channel and the main part of the marina. Local residents have expressed interest in obtaining the dredging materials from Utah Lake.

Higher Education Tuition Increases for 2016-17 - Spencer C. Pratt

During its regular meeting on April 1, 2016, the State Board of Regents approved a first-tier tuition increase of 3.5% for the 2016-2017 school year. In addition to the first-tier increase, two institutions - the University of Utah and Dixie State University - requested second-tier tuition increases, which were also approved at 0.4% and 1.5%, respectively. The increases will add between \$109 and \$278 to the resident undergraduate tuition costs for students. The expected revenue from the increase is approximately \$23.3 million. Of this amount, \$12.8 million (55%) will be used for compensation-related expenses, including compensation increases, new hiring, promotion, and retention efforts. The remaining funds will be used for student support, utilities and maintenance, mandated costs, instructional support, and IT support.

In addition to the tuition increases, the board also approved fee decreases/increases. Fees will go down at Utah Valley University (-2.5%) and remain at the current level at Snow College. Fees will increase at Utah State University (0.5%), Salt Lake Community College (2.7%), Weber State University (3.2%), Dixie State University (3.4%), University of Utah (4.0%), and Southern Utah University (4.7%). Fees cover the following major items: student activities/support, building bonds, building support, athletics, health, technology, and other purposes.

In April 2016, the Utah College of Applied Technology (UCAT Board of Trustees approved a 2.9% increase (\$0.05 per membership hour) in Tier 1 tuition which results in a tuition rate of \$1.80 per hour at all of the Applied Technology Colleges for FY 2017. The Board of Trustees approved changes to Tier 2 tuition rates at three UCAT campuses as shown in the following table:

	FY 2016 Tier 1 Tuition Rate	FY 2017 Tier 1 Tuition Rate	FY 2016 Tier 2 Tuition Rate	FY 2017 Tier 2 Tuition Rate	
BATC	\$1.75	\$1.80	\$0.05	\$0.05	\$1.85
DATC	\$1.75	\$1.80	\$0.20	\$0.25	\$2.05
DXATC	\$1.75	\$1.80	\$0.20	\$0.45	\$2.25

MATC	\$1.75	\$1.80	\$0.20	\$0.20	\$2.00
OWATC	\$1.75	\$1.80	\$0.05	\$0.10	\$1.90
SWATC	\$1.75	\$1.80	\$0.00	\$0.00	\$1.80
TATC	\$1.75	\$1.80	\$0.00	\$0.00	\$1.80
UBATC	\$1.75	\$1.80	\$0.20	\$0.20	\$2.00

Legislature funds \$57 million of new requests with TANF - Stephen C. Jardine

The Department of Workforce Services (DWS) administers the federal Temporary Assistance for Needy Families (TANF) program - a flexible funding source for states to assist needy families. During the 2016 General Session the Legislature authorized \$57 million in TANF funds to assist Utah families in need. The list of items authorized includes:

2016 General Session						Item Name	
#	Amount	SFY15	SFY16	SFY17	SFY18	SFY19	
1	\$33,000,000			\$11,000,000	\$11,000,000	\$11,000,000	Access to High Quality School Readiness Programs (S.B. 101)
2	\$4,500,000			\$1,500,000	\$1,500,000	\$1,500,000	Crisis/Respite Nurseries
3	\$6,250,000			\$2,250,000	\$2,250,000	\$2,250,000	Homeless Reform Initiative (H.B. 436)
4	\$324,000			\$108,000	\$108,000	\$108,000	Lethality Assessment Protocol
5	\$787,000			\$787,000			Domestic Violence Shelters
6	\$450,000			\$450,000			Homeless Children Supplemental Education Funding
7	\$430,000			\$430,000			Succeed at the Club
8	\$500,000			\$500,000			UPSTART
9	\$600,000			\$600,000			Sexual Violence/Assault Funding
10	\$300,000			\$300,000			The Marriage Commission
11	\$464,000		\$249,000	\$215,000			Abstinence and Personal Responsibility Education
12	\$6,000,000			\$2,000,000	\$2,000,000	\$2,000,000	Access to Recovery (Department of Human Services)
13	\$3,000,000			\$1,000,000	\$1,000,000	\$1,000,000	Home Visiting Program (Department of Health)
14	\$100,000			\$100,000			Mental Health Early Intervention Evaluation (Department of Human Services)
	\$57,205,000	\$0	\$249,000	\$21,240,000	\$17,858,000	\$17,858,000	Total New TANF Funding Authorized During 2016 General Session

Background:

Utah receives an annual TANF block grant of \$75.6 million. During the 2014 General Session, DWS indicated it had \$107 million in excess TANF spending authority beyond its annual block grant amount. This additional spending authority is referred to here as TANF reserve. In response, the Legislature reviewed potential uses of this TANF reserve during its 2014, 2015, and 2016 General Sessions and authorized a total of \$76.1 million for programs that qualified by meeting one of the four specified TANF purposes (see Table 4 in Appendix B of *Workforce Services TANF Funds - 2016 General Session* issue brief found at: le.utah.gov/interim/2016/pdf/00002205.pdf.)

Medicaid Used 25% of Available General Fund in FY 2015 - Russell T. Frandsen

Five State government entities (Departments of Health, Human Services, and Workforce Services as well as the Office of Inspector General and the Attorney General's Medicaid Fraud Control Unit) together with the University of Utah Hospitals and Clinics spent \$2,438,200,800 total funds in FY 2015 on Medicaid. The federal government provided 69% or \$1,686,866,300 of the total funding (includes federal offsets from other revenue sources) with the remaining \$751,334,500 or 31% from matching funds. Of the \$751,334,500 in matching funds, the State General Fund provided \$553,909,000 or 74%, the Education Fund another \$7,212,000 or 1%, and other entities provided the remaining \$190,213,500. Generally these entities are seeding money because those entities are receiving the federal match. The \$553,909,000 General Fund spent on Medicaid represents 25% of all the \$2,207,897,800 General Fund spending statewide in FY 2015. Of the \$2,438,200,800 total funds spent on Medicaid in FY 2015, 5% or \$118,342,200 went for State administration. The other 95% or \$2,319,858,600 paid for medical services.

Offsets to Medicaid Expenditures

There are six general categories of offsets to Medicaid expenditures, which totaled \$344,193,600 in FY 2015. Most offsets result in the Medicaid program avoiding a payment, but in some cases the Medicaid program uses the money collected to offset the total expenditures. The list below includes a discussion on each offset:

1. **Third party liability** - Medicaid charged/collected \$172,319,400 from third parties (Medicare, private insurance, or parties causing medical injury to Medicaid clients). About 1/10 of Medicaid clients had another medical insurance.
2. **Pharmacy rebates** - the State collected \$136,205,400 in rebates from volume discounts which the program used to offset expenditures.
3. **Client contributions** - Medicaid clients contributed \$16,598,800 to participate in the Medicaid program. The list below includes a discussion of four categories in which client contributions take place:
 - Spenddown Income - clients spent down or paid \$9,724,200 of their income to participate in the Medicaid program. This spenddown allows the client to qualify for Medicaid by lowering their income via qualified medical expenses.
 - Probate - the State recovered \$3,885,500 from estates assigned to the State when an individual began receiving Medicaid benefits.
 - Co-payments - these are reduced from the reimbursement paid to providers and represented \$2,988,600 or 0.1% of all expenditures in FY 2015. Sixty-nine percent of the co-payments came from pharmacy co-payments.
 - Primary Care Network Premiums - clients paid annual premiums totaling \$500 to participate in this program.
4. **Office of Inspector General, Attorney General, and Department of Health Collections** - these three agencies recovered \$12,362,700 in overpayments to providers.
5. **Recovery Audit Contracts** - these contractors received \$6,572,200 in overpayments to providers.
6. **Support Payments** - the State received \$135,100 in court-ordered support payments for Medicaid clients.

For more information, please see the issue brief entitled "Medicaid Spending Statewide" available at <http://le.utah.gov/interim/2016/pdf/00002349.pdf>.

New Buildings for FY 2017 - Angela J. Oh

During the 2016 General Session, the Legislature appropriated funding for 10 state-funded capital development projects (in [H.B. 2, New Fiscal Year Supplemental Appropriations Act](#) and in [H.B. 3, Appropriations Adjustments](#)) for FY 2017.

State Funded Capital Developments

- Snow College Science Building (supplemental) -- \$4,724,600 one-time;
- Salt Lake Community College Career and Technology Education Center at Westpointe -- \$42,590,500 one-time;
- Ogden Weber Applied Technology College Business Depot Ogden Bay 2 Improvement Project -- \$6,586,500 one-time;
- Southern Utah University New Business Building and Repurposed Existing Building -- \$8.0 million one-time;
- Utah State University Biological Sciences Building -- \$18.0 million one-time and \$10.0 million ongoing;

- Utah Valley University Performing Arts Building -- \$12.0 million one-time and \$10.0 million ongoing;
- Division of Juvenile Justice Services Weber Valley Multi-use Youth Center -- \$1.0 million one-time;
- Archives Storage Vault Expansion -- \$4,183,300 one-time;
- Department of Environmental Quality Technical Support Center -- \$6.0 million one-time; and
- Utah State Developmental Center Admission Safe House Building Completion -- \$2.1 million one-time.

For the two state-funded capital development projects that included ongoing funding, Utah State University and Utah Valley University, there was intent language that was approved by the Legislature to shift the ongoing appropriations to one-time appropriations in the FY 2018 base budget. The total funding for Utah State University's Biological Sciences Building is \$38.0 million between FY 2017 and FY 2018; and Utah Valley University's Performing Arts Building is \$32.0 million between FY 2017 and FY 2018.

In addition to the state-funded capital development projects mentioned above, the Legislature authorized \$90,043,400 in non-state funded capital development projects (in [H.B. 9, Revenue Bond Amendments](#)) for FY 2017.

Non-State Funded Capital Developments

- Department of Alcoholic Beverage Control Syracuse Liquor Store -- \$5,043,400 one-time;
- University of Utah David Eccles School of Business Executive Education Building --\$50.0 million one-time;
- Utah State University Space Dynamics Lab Phase II -- \$12.0 million one-time;
- Utah State University Apartment Building Purchase -- \$20.0 million one-time; and
- Fourth District Provo Courthouse Parking Lot -- \$3.0 million one-time.

Office of Administrative Rules - Brian Wikle

The 2016 Legislature passed and the Governor signed [H.B. 103](#), "Department of Administrative Services Amendments," that redesignated the Division of Administrative Rules as the Office of Administrative Rules (OAR). The Legislature appropriated a base budget of \$420,900 to OAR for FY 2017 along with \$66,700 of beginning nonlapsing balances ([S.B. 6](#), "Infrastructure and Government Base Budget," Item 16). In its budget, the office anticipated expending its base appropriation and \$20,400 of nonlapsing balances during FY 2017. The Governor's SUCCESS Initiative identified the need for Administrative Rules to have more resources available for core functions such as reviewing rule filings, publishing rules, and training agencies. Therefore, the Department of Administrative Services (DAS) advocated for the division to change to an office with the primary objective of reallocating resources that had been devoted to administrative functions to the production line. Provisions in H.B. 103 were designed to affect the desired outcome within the existing budget as follows:

- Line 719 eliminated the division director position and directed that the office "be administered by a coordinator." DAS projected that this change would lead to net savings of \$40,000 annually.
- Lines 722-723 directed the coordinator to "hire ... staff necessary for the office to carry out" its responsibilities. In connection with this directive, DAS expected to eliminate an executive secretary position and to hire a publications code editor at a net cost of \$17,900.
- Lines 760-761 directed OAR to "make technological improvements to its rulemaking process." DAS intended that the excess \$22,100 in savings from the above two items would be reallocated to this purpose.

The Legislature also increased the office's FY 2016 budget by transferring \$110,000 of beginning nonlapsing balances from the Division of Finance to OAR ([S.B. 3](#), "Current Fiscal Year Supplemental Appropriations," Items 44 and 48). DAS plans to use this additional funding to replace its eRules System.

Tourism and "The Mighty Five" - Andrea Wilko

Utah's travel and tourism industry is extremely diverse including natural, cultural, and historical assets. According to the Office of Tourism the state has 14 ski resorts, 5 national parks, 7 national monuments, and 43 state parks.

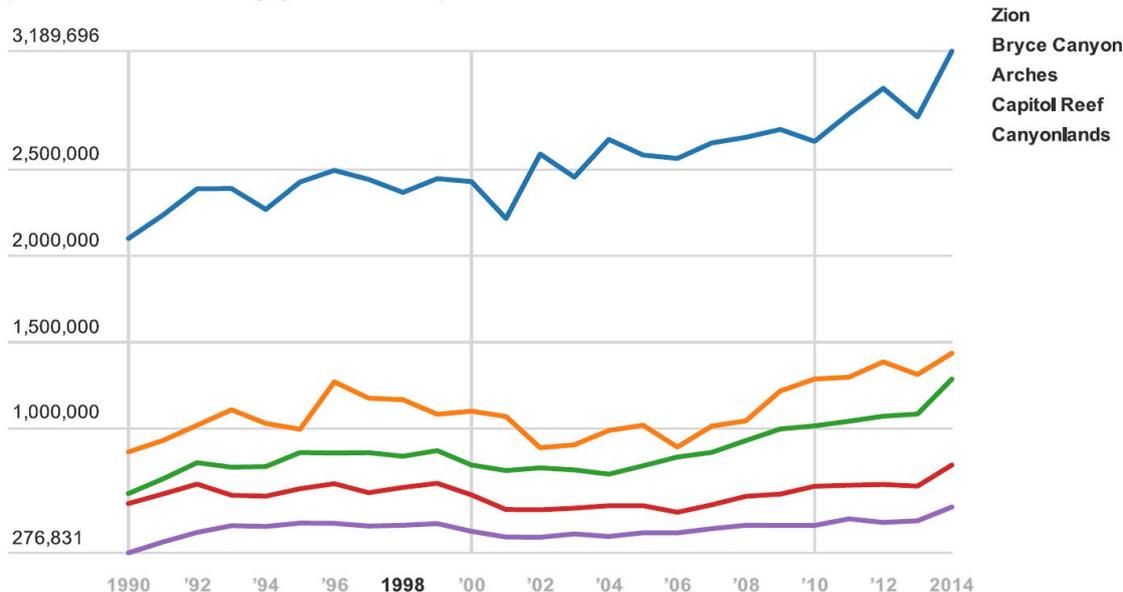
Because of this diversity, Utah's tourism and travel sector experienced continued economic growth in 2015, including increases in state and local tourism-related tax revenues, leisure and hospitality sales, tourism-related jobs and wages, and a record number of visitors to Utah's five national parks. The most recent year-end estimates on travel statistics are for 2014 and highlights are listed below:

- Tourists and travelers spent \$7.8 billion in the Utah economy during 2014.
- In 2014, Utah's tourism industry supported an estimated 137,192 total jobs in the Utah economy.
- Between 2010 and 2014, tourism-related jobs and wages increased 10 percent and 21 percent, respectively.

In 2014 and 2015 the Office of Tourism developed the "Road to Mighty" ad campaign and "The Mighty Five" campaign. These campaigns have been targeted to promote the national and state parks available in Utah. In the May Executive Appropriations Committee the Office of Tourism detailed the initial success of the "The Mighty Five" campaign. Preliminary measures show visits to the parks up based on the information provided to the committee. (See Chart Below) "The Road to Mighty" campaign is still in the initial stages. When they report next year the office hopes to be able to report the same success.

Utah "Mighty 5" visitation 1990-2014

Visitation to Zion, Bryce Canyon, Arches, Capitol Reef and Canyonlands National Parks has steadily climbed over the past 25 years. The parks, considered Utah's "Mighty 5," all shared a spike from 2013 to 2014.



Utah Communications Authority Process/Internal Controls Recommendations - Gary R. Syphus

On Tuesday May 17th, the Legislative Fiscal Analyst (LFA) briefed the Executive Appropriations Committee (EAC) on the Utah Communications Authority (UCA) on their background/purpose, funding, how they differ

in certain aspects from state agencies as an independent entity, recent issues concerning the misuse of a company credit card by a now former employee and related recommendations. The full brief can be found here: <http://le.utah.gov/interim/2016/pdf/00002242.pdf>. EAC adopted the recommendations and directed the LFA to work with the Co-Chairs to prepare legislation to implement the recommendations. The Legislative Auditor and State Auditor are also conducting or conducted an audit and after discussions with all the parties understand that the recommendations or expected recommendations do not conflict.

As an independent state agency, UCA's purpose primarily as it relates to statute is as a "public safety communications network, facilities, and 911 emergency services on a statewide basis for the benefit and use of public agencies, and state and federal agencies" (63H-7a-102). UCA receives direct funding from the State -- both from the General Fund and from certain restricted accounts -- and receives state taxpayer funds indirectly through public safety radio service fees paid by state agencies. UCA also has bonding authority. However, UCA is exempt from certain administrative, budgetary, and personnel laws to which other state agencies are subject. In the 2016 General Session, UCA was made subject to the Procurement Code.

Earlier this year, UCA reported that a now former employee admitted to using UCA credit cards paid with public funds for improper personal purchases. The fraud had been occurring for almost a decade, indicating lack of oversight and poorly executed internal controls were contributing factors. While the UCA board has taken a number of steps to improve oversight -- including dismissing the employee, its accountant, and its Executive Director -- the Legislative Fiscal Analyst recommends the following steps to improve financial oversight of public funds received by UCA, some of which UCA is working towards:

1. Make UCA subject to the Budgetary Procedures Act. This will give policymakers prospective insight onto UCAs budget, rather having only a retrospective look at UCA's finances.
2. Require UCA to use the state accounting system (FINET) rather than QuickBooks for accounting. This allows the Legislature and the Office of the Legislative Fiscal Analyst real-time access to UCA financial transactions. It also streamlines UCA reporting to the Utah Public Finance website -- www.utah.gov/transparency.
3. Require UCA to use the state Purchasing Card (PCard) rather than a commercial credit card. The PCard has many controls in place to detect and avoid fraud.
4. Direct the Division of Finance to consult with UCA on internal financial controls, implement any changes recommended by Finance, and report back to EAC or a subcommittee.
5. Rescind some or all of the \$17.5 million FY 2016 General Fund appropriation to UCA until all of the above steps are complete, the agency has secured a new executive director, financial manager, and accountant, and UCA has developed and submitted to the Legislature a long-term strategic plan for investment of the \$17.5 million.

As part of the recommendation, the LFA recommended that the Legislature consider conducting a review of all independent state agencies internal controls and processes and to structure processes of all independent state entities similar to what the LFA recommends for UCA.

UtahFutures Adds a Couple New Features while Operating on One-Time Funding - Thomas E. Young

On May 12th, UtahFutures released two new features to their website, utahfutures.org. The new features include a new mega navigation menu and an enhanced capability to compare and save users' workspaces (follow this link for more detailed information (<http://utahfuturesonramp.org/news/2016/may.pdf>)).

By way of background, UtahFutures is a career planning and education tool. The tool offers students the ability to take career assessments, offers job search tips and resume evaluation, and various other tools on the connection between education and the workforce.

The new mega navigation menu simplifies the navigation and search functions of UtahFutures into a one-click navigation.

The workspace enhancement offers logged in users the ability to manage and compare their saved schools within the workspace profile.

Of relevance for policymakers, the site is being developed and expanded with one-time money. If the programming, site hosting, and development of new features is intended to end, be taken over by another entity, or in another way meant to be one-time, then the funding structure matches that intention. If, on the other hand, UtahFutures is intended to be an ongoing program, then the funding structure is mismatched.

In the table below are the planned expenditures of UtahFutures. The program has some expenses that may be considered ongoing, including the 2 FTEs, and some development/hosting. Most of the expenditures are generally one-time in nature.

Budget Line Item	Description	FY2016
Revenue:		
State Appropriation	one-time	2,000,000
DWS	cost share	20,000
State Library	cost share	45,000
TOTAL Revenue		2,065,000
Expenses:		
Personnel		
Technical Trainer	1.0 Salary +	192,000
Content Specialist	1.0 Salary +	163,000
Software/Licensing		
CIS Components and Licensed Products	IntoCareers	120,000
Resume Suite	Learning	40,000
Test Prep Tool	Learning	105,000
Contracted Services		
Hosting Services	DTS	26,802
Maintenance Personnel	DTS	97,114
Database Hosting	DTS	72,000
Contracted Software	DTS	3,200
Updates & Development FY16	DTS (estimate)	200,000
Partner Managers	USOE, DWS,	140,000
Marketing Plan	requires RFP	30,000
Development of new components	requires RFP	500,000
Equipment		
Capital Equipment		
Non-Capital Insurable Equipment	for 2 new FTE	6,000
Technical Supplies		6,000
In-State Travel		
In-State Travel		3,000
Leased Vehicle	Pro-rated portion	1,400
Supplies		
Office Supplies		1,000
Business Meals		1,000
Marketing Supplies & Materials		50,000
Training/Workshop Supplies		8,000
Remote Access/Phones	for 2 FTE	1,200
Data Breach Insurance	Pro-rated portion	5,000
Professional Development		
Conferences/Registration		1,200
Travel		6,000
Subtotal Expenses		1,778,916
Planned Carryforward		286,084