Fiscal Highlights

Cost to Transfer UACD Employees to Agriculture - Ivan D. Djambov

The purpose of this article is to provide background information about the Department of Agriculture and Food's hiring of 35 FTEs of the Utah Association of Conservation Districts (UACD) in FY 2016. A Performance Audit of the Governance of Conservation Districts released in 2014 recommended changes in how the state manages the 38 Conservation Districts. Later that year, the Department of Agriculture and Food organized a two-day workshop to address the issues identified by the auditors. Participants included land owners, federal personnel, agency staff, conservation district personnel, legislators, and staff from the Legislature and Governor's offices.

The department leadership decided to no longer contract for conservation efforts through UACD, a nonprofit organization, but to hire the UACD staff, and use the department's Conservation Commission to manage them.

The 2015 Legislature passed S.B. 202, *Conservation Commission Employees*, mandating that if the department hired UACD employees, to set the initial wage of each new employee at the same rate as when they were employed by UACD.

In addition to the approximately $1 million ongoing appropriation from the General Fund that was used to contract with UACD, the Legislature provided the following appropriations to the department to hire/transfer most of the UACD employees:

- $882,000 from the General Fund ($100,000 ongoing and $782,000 one-time) for FY 2016, and
- $500,000 from the Agricultural Resource Development Loan (ARDL) Fund ($300,000 ongoing and $200,000 one-time) for FY 2017.

Why would the Legislature have to appropriate more money to hire the same employees to do the same work?

In the initial discussions, it was presumed that the transfer of the 35 UACD FTEs to the department would be cost neutral, since the department already had ongoing funding for a contract with UACD for the services of these same employees. However, the ongoing funding was not sufficient mainly because ongoing commitments were made with one-time funding sources prior to the hiring:

1. The department, in an attempt to encourage UACD to reduce the large reserves of state funds accumulated over the years, used part of the funding from the UACD contract to start a Zone Coordinator pilot project (temporary by definition) and hired three FTEs (ongoing commitment).
2. UACD, using their financial reserves (one-time funding), gave significant compensation increases to much of its staff (ongoing commitment) prior to being transferred to the State. And S.B. 202 guaranteed that those hired by the state will keep the same salary. However, neither the audit nor the legislation required that the department hire all or any of the UACD employees.

The department has been in the process of hiring and training UACD staff since the start of FY 2016. Department leadership has reported that several of the newly-hired employees have already left their employment with the State for various reasons. It is anticipated that this transition will take some time and effort.

Department of Environmental Quality Fees - Brian Wikle

UCA 63J-1-504 requires that each fee assessed by an agency be "reasonable, fair, and reflect the cost of services provided"; that each fee be "established according to a cost formula determined by [specified officials] and the agency"; and that the fee agency "present each proposed [new or changed] fee at a public hearing". Furthermore, the statute requires an agency to "submit its fee schedule ... to the Legislature for its approval on an annual basis". The Legislature approved a total of 326 fees for the Department of Environmental Quality (DEQ) for FY 2017.

Consistent with the statute, the department has four goals regarding the fee setting process:

- Assure that fee payers (typically businesses and governmental entities) and taxpayers are treated fairly.
- Recover costs of providing services without recovering in excess.
- Provide quality service at the lowest cost possible through operational efficiencies.
- Ensure that costs are borne by the beneficiaries of the service -- user pays.

The agency strives to achieve fairness by engaging in dialogue with representatives of industry and government and with members of the public. Data is not available regarding whether DEQ recovers in excess of its costs for providing each service covered by a fee; however, DEQ reports about 59 percent of its fee amounts are sufficient to recovers costs. Along with providing low cost service, the department helps customers by being predictable in the frequency of fee changes. For example, 57 percent of DEQs fees have not changed in the past five years, and the Division of Water Quality (the division with the most changed fees in the time period) generally leaves fees in place for five years before seeking approval to charge higher amounts. The table below summarizes by division the percent of fees that recover costs and the percent of fees that have not changed in at least five years.

Division	Number of fees	Fees that recover costs		Fees that have not changed in at least five years	
		Number	Percent	Number	Percent
Air Quality	43	37	86%	17	40%
Drinking Water	16	5	31%	9	56%
Environmental Response and Remediat	25	18	72%	16	64%
Executive Director's Office	7	6	86%	6	86%
Waste Management and Radiation Con	129	111	86%	122	95%
Water Quality	106	15	14%	16	15%
Total	326	192	59%	186	57%

Equipment Funding Allocations for the Utah College of Applied Technology - Jill L.Curry

The Utah College of Applied Technology (UCAT) receives funding for equipment at its eight colleges. UCAT colleges provide training that is equipment intensive, and it is important that the equipment is up to date to provide relevant training experiences for students. Up-to-date equipment affects the quality of program completers' skill sets upon employment. Also, UCAT measures completion, placement, and licensure rates for its students as required by its accrediting body, the Council on Occupational Excellence (COE). Skills with current equipment should enable the colleges to maintain strong placement rates.

During the 2016 General Session, the Legislature appropriated an additional $600,000 ongoing to UCAT for equipment (see House Bill 2, Item 94). The base funding for equipment was $561,100. Thus, the total equipment budget for UCAT is $1,161,100 ongoing beginning in FY 2017.
The UCAT Administration and the UCAT College Presidents, with input from the system finance officers, proposed a new allocation of equipment funds for FY 2017 which the UCAT Board of Trustees approved in its June meeting. The table below shows the current allocation of equipment funding and the approved allocation beginning in FY 2017. Distribution will not be equal among the campuses. It will be disbursed based on greatest need.

	FY 2016 Allocation (% of total)	FY 2017 Allocation (% of total)	Total Increase FY 2016 to FY 2017	% Increase FY 2016 to FY 2017
Bridgerland ATC	$108,000 (19.2%)	$189,100 (16.3%)	$81,100	75.1%
Davis ATC	$116,100 (20.7%)	$221,600 (19.1%)	$105,500	90.9%
Dixie ATC	$24,500 (4.4%)	$87,700 (7.6%)	$63,200	258.0%
Mountainland ATC	$53,500 (9.5%)	$150,300 (12.9%)	$96,800	180.9%
Ogden-Weber ATC	$123,300 (22.0%)	$206,700 (17.8%)	$83,400	67.6%
Southwest ATC	$24,500 (4.4%)	$78,800 (6.8%)	$54,300	221.6%
Tooele ATC	$36,300 (6.5%)	$81,200 (7.0%)	$44,900	123.7%
Uintah Basin ATC	$65,300 (11.6%)	$128,000 (11.0%)	$62,700	96.0%
UCAT Admin.	$9,600 (1.7%)	$17,700 (1.5%)	$8,100	84.4%
Total	$561,100	$1,161,100	$600,000	-

Funding for Utah's Veterans' Nursing Homes - Steven M. Allred

The State operates four veterans nursing homes located in Salt Lake City, Ogden, Payson, and Ivins. All four are rated "five stars" by the United States Department of Veterans Affairs (VA), and Utah is the only state in the nation with all of its veterans nursing homes earning five stars.

The nursing homes have a capacity of approximately 415 people, and currently have an occupancy rate of 98 percent. The Salt Lake nursing home has a waiting list of 200 people; the Ogden home has a waiting list of 150 people.

Veterans nursing homes are available to Utah veterans with U.S. military service during peacetime or wartime. Wartime veterans have top priority. A veterans spouse may also qualify for admittance to a Utah nursing home, providing the marriage to the veteran occurred at least one year before the application. Current residents are 90 percent veterans and 10 percent veterans family.

In state-owned veterans homes like Utahs, the VA pays for nearly half the cost of care for the resident. The resident pays the other half. In certain instances of service connected disabilities, the VA will pay 100% of the cost. Care is available to all veterans and eligible dependents. Individuals may make private contributions as well.

Utah has set up the Utah Veterans' Nursing Home Fund (an expendable special revenue fund) administered by the Utah Department of Veterans and Military Affairs (DVMA) for the benefit of the four Utah veterans' nursing homes and their residents. This fund does not receive appropriations from state funds. The vast majority of revenues into this fund come from VA per diem and prescription payments, and are passed through this fund directly to each nursing home. Donations to the nursing homes are also held in this account and are tracked to ensure they go to the intended home.

As an expendable special revenue fund, the fund is not subject to legislative appropriation. However, it is on budget and reviewed by the Legislature. Actual FY 2015 federal revenue for this fund was $20 million and contributions from private sources totaled approximately $150,000. The closing fund balance was $3.7 million. The purpose of the fund balance is to serve as a contingency for unanticipated large capital costs (such as a new roof, major repairs, etc.) or to maintain continuity of operations.

Of the federal per-diem revenue collected, 90 percent is passed through to the nursing home contractor. The remaining ten percent is used for operations and maintenance and capital expenditures. The four nursing home officers are also paid through the fund.

FY 2017 Capital Improvement Allocations - Angela J. Oh

The State of Utah has a statutory requirement to fund capital improvements and it is one of the few states that uses ongoing appropriations to do so. The 2016 Legislature appropriated almost $118 million to the Capital Budget line item for capital improvements. Current law, UCA 63A-5-104(7), requires capital improvement funding to be 1.1 percent of combined building values before the State can build any new buildings. During budget deficits, statute allows funding to fall below the 1.1 percent replacement value to 0.9 percent without additional statutory changes.

Prior to the 2016 General Session, capital improvements, formerly known as alterations, repairs, and improvements (AR and I), consisted of projects costing less than $2.5 million to improve an existing facility or less than $500,000 to construct a new facility. S.B. 156, "State Facilities Amendments," amends the thresholds for capital improvement (and capital development funding) so capital improvements are now $3.5 million or less to remodel, alter, replace, or repair a project; or $3.5 million or less for a site or utility improvement. This change allows for projects that would have been considered capital development projects to now be considered capital improvements.

The Division of Facilities Construction and Management, under the direction of the State Building Board, uses capital improvement funds to make critical repairs to state facilities and replace worn equipment. Typical improvement projects include repairs to utility tunnels, HVAC systems, electrical systems, roofs, and parking lots.

The table below shows the FY 2017 allocation of capital improvements approved by the State Building Board.

FY 2017 Capital Improvement Allocations

Dixie State University	$ 2,646,000	Environmental Quality	-
Salt Lake Community Col.	$ 4,906,400	Fairpark	$ 1,355,700
Snow College	$ 2,651,300	Health	$ 943,500
Southern Utah University	$ 3,547,400	Human Services	$ 4,316,200
University of Utah	$ 26,688,800	National Guard	$ 2,610,000
Utah State University	$ 12,365,000	Natural Resources	$ 541,800
Utah Valley University	$ 4,000,000	Parks and Recreation	$ 2,811,400
Weber State University	$ 4,875,500	Wildlife Resources	$ 1,902,300
Utah Col. of Applied Tech.	$ 5,922,500	Office of Education	$ 1,621,000
Subtotal Higher Education	*$ 67,602,900*	Public Safety	$ 516,200
		Tax Commission	$ 336,300
Agriculture	$ 515,500	Transportation	$ 2,054,600
Alcoholic Beverage Control	$ 1,090,500	Veterans Affairs	$ 557,500
Capitol Preservation Board	$ 2,416,100	Workforce Services	$ 1,085,900
Heritage and Arts	$ 708,500	Statewide Programs	$ 5,232,000
Corrections	$ 3,625,800	Critical Needs	$ 5,822,000
Courts	$ 4,527,100	*Subtotal Agencies*	*$ 50,222,200*
DFCM	$ 5,632,300	**Grand Total**	**$ 117,825,100**

Market-Based Billing for State Audits - Clare Tobin Lence

During the 2014 General Session, the Legislature passed intent language supporting the State Auditor's efforts "to identify additional opportunities to use market-based billing practices to improve client preparedness and responsiveness, increase staff efficiency, enhance cost transparency, and expand billing uniformity." In the 2015 General Session, the State Auditor requested a reduction in General Fund appropriations of $655,000 and a corresponding increase in dedicated credits, in order to bill higher education institutions directly for annual financial audit services. (This change did not include Utah Colleges of Applied Technology, which already paid directly for audits). Higher education institutions received a total of $404,000 General Fund to partially cover this shift in costs. The Legislature anticipated that some savings would be realized from more efficient audits and that the remaining costs could be covered by dedicated credits from tuition. With this reduction of $655,000 and new appropriation of $404,000, General Fund expenditures on higher education audits decreased by $251,000; the Legislature reallocated those funds to other priorities.

Beginning at the start of FY 2016, the State Auditor billed higher education institutions for the actual costs of financial audits. By the close of FY 2016, the State Auditor had experienced actual costs of $602,284, which was $52,716 less than estimated. Higher education institutions used dedicated credits (or re-prioritized other state funds) to cover $198,284 over the General Fund appropriation. This ratio of dedicated credits to state funds was 32.4 percent, compared to the higher education total funding ratio of about 43 percent -- in other words, state funds paid for a larger share of these audits than they do for higher education expenditures overall.

Actual higher education audit costs in FY 2016 were eight percent less than originally estimated, which suggests improved "client preparedness and responsiveness [and] staff efficiency," though the shift also created a new expense for higher education institutions.

Higher Education State Audit Costs - FY 2016 Actuals

Financial Statement Audits Only (excludes Single Audit, NCAA and other audits)

	Estimated Audit Costs Based on FY 2014 Audits	Costs & Amounts Billed for FY 2015 Audits*	(Decreased) / Increased Audit Costs	General Fund Appropriated to Institutions	Additional Amount Paid by Institutions
Dixie State University	$65,000	$64,330	($670)	$39,700	$24,630
Salt Lake Community College	$80,000	$72,000	($8,000)	$48,800	$23,200
Snow College	$60,000	$59,938	($62)	$38,100	$21,838
Southern Utah University	$70,000	$70,000	$0	$42,700	$27,300
University of Utah	$125,000	$126,328	$1,328	$76,200	$50,128
Utah State University	$100,000	$84,798	($15,202)	$64,000	$20,798
Utah Valley University	$80,000	$55,972	($24,029)	$48,800	$7,172
Weber State University	$75,000	$68,919	($6,082)	$45,700	$23,219
Total	$655,000	$602,284	($52,716)	$404,000	$198,284

Figure 1. Higher Education State Audit Costs

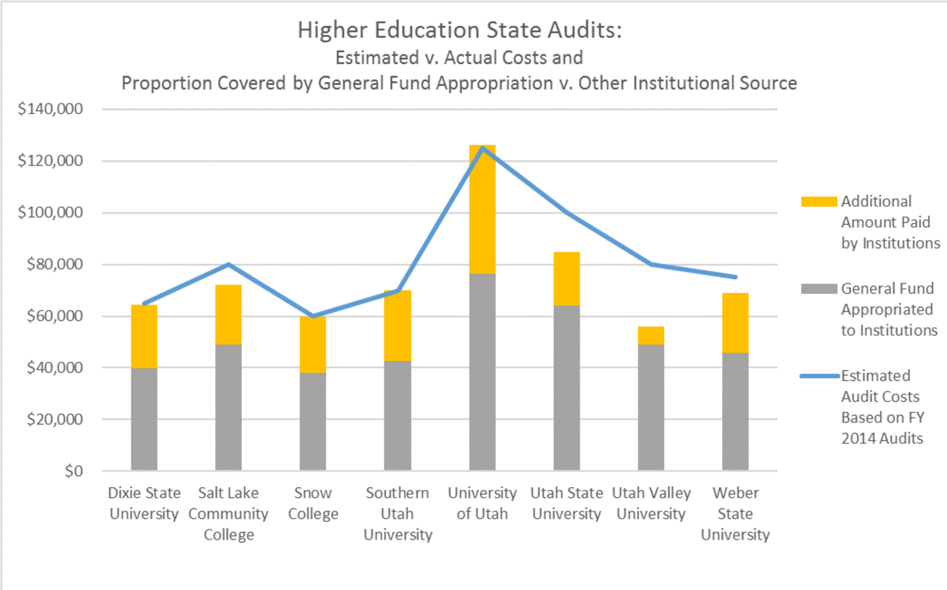

Figure 2. Higher Education State Audits: Estimated Versus Actual Costs

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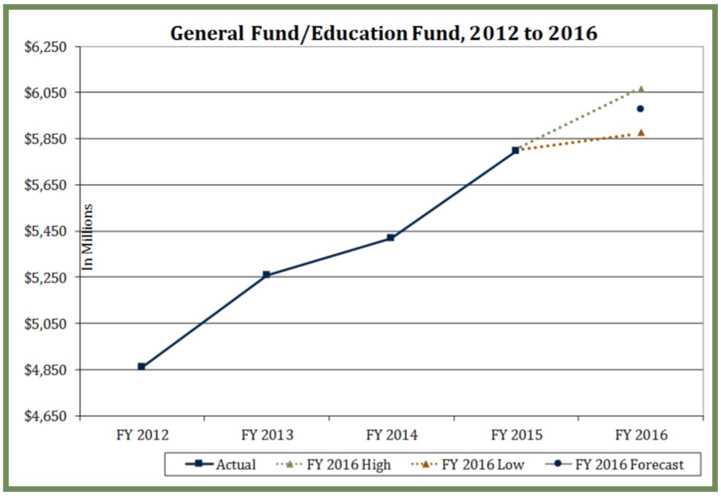
Revenue Update - June 2016 - Andrea Wilko

Utah's revenue is expected to grow by 3.0 percent between FY 2015 and FY 2016. We anticipate collections will be very close to the established target. However, there is some downside risk to the forecast: corporate tax is weak and income tax refunds have been more than anticipated, drawing down income tax revenue. Severance tax remains sluggish. Sales tax is growing moderately in light of the relatively stronger employment picture.

Given current collections and consensus indicators developed by the Revenue Assumptions Working Group, we anticipate FY 2016 General and Education Fund revenues will be in the range of $100.0 million below to $85.0 million above May Executive Appropriations targets. We expect the Transportation Fund to be $5.0 million below to $15.0 million above the May target.

The current forecast assumes moderately strong growth in several key areas such as employment, wages, construction, and taxable sales. Factors that may influence the direction and magnitude of economic growth in the coming quarters include business investment, household formation, wage growth, commodity prices, interest rates, growth in China and other emerging market economies, equity markets, business and consumer confidence, and other unforeseen events. At the same time, current collections are not keeping pace with expectations.



Through the first half of FY 2016, income tax refunds were running well behind the prior fiscal year. That changed when the October filings started showing up with higher than normal refunds. Refunds have continued on this path for the remainder of the fiscal year, currently floating at around 17.0 percent more than last year's amount. The jump in growth is not anticipated to occur again in the coming year, although refunds are anticipated to come in above their current level. Corporate income tax is also down. The weak corporate profits picture stems from the national corporate earnings recession in the past few quarters. In 2016, corporate profits are anticipated to be down 3.0 percent.

On sales tax, although online sales have been a continued focus, it is not one of the largest factors behind the current moderately positive growth picture. The largest drivers behind sales tax growth moderation are low inflation ($38.0) million, abnormally weak business investment ($35.0) million, and relatively subdued wage growth ($32.0 million). Growth in online sales comes in after these three at $16.0 million for FY 2016. Looking towards the 2016 calendar year, taxable sales are expected be up 5.0 percent.

Severance taxes are also quite weak, as the oil and natural gas recession works its way into revenues. Behind the decline in oil and gas severance taxes is the depressed prices and production of oil and natural gas for most of FY 2016. We anticipate further weakness through 2016 of -13.0 percent oil and -18.0 percent natural gas.

School Funding Equalization - Ben Leishman

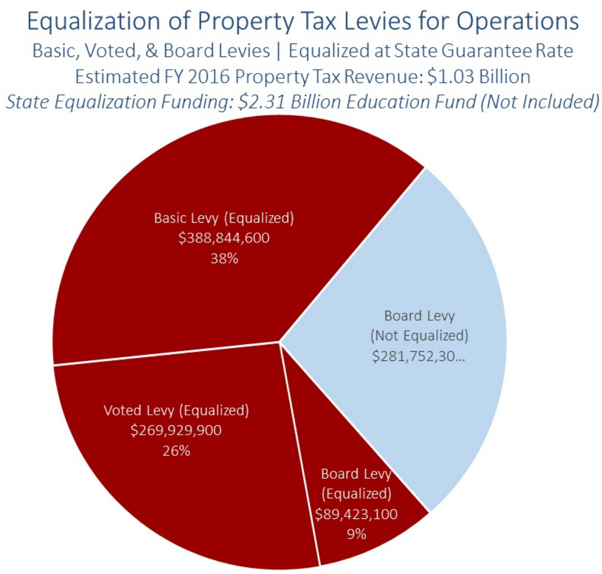
Utah is continually ranked as one of the most equalized states in the nation when it comes to funding education. It is also one of only a few states that has not experienced an equity lawsuit. One of the primary reasons for these equity outcomes is the unique way state Education Fund revenues are allocated to equalize local property tax revenues generated by local school districts. Over the next several months, articles in this newsletter will explain various components of the State's equalization system.

As an introduction, this article focuses on the types of local property tax levies and the extent to which equalization occurs within these levies. Subsequent articles will discuss the mechanics of how equalization works for each of the property tax levies. The extent to which equalization occurs depends on the type of property tax revenue generated. State funds are used to equalize local property tax collections in two different categories. First, and the most extensive as far as equalization, are property tax revenues used to support the operation of public schools. Property tax levies that support school operations include the Basic School Levy, the Voted Local Levy, and the Board Local Levy. Second, and less robust when it comes to equalization, are property tax revenues used for capital outlay (construction and renovation and debt service). Property tax levies that support capital include the Capital Local Levy and the Debt Service Levy.

The following pie charts show the estimated amount of local property tax revenue generated by each tax levy in FY 2016. The charts are divided between tax levies for Operations and Capital.

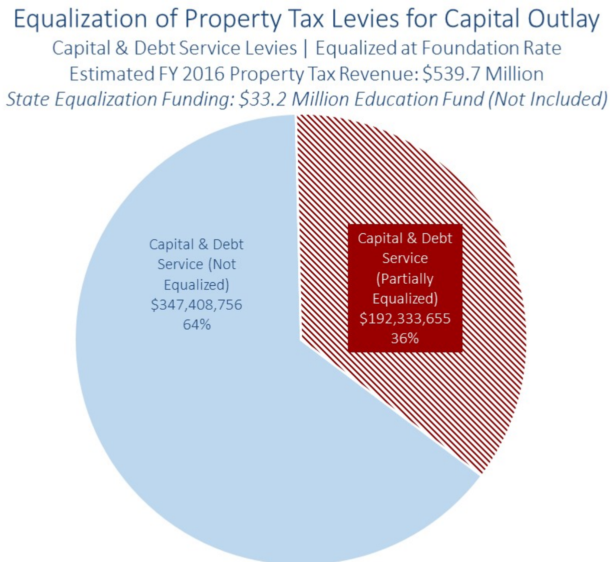
Property Tax Levies for Operations

In FY 2016, school districts generated approximately $1.03 billion in local property tax revenue to support the operation of public schools. Approximately 73 percent of this property tax revenue is equalized with state Education Fund allocations to school districts based on their participation in state programs, namely, the Basic School Program and the Voted & Board State Guarantee Programs. Equalization of the Board Local Levy is not as comprehensive as the Basic Levy and the Voted Local Levy. Approximately 27 percent of Board Local Levy revenue is not equalized and does not qualify for state guarantee funding based on statute. The State uses approximately $2.31 billion in Education Fund appropriations to equalize operations revenues.



Property Tax Levies for Capital

School districts generated an additional $539.7 million in FY 2016 to support capital outlay and debt service. The equalization of property tax revenues for capital is much less robust than for operations, with approximately 36 percent partially equalized. The remaining 64 percent is not equalized. The state uses approximately $33.2 million in Education Fund appropriations to provide partial equalization of capital property tax revenues through the School Building Program.

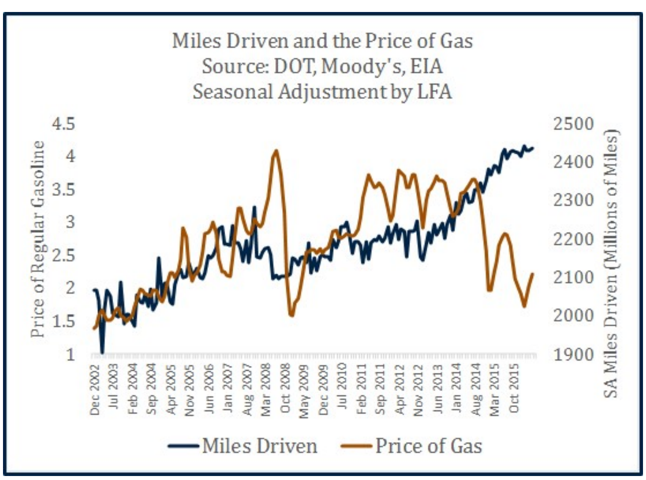


Subsequent newsletter articles will explain how equalization works by highlighting each state equalization program, beginning with the Basic School Program.

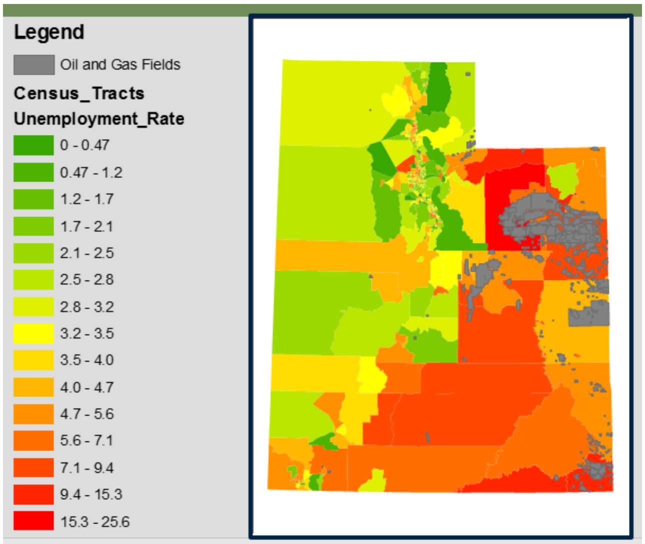
The Price of Gas: More Driving and an Industry Recession - Thomas E. Young

One of the more transparent price movements in recent years is the drop in the price of gasoline. The drop has competing effects on economic growth. On the one hand, consumers have more money, while on the other hand the price declines represent an adverse shock to the industry.

The chart below shows the effects of the drop in the price of oil. On the left hand side and the orange line is the price of gasoline in Utah. On the right hand side is the seasonally adjusted miles driven in Utah. Recently the two have become inversely related. The savings from the drop in the price of gas, this year estimated at $641 million, is showing up as more miles driven. The increasing miles driven is one of the effects of the drop in the price of gas, and is a large part of the strong performance of the Transportation Fund.



Another effect of the drop in the price of oil is the effect on the oil industry. The following map shows the unemployment rate by census tract. The darker the green, the lower the unemployment rate. The darker the red, the higher the unemployment rate. The gray areas are oil and gas fields. Unsurprisingly, areas closer to the oil and gas fields have high unemployment rates, some as high as 25 percent. The decline in industry performance is one of the reasons severance taxes are down about 70 percent this year.



USHE Enrollment Projections - Spencer C. Pratt

The Utah State Board of Regents recently adopted enrollment projections for the eight colleges and universities in the Utah System of Higher Education (USHE) through the 2025-2026 academic year. The projections indicates that the actual 2014-2015 annualized student FTE level of 128,553 will increase by an overall average of 2.3 percent per year through 2025-2026, resulting in a total of 164,627 FTE students (see figure below for details). This represents an 11-year increase of 36,074 students. This increase is approximately the same number as the current number of FTE students at Weber State University and Salt Lake Community College combined.

While the USHE annual growth rate is fairly constant, it does vary between institutions. The average projected annual growth rate at Weber State University is 0.8 percent and the rate at Salt Lake Community College is projected at 1.1 percent. Snow College's projected rate is 6.9 percent and Utah Valley University's is 3.7 percent.

USHE Enrollment Projections
Annualized FTE Students

Institution	Actual 2014-15	Est. 2015-16	Proj. 2019-20	Proj. 2025-26
University of Utah	30,038	30,162	32,208	35,244
Utah State University	22,604	23,802	26,144	29,616
Weber State University	17,279	16,646	17,542	18,774
Southern Utah University	7,012	7,698	8,501	9,925
Utah Valley University	22,734	24,218	28,441	33,941
Snow College	3,625	3,688	4,698	7,539
Dixie State University	6,356	6,389	7,263	8,177
Salt Lake Community College	18,905	17,501	19,164	21,411
Total USHE	128,553	130,104	143,961	164,627

What Happened at the June 16, 2016 Meeting of the Social Services Appropriations Subcommittee? - Russell T. Frandsen

Morning Agenda

1. Call to Order /Approval of Minutes
2. Subcommittee Questions from the 2016 General Session (Department of Human Services) - these questions included: 1) Who, besides UTA, provides contracted transportation services to people with disabilities in Utah?; 2) If what you do makes a difference, show us the outcomes for the Marriage Commission and tie it to your trainings?; 3) What is the agency timeline to find a resolution to legal concerns for sharing more client information in the coordination efforts between agencies?; 4) What can we do to keep costs down for high cost clients?; 5) What is the General Fund cost associated with the high cost individuals report?; and 6) What would the funds for the Utah Foster Care Foundation be used for?
3. Subcommittee Questions from the 2016 General Session from Non-state Agencies - included the following question: What is the Utah Domestic Violence Coalition doing to help the male perpetrators of domestic violence?
4. Funding and Responsibility for Local Medicaid Mental Health Services Match - this topic was reviewed in response to Legislative intent language passed during the 2016 General Session directing it be "studied during the 2016 interim to determine the best solution for funding Medicaid mental health services in an effective ongoing manner and [the responsibility] regarding who and how that should be financially sustained." The Utah Behavioral Healthcare Committee (UBHC) of the Utah Association of Counties requested the Legislature fund $6.4 million ongoing during its 2017 General Session to make the past appropriation ongoing. UBHC also requested the Legislature fund an additional $5.0 million ongoing for increased caseload growth subsequent to the initial $6.4 million request.
5. Foster Care Rate Increase - a representative of Foster Families of Utah presented information to the subcommittee regarding the costs associated with a potential rate increase to the three lowest categories of foster care. Costs were shown for potential two, five and ten percent rate increases.
6. Public Input on Topics on Today's Agenda - no one signed up.
7. Mental Health/Substance Abuse Services - Salt Lake County Behavioral Health, Salt Lake County Sheriff Jim Winder, and Cache County Sheriff Chad Jensen presented an overview of substance abuse and mental health system components and how the various components coordinate with the public safety and criminal justice systems. Presenters also addressed challenges that still exist.
8. Tour of Salt Lake County Metro Jail - a tour was taken of the Salt Lake County Metro jail. As part of the tour, a discussion took place regarding a proposal for a forensic mental health pod in the jail. This discussion was in the context of the Utah State Hospital's ongoing forensic mental health inreach efforts.
9. Strategies to Address High Cost Clients - presentations were made from: 1) the Intermountain Medical Group on how it addresses the "sickest of the sick"; Salt Lake County on its efforts to address the highest cost clients in its behavioral health system; and the Department of Human Services regarding its efforts to maintain children and youth in least restrictive settings when appropriate.
10. Subcommittee Questions from the 2016 General Session (Department of Human Services) - see agenda item number 2 shown above listing all questions.
11. Subcommittee Questions from the 2016 General Session (Department of Health)
12. Update on Implementation of Health Coverage Improvement Program

13. Study of Options to Keep People Out of Nursing Homes - Legislative action recommended by the Departments of Health and Human Services: (1) redirect state-only funding programs in the Division of Services for People with Disabilities' to home and community based waivers; (2) evaluate waiver coverage of housing-related activities, and services for seniors and individuals with disabilities; (3) review the rates for in-home services and determine if there is sufficient access; and (4) establish a mechanism to evaluate the feasibility of limited HCBS as State Plan Services under 1915(i) authority for a targeted population.
14. Study of New Home and Community-based Settings Rule - representatives from the Disability Law Center (DLC) presented concerns the DLC has regarding the state's complaince with the new federal Home and Community-based settings rule. States are required to be in compliance with the rule by 2019 or face federal funding penalties.
15. Comparison of Social Services Recommendations to Final Action Taken by the Legislature - how the recommendations of the Social Services Appropriations Subcomittee compared to the final action taken by the Legislature.

Afternoon Agenda

1. Call to Order
2. Unfinished Items From the Morning Agenda
3. Subcommittee Questions from the 2016 General Session (Department of Health)
4. Proposed Performance Measures for Recent Building Blocks - Co-chair Christensen requested the following from the agencies: (1) formally request the missing information for seven building blocks from the Department of Workforce Services by July 31, 2016 and (2) formally request targets for the proposed measures for the Access to Recovery TANF Grant from the Department of Human Services by July 31, 2016.
5. Maintenance of Effort Requirements for Federal Grants - the Subcommittee took the following action: (1) the Social Services Appropriations Subcommittee consider sponsoring a joint resolution requesting Utah's congressional delegation to submit federal legislation amending federal block grant maintenance-of-effort (MOE) requirements by adding the following language to each MOE statutory requirement: "In nowise shall the state amount obligated as a maintenance-of-effort calculation exceed the amount of federal funding provided through the grant." and (2) direct those agencies that are currently paying more than the minimum MOE to explore strategies to reduce their MOE to the minimum amount required and report back to the Social Services Appropriations Subcommittee by October 1, 2016.
6. Third Party Match for Federal Grants - there were 42 grants over $500,000 in these four agencies totaling $2.7 billion in funding with 24 sources providing $250.6 million in third party match to help draw down these federal funds. Of the match, $25.1 million is General Fund provided to other state agencies and divisions. Another $103 million comes from hospitals for matching in Medicaid for paying higher reimbursement rates. Another $10 million comes from various school districts, cities, and non-profit organizations to match Child Care and Development grants. Staff from the Office of the Legislative Fiscal Analyst have reviewed these submissions and subsequently determined there are no active federal proposals to reduce the use of outside third party match. Although there are no other pending reductions in the use of outside third party match, a number of programs indicated that if these arrangements were disallowed or if the third party matching funding were to go away, both services and/or rates could be reduced in order to respond to such actions.
7. Public Input on Topics on Today's Agenda - no one signed up.
8. Mental Health/Substance Abuse Services - Salt Lake County Behavioral Health, along with one of its contract providers and a graduate from one of its programs, continued presenting on what it considers "best practices" for treatment services for mentally ill individuals and individuals with a substance use disorder and how Salt Lake County has implemented these practices. The Utah Hospital Association also presented on the process of hospitals caring for an escalating

individual with mental illness in a hospital setting. There was also discussion about the need to get a patient stabilized before they are released from a hospital.

9. Tour of Host Facility - the subcommittee took a tour of the host facility, Cornerstone Counseling Center. The center is also a contract provider for Salt Lake County Behavioral Health.
10. A Performance Audit of USOR's Case Management Controls - the Office of the Legislative Auditor General (OLAG) presented the second of two audits it has performed on the Utah State Office of Rehabilitation (USOR) in the past 18 months. OLAG commented that USOR is very receptive to the audit suggestions and USOR plans to implement all of OLAG's recommendations.
11. Subcommittee Questions from the 2016 General Session (Department of Workforce Services) - included the following question: For future Temporary Assistance for Needy Families (TANF) reports, please provide more outcome data for the money spent.
12. Report on Coordination of Restricted Funds - the Department of Workforce Services manages 13 restricted accounts that do not require legislative authority for annual expenditures with total balances of $10.6 million as of May 2016. The department provided no recommendations to increase the coordination of resources for these 13 accounts.
13. Report on Opioid Pain Medications Dispensed - the Department of Health's report on opioid prescribing practices in Utah indicates (1) am increasing number of prescriptions per patient, total prescriptions, and high-dose prescriptions; (2) females receive more prescriptions than males but males receive more high-dose prescriptions; and (3) individuals 65 and older receive the most prescriptions per capita by age group but individuals between 25 and 64 years receive more high-dose prescriptions. The Department of Health plans to provide another detailed report by October 31, 2016
14. New Federal Funding and Laws Regarding Opioid Epidemic
15. Report on Allowing a Three Month Supply of Some Medicaid Medications - Beginning July 1, 2016 the Department of Health will provide the option to fill 191 low cost medications for up to a three month supply per dispensing rather than the current one month requirement. This change may or may not result in savings to the State. Savings may be achieved by reducing the number of dispensing fees paid. Costs may be incurred if members discontinue a prescription or lose Medicaid eligibility before using the full three month supply. The Department of Health will report on the financial impact of this change on September 30, 2017
16. Increasing Family Practice Residencies and the Future of Family Practice - "Utah is ranked 49th out of 50 for primary care physician (PCPs) saturation in the nation at just 38 [PCPs] per 100,000 people."