

**MINUTES OF THE
EXECUTIVE APPROPRIATIONS COMMITTEE**

Wednesday, February 27, 2013 - 4:10 p.m. - Room 210 Senate Building

Members Present:

Sen. Lyle W. Hillyard, Co-Chair
Rep. Melvin R. Brown, Co-Chair
Sen. Jerry W. Stevenson, Vice Chair
Rep. Brad R. Wilson, Vice Chair
Sen. J. Stuart Adams
Sen. Gene Davis
President Wayne L. Niederhauser
Sen. Karen Mayne
Sen. Ralph Okerlund
Sen. Luz Robles
Rep. Joel K. Briscoe
Rep. Rebecca Chavez-Houck
Rep. Tim M. Cosgrove
Rep. Brad L. Dee

Rep. Gregory H. Hughes
Rep. Don L. Ipson
Speaker Rebecca D. Lockhart

Members Excused:

Sen. Peter C. Knudson
Sen. Patricia W. Jones
Rep. Jennifer M. Seelig

Staff Present:

Mr. Jonathan Ball, Legislative Fiscal Analyst
Mr. Steven Allred, Deputy Director
Ms. Greta Rodebush, Legislative Secretary
Ms. Karen Mitchell, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.leg.utah.gov.

1. Call to Order/Approval of Minutes

Co-Chair Brown called the meeting to order at 4:29 p.m.

MOTION: Sen. Hillyard moved to approve the minutes of December 3, 2012. The motion passed unanimously with Sen. Adams, Sen. Jones, and Rep. Ipson absent for the vote.

2. Review/Adopt February Revenue Estimates

Sen. Hillyard called attention to the revised revenue estimates for FY 2013 and new estimates for FY 2014 on the yellow sheet titled, "Revenue Estimates - February 2013."

MOTION: Sen. Hillyard moved to adopt the revised revenue estimates for FY 2013 (column c) and new estimates for FY 2014 (column e) as indicated on page 1 of the yellow sheet titled "Revenue Estimates - February 2013" and dated today February 27, 2013.

Sen. Hillyard referred to the "Crosswalk from Revenue Estimates to Available GF/EF Revenue - February 2013" on the back of the yellow sheet, which shows that the available ongoing revenue for the 2013 General Session is \$264 million and the available one-time revenue is \$161 million.

There was no discussion to the motion. The motion passed unanimously with Sen. Adams, Sen. Jones, and Rep. Ipson absent for the vote.

3. Budget Presentations

Co-Chair Brown explained that the EAC would today be reviewing three budgets that do not report to subcommittees: Utah National Guard, Capitol Preservation Board, and the Legislature.

a. Utah National Guard

Mr. Brian Fay, Fiscal Analyst, LFA, presented the Budget Brief, "Utah National Guard," and the Issue Brief, "Utah National Guard FY 2014 Fees." He explained the purposes and functions of the Utah National Guard (UNG), highlighted one building block request, and discussed the Analyst's budget recommendations for FY 2014.

Mr. Fay stated that the UNG is requesting an additional \$127,000 ongoing from the General Fund to cover utility costs at Camp Williams. A recent audit revealed that federal funds had been covering utilities that should have been funded with state funds. The \$127,000 building block request would replace the reduction in federal funds.

Mr. Fay reviewed the following budget recommendations for FY 2014. The Analyst recommends:

- Approval of the FY 2014 base budget of \$68,084,100 of which \$5,736,500 is from the General Fund;
- Approval of the fee schedule, with no changes in fees from FY 2013;
- Approval of nonlapsing intent language for FY 2013 with the use of nonlapsing funds limited to National Guard Tuition Assistance \$25,000 and Armory Maintenance \$75,000; and
- Approval of intent language giving the Utah National Guard permission to increase its vehicle fleet by two vehicles in FY 2014 for maintenance and engineering by using appropriated federal funds.

General Jefferson S. Burton, Utah National Guard, spoke about the Guard's operations and budget priorities.

Sen. Hillyard congratulated General Burton and the Utah National Guard who have made Utah proud.

Speaker Lockhart inquired about a \$19,200 one-time request for the Davis County Emergency Non-Reimbursed Funding. General Burton explained that the Governor had asked the Utah National Guard to help with the Davis County clean up after the December windstorm, with the expectation that another windstorm could cause loss of life and damage to property. He pointed out that the language in the Disaster Recovery Funding Act does not cover this type of non emergency disaster service, and therefore, the Governor could not pay the bill. The UNG is requesting \$19,200 one-time to cover those costs.

General Burton mentioned that Rep. Curtis Oda was sponsoring legislation that would provide funding for non-emergency disaster services.

Rep. Cosgrove recognized General Burton for his good work on the Reintegration Task Force. General Burton has been working diligently to help Utah's servicemen and women transition from active duty into civilian life.

Sen. Robles expressed her support for the Utah National Guard and stated that it is critical that we continue to fund the Tuition Assistance Program.

B. Capitol Preservation Board

Mr. Fay presented the Budget Brief, “Capitol Preservation Board” and Issue Brief, “Capitol Preservation Board FY 2014 Fees.” He explained the functions of the Capitol Preservation Board (CPB) and the services it provides.

Mr. Fay pointed out that the State Capitol Fund was created in 1998 for the purpose of funding and operating the CPB. This fund is a restricted special revenue fund and is used, in part, to pay for repairs, maintenance and restoration of the Capitol grounds. The Analyst recommends establishing a separate item of appropriation for the State Capitol Fund to more accurately reflect revenues, expenditures, and balances in the State Capitol Fund.

For FY 2014, the Analyst recommends a base budget of \$4,406,700 for the CPB. The Analyst also recommends that the Legislature adopt the list of fees outlined in the Issue Brief, which includes a change to the hourly rate (\$100 to \$125 per hour) for the use of the State Office Building Auditorium during Legislative General Session. The CPB charges this same rate when the Legislature is not in session. The CPB also requested the approval of a new fee to cover the rental of a POLYCOM telephone for \$10/day. Finally, the Analyst recommends nonlapsing intent language for FY 2013.

Ms. Allyson Gamble, Executive Director, CPB, spoke about their accomplishments and goals.

Sen. Jerry Stevenson commented that he has had opportunities to tour state capitols across the county and there is not one that compares to Utah’s State Capitol Complex and the way it is cared for including the grounds.

c. Legislature

Mr. Steven Allred, Deputy Director, LFA, presented the Budget Brief, “Utah State Legislature.”

Mr. Allred called attention to the charts on page 1 to highlight the Legislature’s budget history, FTE history, and FY 2014 funding mix. He stated that the Legislature’s total base budget for FY 2014 is \$19,962,700. This represents a slight decrease (\$46,000) from the FY 2013 estimated budget due to one-time funds appropriated for the Economic Development Task Force in FY 2013. The total annualized FTE count is around 130, which includes year round full time staff and temporary employees serving during legislative sessions. Mr. Allred pointed out that the Legislature is almost totally funded by General Fund with the exception of \$175,000 which is revenue raised by the Legislative Printing Office.

Mr. Allred discussed a number of issues and related budget recommendations for FY 2014. The Analyst recommends:

- Consolidation of the Constitutional Review Commission and the Tax Review Commission line items into the OLRGC main line item in FY 2014;
- Reallocating a nonlapsing balance of \$93,700 from OLRGC to the Legislative Printing Office to reimburse it for new printers and servers;

- Appropriating \$282,500 from the General Fund one-time to OLRGC in FY 2013 for desk and mobile phones;
- An appropriation increase of \$50,000 one-time from the General Fund in FY 2013 and \$50,000 ongoing from the General Fund FY 2014 to pay for increases in Legislative Printing costs; and
- Reallocation of funds to a new line item for shared costs that include mobile phone and desk phone charges, software licenses, annual dues, and so forth.

Speaker Lockhart asked if increasing printing fees would be an option to help offset legislative printing costs. Mr. Allred said that this was a viable option. Another option would be to reevaluate some of the services that Legislative Printing provides to other state agencies. Mr. Allred pointed out that Lexus Nexus publishes the Utah Code and bills Legislative Printing \$245,000 each year. Legislative Printing then distributes some of those publications to the various organizations including Courts without charging them. The Courts portion of the bill is about \$84,000.

Speaker Lockhart expressed an interest in the reallocation of funds to a new line item for shared costs. Mr. Allred stated that the LFA is doing some further research on shared costs and would keep the Speaker informed.

President Niederhauser also expressed his support for the new line item recommendation.

Mr. Ball responded to President Niederhauser's request for further clarification on legislative printing costs.

4. Subcommittee Reports

a. Retirement and Independent Entities Appropriations Subcommittee (Tab 8)

Sen. Todd Weiler, Co-Chair, presented the subcommittee report. He was assisted by LFA staff analysts, Brian Fay and Angela Oh.

Sen. Weiler stated that the subcommittee reviewed and recommended the following base budgets: Career Service Review Office - \$246,900; Department of Human Resources (DHRM) - \$3,386,000; DHRM's Internal Service Fund - \$11,582,500; Utah Education Network (UEN) - \$35,528,600.

Sen. Weiler identified other subcommittee actions. The FY 2014 DHRM Internal Service Fund rates have been adjusted to account for the 1 percent compensation increase in FY 2013 and the decreases in total state FTEs. The Field Services and Payroll Services fees are both set below break-even to draw down retained earnings. Finally, the subcommittee recommended nonlapsing FY 2013 intent language for the Career Service Review Office and the DHRM.

Sen. Weiler called attention to the prioritization list on page 8. The top ongoing priority is UEN Elementary Connectivity and the top one-time priority is UEN Capital Equipment Maintenance and Replacement. The subcommittee also gave high priority to 2-1-1 contingent on the enrollment of S.B. 56, 'Utah 211 Information Referral Network.' Sen. Weiler stated that if ongoing funds are not

available for 2-1-1, the subcommittee would request one-time funds, which would make 2-1-1 the top one-time priority.

b. Business, Economic Development, and Labor (Tab 2)

Sen. Brian E. Shiozawa and Rep. Jim Bird, Co-Chairs, and Rep. Stewart E. Barlow, House Vice Chair, present the subcommittee report. They were assisted by LFA staff analysts, Dr. Andrea Wilko and Zack King.

Rep. Bird identified the subcommittee budget recommendations and funding streams. They include: \$12 million from earmarked revenues to the Tourism Marketing Performance Fund and Advertising Program; \$1,884,400 from the funds set aside for the Industrial Assistance Fund replenishment; \$158,500 from liquor funds for the Parents Empowered program statutory earmark.

Sen. Shiozawa reviewed the subcommittee reallocations. The subcommittee consolidated the Finance Position in Heritage and Arts into the Administration budget, consolidated the O&M for the Rio Grande Depot into the Heritage and Arts Administration budget, and moved some staff support from the Tourism Operations and Fulfillment line to GOED Administration and Business Development.

Rep. Bird listed the major non-general fund adjustments. They include: Department of Insurance: Fraud Victim Restitution - \$427,700 and Captive Insurance Staff - \$248,300; GOED: Dedicated credits for Avenue H - \$213,900 FY 2013 and \$646,000 FY 2014; Tax Commission: Electronic Payments Fees Adjustments (\$1,126,600) FY 2013 and FY 2014.

Rep. Bird indicated that the subcommittee's prioritization lists are found on pages 2-92 and 2-93. He hoped that the EAC would honor the subcommittee's recommendations.

c. Natural Resources, Agriculture, and Environmental Quality (Tab 6)

Sen. David P. Hinkins and Rep. John G. Mathis, Co-Chairs, and Rep. Michael K. McKell, House Vice Chair, presented the subcommittee report. They were assisted by LFA staff analysts, Ivan Djambov and Angela Oh.

Rep. Mathis outlined the contents of the subcommittee report. The FY 2014 base budget is found on pages 6-1 through 6-3; fees on pages 6-4 through 6-59; base budgets broken out in detail on pages 6-60 through 6-107; intent language for FY 2014 on page 6-108; supplementals for FY 2013 on page 6-109 and 6-110; supplemental base budgets broken out in detail on pages 6-111 through 6-118; priority lists for General Fund ongoing requests on page 6-123 and General Fund one-time requests on page 6-124.

Rep. Cosgrove asked about Item 6 - DNR Wolf Re-introduction for \$300,000 on the one-time priority list. Rep. Mathis explained that this funding would help continue the fight against the re-introduction of wolves in Utah. Wolves pose a threat to the wildlife and livestock herds in Utah, Idaho, and Montana. With the assistance of other states, Utah is fighting a battle in Washington to de-list wolves.

Rep. McKell added that this would be an incredibly important expenditure because wolves have a negative impact on states' economies and wildlife populations.

Sen. Okerlund inquired about Item 1- DNR Fire Rehab and Seed Purchase - \$5,238,000 and Item 6 - DNR Fire Suppression - \$13,510,000 on the one-time priority list. Sen. Hinkins explained that these funds will pay for what the department has spent on fire suppression and re-seeding in FY 2013.

Sen. Hillyard asked about Item 8 - DNR Navajo Nation Water Rights Settlement - \$2,000,000 and the status of the \$8 million Navajo Nation Water Rights Settlement. Sen. Hinkins indicated that the state has paid thus far \$2 million toward this settlement and placed it into a restricted account. In addition to this year's \$2 million request, the state will follow up with a third and fourth request, for a total of \$8 million. This money leverages \$156 million from the federal government that will be used for water infrastructure on the Utah Navajo Reservation. Sen. Hinkins stated that no money will be spent until the federal government comes through with their dollars. Utah is the only state that has stepped forward to participate in the water rights settlement.

Speaker Lockhart asked about Item 3 - DNR Garfield County Prairie Dogs - \$35,000. Sen. Hinkins stated that this money will be used to relocate prairie dogs from Iron County to Garfield County, which will allow Iron County to continue improving properties impacted by the prairie dogs.

Rep. Briscoe asked about Item 5 - PLPCO Public Lands Policy Coordination Office - \$1 million one-time and Item 3 - PLPCO Public Lands Policy Coordination Office - \$1 million ongoing. Rep Mathis stated that the Public Lands Coordinating Council is funded by revenues that are generated through mining on SITLA lands. In the last few months, these revenue sources have dried up and need to be made up so the PLPCO can continue to function.

Sen. Jones inquired about GFR - Horse Racing. Sen. Hinkins explained that this revenue source funds the Utah Horse Racing Commission to make sure there is drug-free racing in Utah.

d. Social Services

Sen. Allen M. Christensen and Rep. Ronda Rudd Menlove, Co-Chairs, and Rep. Daniel McCay, House Vice Chair presented the subcommittee report. They were assisted by LFA staff analysts, Russell Frandsen and Stephen Jardine.

Sen. Christensen stated that the Social Services Appropriations Subcommittee met sixteen times to review agency budgets and hear public testimony in nearly all of those meetings. The subcommittee funded \$3 million or one-third of all one-time priorities through internal reallocations. In addition, the passage of S.B. 206 will provide another \$2 million in General Fund savings from improved collections for third-party liability in Medicaid.

Sen. Christensen commented on the priority lists on pages 9-122 through 9-124. There are 54 ongoing items totaling \$71 million and 14 one-time items totaling \$6 million. The subcommittee placed mandatory funding increases at the top of the priority lists. These increases are almost all Medicaid-related and/or are open door programs where whoever qualifies for services must be served.

Sen. Christensen pointed out that the subcommittee pared down a number of agency requests to where they thought those requests ought to be.

Regarding fees, the Health Department had a total increase in fees of \$0.7 million or 5 percent, and the Department of Workforce Services had a total increase in fees of \$0.6 million or 45 percent. Finally, the Department of Human Services had a total increase in fees of \$11,500 or less than 1 percent.

Rep. Menlove commented on the intent language, six additional motions, subcommittee actions, and non-mandatory funding requests. Of the 55 items of intent language, the vast majority provide nonlapsing authority. Some items of intent language require agencies to report back on providing performance measures for new state funding received for building blocks. Other items of intent language provide for agency and program-specific detailed reporting.

Rep. Menlove stated that the subcommittee unanimously approved the motion asking the Department of Technology Services to absorb the costs of providing the Department of Health's request for "Credit Monitoring" in the amount of \$922,000 one-time from its retained earnings without increasing internal service fund rates.

The subcommittee also requested that the Legislative Management Committee prioritize other committees' resources to look at costs and savings for Medicaid optional expansion. In addition, the subcommittee requested that the \$1.4 million "robo-signing" settlement money be directed toward the Olene Walker Housing Loan Fund.

Rep. Menlove identified some of the highest non-mandatory funding requests on pages 9-122 and 9-123. They include: Item 9 - DSAMH - State Hospital - Restore Funding Loss Due to Fed ACA; Item 10 - USOR - Client Service Delivery Enhancement for Vocational Rehabilitation; Item 11 - DOH - Children with Special Needs in rural areas; Item 12 - USOR - Restoration of Assistive Technology at USU and Independent Living Centers; Item 13 - USOR - Restore Independent Living Center Staff Reductions; and Item 14 - DSAMH - Mental Health Early Intervention for Children/Youth.

Sen. Christensen mentioned that the counties have asked for support on the ongoing requests for Item 15 - DSAMH - Local Authority Medicaid Match, \$4,485,200, and Item 42 - DSAMH - Drug Courts, \$2,435,900. The counties indicated that they could take this as one-time funding as well.

Rep. Dee inquired about the use of nonlapsing balances for the Restricted Account Transfers - SS - GFR - Homeless Account on page 9-118. The intent language authorizes the use of up to \$1.5 million in nonlapsing funds appropriated for the Pamela Atkinson Homeless Trust Fund Special Projects line for building projects. Sen. Christensen responded that these funds would be distributed equally, \$500,000 each, among the Pamela Atkinson Homeless Trust Fund, the Road Home, and the Lantern House.

Rep. Dee commented that the Social Services Appropriations Subcommittee does phenomenal work and that he is happy to serve as a member of that subcommittee.

Mr. Ball thanked Russell Frandsen and Stephen Jardine as well as the entire LFA staff for their hard work and dedication.

4. Other Business

There was no other business at this time.

MOTION: Sen. Hillyard moved to adjourn. The motion passed unanimously with Rep. Hughes absent for the vote.

Co-Chair Brown adjourned the meeting at 5:30 p.m.

Sen. Lyle W. Hillyard, Co-Chair

Rep. Melvin R. Brown, Co-Chair