



CONTRACT PROVIDER COLAs

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

Statutory language found in the *Budgetary Procedures Act* requires both the Governor and the Legislature to “consider an amount sufficient to grant” certain named providers “the same percentage increase for wages and benefits that is included in the budget for persons employed by the state.” The Governor, after considering this item, did not include an increase for these statutorily named providers in his FY 2015 budget recommendation. A one percent increase for the statutorily named contract providers would cost \$1,506,400 in state funding.

LEGISLATIVE ACTION

No Legislative action is required. This brief is for information only.

OVERVIEW

Statutory language found in the *Budgetary Procedures Act* requires both the Governor and the Legislature to “consider an amount sufficient to grant” certain named providers “the same percentage increase for wages and benefits that is included in the budget for persons employed by the state.” UCA 63J-1-201.7(1) states that “in adopting a budget for each fiscal year, the Legislature shall consider an amount sufficient to grant local health departments, local mental health authorities, local substance abuse authorities, area agencies on aging, conservation districts, and Utah Association of Conservation District employees the same percentage increase for wages and benefits that is included in the budget for persons employed by the state.” A similar statute found at 63J-1-201(4) and (5) requires the Governor to “consider an amount sufficient to grant” similarly named entities “the same percentage increase for wages and benefits that the governor includes in the governor's budget for persons employed by the state.”

METHODOLOGY FOR CALCULATING COLAs

A report prepared by the Office of the Legislative Fiscal Analyst in July of 2001, *Review of Calculation Method for Local Provider COLA*, proposed a methodology to the Executive Appropriations Committee (EAC) for the calculation of COLAs for local providers. Because statutory language found in both UCA 63J-1-201.7(1) and 63J-1-201(4) and (5) states that the Governor and the Legislature shall consider “the same percentage increase for wages and benefits that is included in the budget for persons employed by the state,” it was determined that any calculation for increases for contract providers should be based on personnel costs only. A percentage used for calculating the COLAs was determined by taking identified personnel related costs compared to a provider group's total costs. The calculated percentages were adopted by EAC in 2001 as follows: Local Mental Health Authorities at 75%, Local Substance Abuse Authorities at 75%, Local Area Agencies on Aging at 65%, Local Health Departments at 71%, Division of Services for People with Disabilities at 80%, and the divisions of Child and Family Services and Juvenile Justice Services at 69%. Entities added to statute after 2001 were not included in the EAC approval for a specific percentage.

INCLUSION OF CONTRACTS FOR SECONDARY DISTRICT COURT LOCATIONS

UCA 78A-5-111(4)(d) states, “Each May 1 preceding the general session of the Legislature, the county or municipality shall submit a budget request to the Judicial Council, the governor, and the legislative fiscal analyst for services to be rendered as part of the contract under Subsection (4)(b) for the fiscal year immediately following the legislative session. The Judicial Council shall consider this information in developing its budget request. The legislative fiscal analyst shall provide the Legislature with the county's or municipality's original estimate of expenses.” In compliance with statute the “original estimate of expenses,” along with the calculation of a one percent increase on the General Fund base is included here.

ONE PERCENT COLA COST FOR FY 2015

The following table shows the cost of a one percent General/Education fund increase for the statutorily names local providers:

1% Local Provider Increase for FY 2015

Agency - Program	FY15 Gen/Education Fund Base		(A) Applicable %	% in (A) of GF/EF Base	1.0 Percent of GF/EF Base
Human Services					
Local Mental Health	27,385,000	X	75%	= 20,538,800	205,300
Local Mental Health - Autism	1,847,000	X	75%	= 1,385,300	13,900
Local Substance Abuse	8,902,500	X	75%	= 6,676,900	66,800
Local Aging	7,628,800	X	65%	= 4,958,700	49,600
Total Human Services - Local	45,763,300			33,559,700	335,600
Disabilities Providers	54,439,300	X	80%	= 43,551,400	435,500
Child and Family Services Providers	69,666,600	X	69%	= 48,070,000	480,700
Total Human Services	169,869,200			125,181,100	1,251,800
Juvenile Justice Services Providers	26,354,300	X	69%	= 18,184,500	181,800
Total JJS	26,354,300			18,184,500	181,800
Courts					
Contracts with secondary district court locations	500,568		100%	= 500,600	5,000
Health					
Local Health Departments	2,137,500	X	71%	= 1,517,600	15,200
Attorney General					
Children's Justice Centers	2,862,800	X	65%	= 1,860,800	18,600
Environmental Quality					
Local Health Departments	605,900	X	71%	= 430,200	4,300
State School Board (USOR)					
Independent Living Centers	2,817,700	X	77%	= 2,169,600	21,700
Agriculture					
Assoc. of Conservation District Employees	946,000	X	85%	= 804,100	8,000
Total - All Agencies	205,593,400			150,147,900	1,506,400

Table 1