

**MINUTES OF THE  
EXECUTIVE APPROPRIATIONS COMMITTEE**  
Tuesday, January 28, 2014 - 5:15 p.m. - Room 445 State Capitol

**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. Patricia W. Jones  
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  
Rep. Jennifer M. Seelig

**Members Excused:**

Sen. Peter C. Knudson  
Sen. Gene Davis  
Speaker Rebecca D. Lockhart

**Staff Present:**

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

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.leg.utah.gov](http://www.leg.utah.gov).

**1. Call to Order/Approval of Minutes**

Co-Chair Brown called the meeting to order at 5:26 p.m.

**MOTION:** Sen. Hillyard moved to approve the minutes of the December 10, 2013 meeting. The motion passed unanimously with President Niederhauser, Sen. Okerlund, Sen. Robles, and Rep. Seelig absent for the vote.

**2. Base Budget Review**

Co-Chair Brown explained that as a part of the budget review process, the committee would be hearing three budgets that are assigned specifically to the Executive Appropriations Committee (EAC).

Sen. Hillyard encouraged all agencies to look carefully at their base budgets and identify some internal savings that could be used to cover other funding requests.

**a. Utah National Guard**

Mr. Brian Fay, Fiscal Analyst, LFA, presented the base budget for the Utah National Guard (UNG). The base budget totals \$68,815,400 and includes \$6 million in General Fund (GF). The base budget is divided into two appropriations units: Administration - \$1,980,700 and Armory Maintenance - \$66,834,700.

Funding for Administration includes \$980,000 for administration and overhead costs and \$1 million for tuition reimbursement.

Armory Maintenance, a much broader appropriations unit, includes the Air National Guard, Information Management, Joint Language Training Center, State Military Department, and the operations and maintenance for the armories and Camp Williams. Other than \$4 million in General Fund, the Armory Maintenance unit is primarily funded with federal funds, \$62.8 million.

Mr. Fay discussed shared expenses (federal and state) and the breakout of state funds for the UNG for FY 2015. He referred to the handout, "Utah National Guard." He commented that the UNG does an excellent job of budgeting.

The Analyst did not recommend any changes to the base operating budget. Within the Administration appropriations unit, the Analyst recommended that the \$1 million GF ongoing for tuition reimbursement be split into its own appropriations unit to allow for improved tracking of funds.

Brigadier General Kenneth L. Gammon, UNG, spoke on behalf of the UNG and Major General Jeff Burton who was in Washington D.C. on National Guard business.

Mr. Michael Norton, Financial Manager, UNG, explained that the UNG has a unique dual mission to provide trained, ready-equipped, disciplined forces for the use of the federal government or for the state under the direction of the Governor. Because of that dual mission, much of the UNG budget comes from the federal government. For FY 2015, Mr. Norton stated that the UNG was asking for a state budget of just under \$69 million of which almost \$63 million is federally reimbursed. These monies are primarily used to fund the operations and maintenance of facilities.

Mr. Norton made reference to the Utah National Guard handout, mentioning the chart of shared expenses and the UNG FY 2015 state budget. He also discussed the UNG's performance and areas of achievement.

General Gammon and Mr. Norton responded to committee questions about the costs associated with connecting utilities to a new armory at Camp Williams, coordination of veterans' services, voicing constituent concerns, and the family support services program.

**MOTION:** Sen. Hillyard moved to approve the base budget for the Utah National Guard as shown in item 1 of Senate Bill 7. The motion passed unanimously with President Niederhauser and Rep. Dee absent for the vote.

#### **b. Department of Veterans' and Military Affairs**

Mr. Fay discussed the base budget for the Utah Department of Veterans' and Military Affairs (UDVMA). The base budget totals \$2.2 million and includes \$1.5 million in GF. Mr. Fay discussed the programs within three appropriations units: Administration - \$1,191,900; Cemetery and Memorial Park - \$517,700; and Nursing Home - \$467,400; and one expendable special revenue fund - Nursing Home Fund 2380.

Mr. Fay spoke to the Nursing Home appropriations unit. The UDVMA determined that there were enough funds within the Nursing Home Fund 2380 to cover the Nursing Home appropriation unit expense of \$467,400 GF for four nursing home administrators. For FY 2015, the department anticipates that Fund 2380 will receive an estimated \$16 million in federal revenues. Mr. Fay pointed out that this funding shift will free up \$467,400 GF that can be used for other funding items.

The Analyst therefore recommended a base operating budget of \$1,709,800 that includes the \$467,400 GF reduction. In addition, the Analyst recommended two new appropriations units: Military Affairs - 45,000 GF, and State Approving Agency - \$131,400 Federal Funds. The Analyst also recommended

that \$233,700 GF be reclaimed for FY 2014 as a result of the transfer of the nursing home administrators into the Nursing Home Fund 2380.

Mr. Gary Harter, Executive Director, UDVMA, addressed the committee. Mr. Dennis McFall, Deputy Director, UDVMA, and Mr. Todd Hansen, Director, Salt Lake Veterans Home, provided assistance.

Mr. Harter discussed and distributed two handouts under the title "Utah Department of Veterans & Military Affairs." The first handout explains the department's vision, goals and objectives, statistical information about Utah veterans, and resources and services. The second handout provides information about the six major programs within the department and pie charts of revenue sources for Fund 1000 and Fund 2380 for FY 2015.

Mr. Harter stated that the department would like to retain the \$467,400 GF in Fund 1000 for an outreach specialist, a Veterans' Service Coordinator, a director for Military Affairs, and to pay for overages and the increased cost of doing business. He explained that the UDVMA had withdrawn these four building block requests in anticipation of using the \$467,800 in Fund 2380.

Co-Chair Brown relinquished the chair to Vice Chair Wilson.

**MOTION:** Sen. Hillyard moved to approve the base budget for the Department of Veterans' and Military Affairs as shown in items 2 and 11 of Senate Bill 7 except for a reduction in the General Fund of \$467,400, and a shift of \$45,000 in General Fund to a new appropriation unit for Military Affairs, and a shift of \$131,400 in Federal Funds to be shifted into a new appropriation unit for the State Approving Agency.

Sen. Hillyard stated that even though the motion reduces the UDVMA base budget by \$467,400 GF, it does not necessarily mean that the department will not get this money back later on in the budget process.

Rep. Hughes was hesitant to support the motion. He commented that had the department not been looking to be innovative, those dollars would not have been available. While he understood the rationale behind the motion, Rep. Hughes did not want to see those funds spent elsewhere.

Rep. Cosgrove expressed similar sentiments. As a member of the Veterans' Reintegration Task Force, he stated that he would feel remiss if a veteran did not have access to a nursing home. Rep. Cosgrove said that those funds should be there for the veterans and that he could not support the underlying motion.

Sen. Hillyard summarized his motion. He stated that as part of the budget review process, the EAC is charged with reviewing the base budgets of the UNG and the UDVMA and looking for some savings. He commented that the committee may ultimately decide that the UDVMA needs far more than \$467,400.

A vote was taken on the motion. The motion failed with Sen. Hillyard, Sen. Stevenson, Sen. Okerlund, Sen. Adams, and Rep. Wilson voting in favor of the motion. President Niederhauser and Rep. Brown were absent for the vote.

**c. Capitol Preservation Board**

Mr. Fay stated that the Capitol Preservation Board (CPB) has a base budget of \$3.9 million with \$3.6 million in GF. The CPB appropriations unit comprises the Capitol Preservation Board - \$3,582,900 and includes Visitor Services, Inventory Program, Administration, and Capitol Complex O&M. Mr. Fay briefly discussed each of these programs.

Mr. Fay pointed out that the O&M contract with DFCM is approximately \$3.8 million, which is more than the appropriation for the CPB. To offset the difference, CPB uses dedicated credits from the Department of Technology Services for additional electrical charges for the Data Center, supplements from the General Fund, and balances within the State Capitol Fund.

Mr. Fay explained that a few years ago when budgets were tight, the CPB cut back in services. However, the CPB feels that insufficient maintenance over a prolonged period of time will cause early deterioration of the building and the grounds. Mr. Fay stated that one-time funding has kept the CPB afloat over the past number of years.

Mr. Fay also discussed one-time funding and the balance in the State Capitol Fund. He stated that without a significant change, the State Capitol Fund is going to run out of money in FY 2015. The Analyst recommended a total base budget of \$3,893,900 but also recognized that there will be a shortage in the CPB budget. Mr. Fay estimates that the actual shortage is going to be about \$550,000 that reflects a reduction in dedicated credits for space rental impacted by the re-tiling project in the Capitol.

Rep. Dee, speaking from the perspective of a CPB member, stated that the costs to maintain and operate the Capitol continue to increase. He asked the CPB to provide some realistic dedicated credit numbers, which the CPB has done. However, the upcoming project to re-tile the Capitol needs to be factored into the funding equation. Rep. Dee said that until we can stabilize the CPB budget and know what the dedicated credits are going to be, we will have this same dilemma for the next couple of years.

Ms. Allyson Gamble, Executive Director, CPB, addressed the committee. Her presentation included a status report of the CPB activities leading up to the 2014 Legislative Session. She described the Board's purpose and gave an accounting of the Visitor Services Program, the Capitol Event and Scheduling Program, and the Inventory Program. Ms. Gamble also discussed the use of social media, self-guided tour brochures, and rotating art exhibits.

Ms. Gamble pointed out that CPB's base budget for FY 2014 is \$3.5 million GF while the O&M contract with DFCM is \$3.8 million. She explained that in order to meet its budgetary obligations, the CPB has had to depend on a combination of retained earnings and dedicated credits. Ms. Gamble noted that the CPB has never been fully funded through general appropriations, which has created and continues to be a problem for the CPB in meeting payroll and office expenses.

Sen. Jones thanked Ms. Gamble and her colleagues for their excellent work.

Rep. Chavez-Houck asked if visitors and guests were able to make cash donations. Ms. Gamble stated that legislation allows CPB to accept funding but there is no mechanism in place to accept cash donations. She indicated that she would talk with the Division of Finance to see how this might work.

Rep. Chavez-Houck requested a copy of Ms. Gamble's presentation.

Sen. Hillyard emphasized how important it was for the committee to understand exactly what the CPB's funding needs are. To more accurately reflect CPB's funding needs, Ms. Gamble stated that the CPB intends to present its building block request in an upcoming EAC meeting.

**MOTION:** Sen. Hillyard moved to approve the base budget for the Capitol Preservation Board as shown in items 3 and 12 of Senate Bill 7 with the understanding that it does not address the additional need for the Capitol Preservation Board. The motion passed unanimously with Pres. Niederhauser, and Co-Chair Brown absent for the vote.

#### **d. Legislature**

Mr. Steven Allred, Deputy Director, LFA, presented the base budget for the Legislature for FY 2015 as outlined in [S.B. 7 - National Guard, Veterans' Affairs, and Legislature Base Budget](#), Items 4 through 10. Mr. Allred explained that the Legislative Oversight Committee had reviewed and approved the budgets for the three legislative staff offices in October 2013.

Mr. Allred went on to describe how the Legislature handled the cost of the House Special Investigative Committee through the transfer of \$3.5 million in nonlapsing balances from legislative offices to the Legislative Services line item. He mentioned that during the General Session, the Legislature would be discussing how those nonlapsing balances will be restored.

#### *Office of the Legislative Auditor General (OLAG)*

Mr. John Schaff, Auditor General, OLAG, presented the report. The OLAG has a base budget of approximately \$3.4 million of which 95 percent is for personnel costs and 5 percent is for administrative costs including the hiring of consultants. Mr. Schaff stated that the OLAG mission is to improve programs, promote accountability, and reduce costs. He referenced the recent USTAR audit to illustrate how the OLAG was active in improving programs and promoting accountability. He also gave examples of audits that resulted in savings to the state, namely, the 2009 audit of the Utah Retirement System and the 2011-2012 audits in Medicaid.

Mr. Schaff discussed productivity indicators that show the number of audits conducted annually, the number of recommendations given, the percentage of recommendations implemented, and the percentage of time actively spent on audit assignments. He stated that the OLAG completes about 20 audits per year and that auditors spend about 90 + percent of their time on audit assignments. The OLAG also works with the agencies, the Legislative Audit Committee, and other legislative committees, to ensure that audit recommendations are implemented.

Mr. Schaff concluded his remarks stating that the OLAG is striving to be as effective as possible and to provide strong findings. He also mentioned how closely the three legislative staff offices work together.

Vice Chair Wilson thanked the Auditor General for his good work.

*Office of the Legislative Fiscal Analyst (LFA)*

Mr. Jonathan Ball, Legislative Fiscal Analyst, LFA, presented the LFA base budget for FY 2015, which totals approximately \$2.7 million. He reported that \$2.4 million is for personnel costs with a majority of the remaining monies designated for IT services. The mission of the LFA is to affect good government through objective, accurate, and relevant budget information and documentation.

Mr. Ball stated that the LFA has developed performance measures that are linked directly to its mission statement. The LFA graphs the distribution of legislator feedback to measure nonpartisanship and objectivity in responding to legislators. The LFA measures accuracy by setting targets for unrevised fiscal notes, on-target revenue estimates, correctness of appropriations bills, and timely fiscal notes. For 2012 and 2013, Mr. Ball reported favorable achievements in each of those areas. He stated that he would like to improve the accuracy of the 6-month revenue estimate for the Education Fund. In FY 2013, the LFA estimate for the Education Fund showed a 94 percent accuracy rate in comparison to the 98 percent target.

Rep. Hughes thanked Mr. Ball and recognized the LFA staff's ability to accurately estimate budgets.

Mr. Ball also discussed four initiatives that the LFA has been working on that have made a significant difference in LFA's relationship with the Governor's Office as compared to four years ago. These initiatives have eliminated a lot of duplication of effort by reducing the need for the Governor's appropriations summary and creating a shared fees data set, a shared personnel data set, and an online fiscal note drafting system.

Mr. Ball mentioned that LFA has one vacancy that has not been filled (\$35,000) that can be added to the offset list.

*Office of Legislative Research and General Counsel (LRGC)*

Mr. Michael E. Christensen, Director, LRG, presented the LRG base budget for FY 2015, which totals approximately \$7.5 million. He presented "Mission and Performance Measurements," that outlines how LRG measures performance using statistical tracking, bi-annual surveys, and one-on-one interviews with Interim committee chairs.

Mr. Christensen reported that since 2003, LRG has seen a 25 percent increase in the number of bills requested, introduced, and substituted. This increase has been met by hiring only two net employees for that same time period. Mr. Christensen also noted that the number and percentage of bills requested in January, February, and March, just before the session starts, has increased 35 percent. This increase creates a real problem in trying to keep legislators happy. Mr. Christensen also discussed significant information technology projects and other legal services that LRG has been involved with this last year.

According to the bi-annual survey of legislators, LRG shows a mean score in the mid 4's on a scale of 1 to 5 for meeting bill drafting policy objectives, overall bill quality, quality rating for all attorneys, quality rating for policy analysts, providing nonpartisan services, and quality rating of briefing papers. LRG received a mean score of 3.94 for bills provided in a timely manner, down from 4.03 in 2010.

Mr. Christensen felt that there was a direct correlation between the number of bills being requested right before session and the staff's ability to keep up.

Finally, Mr. Christensen read some of the positive comments that were generated during the one-on-one interviews with the Interim committee chairs. He stated that this information is used when he meets annually with each of his employees to set goals for the upcoming year.

Sen. Mayne expressed her appreciation to Mr. Christensen and his staff.

**MOTION:** Sen. Hillyard moved to approve the base budgets for each legislative office as shown in items 4 through 10 of Senate Bill 7. The motion passed unanimously with President Niederhauser, Sen. Robles, Co-Chair Brown, Rep. Dee, Rep. Seelig, and Rep. Briscoe absent for the vote.

Sen. Hillyard pointed out that the committee had not addressed the base budget for the UDVMA.

**MOTION:** Sen. Hillyard moved to approve the base budget for the Department of Veterans' and Military Affairs as shown in items 2 and 11 of Senate Bill 7 except for the \$467,400 reduction to be held for a further committee meeting to make a reallocation as to where that money goes.

Rep. Hughes was not comfortable with the motion as presented and stated that he could not support it.

**SUBSTITUTE MOTION:** Rep. Cosgrove moved to approve the base budget for the Department of Veterans' and Military Affairs as shown in items 2 and 11 of Senate Bill 7.

Sen. Hillyard pointed out that the motion appropriates money for positions the UDVMA no longer has and were funded in another way. The motion is also contrary to how the department wants to spend that money otherwise.

Rep. Cosgrove withdrew his substitute motion.

Sen. Hillyard stated that in fairness to the UDVMA, the department needs to come back and explain to the committee exactly what it is they need in terms of funding.

A vote was taken on the original motion. The motion passed with Rep. Hughes, Rep. Ipson, Rep. Cosgrove, and Rep. Chavez-Houck voting in opposition. President Niederhauser, Sen. Robles, Rep. Brown, Rep. Dee, Rep. Seelig, and Rep. Briscoe were absent for the vote.

#### **4. Other Business/Adjourn**

**MOTION:** Sen. Hillyard moved to adjourn. The motion passed unanimously with President Niederhauser, Sen. Robles, Rep. Brown, Rep. Dee, Rep. Seelig and Rep. Briscoe absent for the vote.

Vice Chair Wilson adjourned the meeting at 7:26 p.m.