

**MINUTES OF THE  
EXECUTIVE APPROPRIATIONS COMMITTEE**

Tuesday, February 18, 2014 - 4:00 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  
Sen. Patricia W. Jones  
Sen. Peter C. Knudson  
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

**Members Excused:**

President Wayne L. Niederhauser  
Speaker Rebecca D. Lockhart  
Rep. Jennifer M. Seelig

**Staff Present:**

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

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

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

Co-Chair Brown called the meeting to order at 4:20 p.m. The minutes were not acted upon at this time.

**2. Requests for Appropriation**

*a. Energy Producing States Coalition - \$5,000 General Fund (GF) one-time*

Rep. Roger E. Barrus discussed the purpose and goals of the Energy Producing States Coalition. The coalition is comprised of legislators from 15 energy producing states that meet annually to discuss federal legislation and energy-related policies, promote domestic energy sources, and streamline regulatory processes. Rep. Barrus explained that during the 2013 General Session, the Legislature passed H.B. 250, "Sunset Reauthorization - Energy Producers' States Agreement," which authorizes Utah to participate in the Energy Producing States Coalition for the next five years and to be funded on an annual basis. The \$5,000 GF one-time request for appropriation covers the cost of travel and lodging for two members of the House of Representatives to attend meetings in 2014 and 2015.

*b. Genetically Modified Food Working Group (H.B. 205) - \$15,000 GF one-time*

Rep. Brian M. Greene explained that H.B. 205, "Product Labeling Amendments," provides for the appointment of legislative members to participate in multistate discussions involving agreements to label genetically modified food. The legislation appropriates \$5,000 GF one-time to the Senate and \$10,000 GF one-time to the House of Representatives to support the working group's activities. Rep. Greene stated that a vast majority of constituents want to see this labeling on food products.

*c. Education Task Force (S.B. 150) - \$64,000 GF one-time*

Sen. Stuart Reid referred to the findings and recommendations outlined in the "Education Task Force Report" dated December 20, 2013. The Education Task Force recommended the reauthorization of the

task force for an additional year to study and make recommendations on a number of education issues, including a long term plan for education. S.B. 150, "Education Task Force Reauthorization," appropriates \$64,000 GF one-time to the Legislature - \$32,000 to the Senate , and \$32,000 to the House of Representatives.

Sen. Jones spoke in support of the Education Task Force reauthorization and the goal of truly setting in place a long term plan for public education.

*d. Economic Risk Analysis - \$400,000 GF one-time*

Rep. Ken Ivory distributed and discussed the findings of the Federal Funds Commission report dated November 22, 2013. The commission found that it needed help assessing the risk that federal funds pose to the state, and proposed hiring a private entity to perform a risk assessment and formulate a risk management plan for the state.

In an email sent to members of the Executive Appropriations Committee, dated Tuesday, February 18, 2014, Ms. Susan A. Speirs, CEO, Utah Association of Certified Public Accountants (UACPA), requested an appropriation of funds which will allow the Federal Funds Commission to continue its efforts and expand risk model analysis. Rep. Ivory stated that the RFP for an enterprise risk management analysis would cost approximately \$400,000.

Rep. Ivory responded to committee questions.

*e. Professional Contingency Planning - \$25,000 GF one-time*

Rep. Ivory indicated that Dr. Laurence J. Lotlikoff, a world class economist, had offered to bring in a team of economists to Utah to do a fiscal risk assessment. The \$25,000 GF one-time request for appropriation would cover the cost of airfare, lodging, and food for these individuals.

*f. Continuing Education on Federalism (H.B. 120) - \$30,000 GF one-time*

Rep. Ivory referenced a one-page handout that included statements made by the United States Supreme Court on the topic of federalism. He talked about the importance of understanding the governing relationship between the states and the federal government. Rep. Ivory explained that H.B. 120, "Continuing Education on Federalism," requires the Commission on Federalism to create a curriculum for a seminar on federalism. He stated that this seminar would become a source of continuing legal education for attorneys who work for the state. The request for appropriation is \$30,000 GF one-time.

### **3. Appropriations Subcommittee Reports**

Mr. Ball gave a brief overview on the structure of the subcommittee reports.

Co-Chair Brown indicated that the committee would not be taking any action on today's subcommittee reports. The subcommittee chairs would be reporting on their budgets and answering any questions the committee might have.

**a. Retirement and Independent Entities (Tab 9)**

Sen. Todd Weiler and Rep. Kraig Powell, Co-Chairs, presented the subcommittee report. Mr. Brian Fay, Fiscal Analyst, LFA, and Ms. Angela Oh, Economist/Statistician, LFA, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002524.pdf>.

Sen. Weiler discussed the subcommittee's reallocation and priority list overviews. He noted the co-chairs would like to reserve the opportunity to increase the nonlapsing authority for DHRM for information technology from \$50,000 to \$300,000. The subcommittee reallocated a total of \$500,000 GF one-time and \$511,800 GF ongoing.

Sen. Weiler pointed out that the subcommittee recommended maintaining the current Attorney General Service ISF fee and reduced the direct General Fund appropriation by \$96,500. He noted that the \$77,600 GF ongoing will be appropriated to various state agencies to cover the state fund ISF impact due to the rate change.

Rep. Wilson inquired about the prioritization of the Heber Valley Railroad. Rep. Powell stated that the subcommittee had ranked the \$250,000 GF one-time reallocation to the Heber Valley Railroad higher than two other one-time building blocks on the add-ons list. He explained that the Heber Valley Railroad has sought some type of funding over the past several years. This year, the Heber Valley Railroad scaled back its funding request due to an improved and positive balance sheet. Consequently, the subcommittee felt that the reallocation would be a wise use of limited funds.

**b. Infrastructure and General Government (Tab 5)**

Rep. Gage Froerer, Co-Chair, presented the subcommittee report. Mr. Mark Bleazard, Fiscal Manager, LFA, and Mr. Gary Ricks, Fiscal Analyst, LFA, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002530.pdf>.

Rep. Froerer discussed subcommittee reallocations within the base budget, which included a reallocation of \$1,470,600 GF ongoing to capital improvements. The subcommittee felt that it would be important to maintain and operate existing buildings at an efficient level before continuing to build at the same pace as in the past. The subcommittee also reallocated \$21,229,100 GF one-time.

Rep. Froerer stated that some additional one-time funding would be needed to complete the Unified State Laboratories: Module 2. The subcommittee felt that this was a worthwhile project.

Rep. Froerer also discussed the subcommittee's add-ons position for FY 2015. The subcommittee recommended \$57,033,900 General Fund/Education Fund ongoing for capital improvements, which brings total appropriations for capital improvements to just over \$100 million for FY 2015, equal to the statutorily required 1.1 percent of the replacement cost of existing buildings.

Concerning capital development, Rep. Froerer stated that the subcommittee's recommendations were in line with the Building Board recommendations.

Sen. Hillyard asked if the subcommittee had recommended Operations and Maintenance (O&M) funding for these construction projects. Rep. Froerer responded that the subcommittee had recommended \$4,080,000 for O&M.

Rep. Dee asked for a clarification on the one-time reallocation and add-on request for the Unified State Laboratories: Module 2. Rep. Froerer stated that the reallocation of \$7,800,300 GF one-time was incorporated into the add-in request of \$39.8 million GF one-time as well. He explained that if the \$39.8 million GF one-time was funded, then this would free up the \$7,800,300 GF one-time for other uses.

Rep. Dee also inquired about jail reimbursement funding. Mr. Ricks stated that jail reimbursement was funded in the base budget at \$11,950,800.

Sen. Adams asked what the subcommittee would do with the \$7,800,300 GF one-time if additional funding for the Unified State Laboratories: Module 2 (State Crime Lab) could not be found. Rep. Froerer stated that the subcommittee did not want to recommend phased funding or planning but would rather allocate the money to capital improvements or other areas the EAC felt were more appropriate.

**c. Business, Economic Development, and Labor (Tab 2)**

Sen. Brian E. Shiozawa and Rep. Jim Bird, Co-Chairs, presented the subcommittee report. Dr. Andrea Wilko, Chief Economist, LFA, and Mr. Zackery King, Fiscal Analyst, LFA, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002526.pdf>.

Sen. Shiozawa stated that the subcommittee reduced the base budget by eliminating \$8,083,500 GF ongoing from the Comprehensive Health Insurance Program, and then reallocated \$2.0 million GF ongoing to the Department of Insurance for salary compression. The subcommittee also created \$5.6 million in one-time revenue from the following sources: \$3 million from the Tax Commission in nonlapsing balances, \$700,000 from the Department of Heritage and Arts, and \$1.9 million of the \$18 million in unencumbered balances from the Industrial Assistance Fund.

Sen. Shiozawa called attention to the ongoing and one-time reallocations listed on pages 3 and 4 of the subcommittee's report.

Rep. Bird reported that the subcommittee had prioritized two add-ons: *GOED - Administration - Sports Commission - \$250,000 ongoing*, and *GOED - STEM Action Ctr - STEM Action Center - \$1.0 million one-time*. In addition, the subcommittee adopted intent language and increases to dedicated credits, federal funds and restricted revenues.

Finally, Rep. Bird mentioned that Insurance Commissioner Kiser had requested fee increases to cover the \$2.0 million for salary compression. The subcommittee felt that increasing fees was not the way to solve the salary compression problem and that the \$2.0 million should come out of the Comprehensive Health Insurance Program.

Sen. Shiozawa requested that \$1.0 million in GF one-time be added to the priority list on line 55 (page 5) for a Weber County shooting range. He stated that the subcommittee, in error, did not take a motion to include this item on the list during its regular budget discussions.

#### **d. Public Education**

Sen. Howard A. Stephenson and Rep. Bradley G. Last, Co-Chairs, and Rep. Steve Eliason, House Vice Chair, presented the report. Mr. Ben Leishman, Fiscal Analyst, LFA, and Dr. Thomas Young, Economist, LFA, provided assistance.

The report is available on the legislative website at <http://le.utah.gov/interim/2014/pdf/00002528.pdf>.

Sen. Stephenson offered some introductory remarks about this year's prioritization process.

Rep. Last called attention to the nonlapsing balances and reallocations listed on page 3 of the report. The subcommittee reallocated \$1.5 million one-time to the Utah School for the Deaf and Blind (USDB) for planning money for the construction of a new facility. Rep. Last noted that the USDB had \$490,000 in nonlapsing balances which the subcommittee chose to reallocate back to the USDB for braille machines, classroom automation, computers, infrastructure, phone system replacement, a student management database, teacher iPADS/computers, and video teleconferencing equipment. He commented that the USDB did an incredible job of making a case for their nonlapsing balances.

Rep. Last stated that the subcommittee's prioritization list could be found on pages 4 through 6 of the subcommittee's report. The subcommittee's top priorities were Enrollment Growth and a WPU Value Increase of 2.5 percent.

Sen. Stephenson stated that the subcommittee prioritized \$50.0 million ongoing and \$50.0 million one-time for the Public Education Modernization Act, not knowing the final outcome of the legislation.

Sen. Hillyard made the suggestion that the chairs' list of priorities be sent out a day or two before the last meeting. Sen. Stephenson stated that the chairs' list was emailed the night before but the subcommittee members might not have had an opportunity to read the list. Rep. Last stated that the compressed time frame for completing subcommittee business presented some challenges. Sen. Hillyard stated that the subcommittee had heard between 30 and 40 requests for appropriations and that the EAC chairs would do a better job of assigning out requests next year.

In response to Sen. Jones inquiry, Rep. Last confirmed that the subcommittee funded the 2.5 percent increase in the WPU for \$62.5 million ongoing and fully funded enrollment growth.

#### **3. Other Business/Adjourn**

**MOTION:** Sen. Hillyard moved to approve the minutes of February 3, 2014. The motion passed unanimously with Sen. Davis and Rep. Cosgrove absent for the vote.

**MOTION:** Sen. Hillyard moved to adjourn. The motion passed unanimously with Sen. Davis and Rep. Cosgrove absent for the vote.

Co-Chair Hillyard adjourned the meeting at 5:43 p.m.