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November 25, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

On October 19, 2015 and October 28, 2015 the Business, Economic Development, and Labor Appropriations Subcommittee (BEDL) met at the State Capitol and discussed the agreed-upon items listed in your letter dated July 15, 2015. In relation to these items, we (1) held presentations and discussions, (2) took action, or (3) moved certain items to be considered at a later date.

To review, the agreed-upon items are listed below in black, with the subsequent result shown in blue.

1. **USTAR Audit Follow-Up** – Update on implementing recommendations of audit, which are supposed to be complete in the fall 2015.
  - USTAR presented to the Subcommittee a status update of the recommendations from two recent legislative audits. Some of the recommendations are still in the process of implementation. On certain recommendations, USTAR was not able to provide specifics, as their annual report was in the process of a required audit by the Legislative Auditor General at the time of the meeting.
2. **Department of Alcoholic Beverage Control Audit Follow-Up**
  - The State Auditor and the Department of Alcoholic Beverage Control presented the findings of Special Financial Audit of the Department of Alcoholic Beverage Control – May 2015. DABC has currently implemented all the recommendations of the audit.
3. **Prioritization of Economic Development Items Based on Return on Investment**
  - The Governor’s Office of Economic Development presented a review and prioritization of economic development incentives they have responsibility for.

GOED divided the prioritization into incentives that provide a return on objective and those that provide a return on investment. The primary incentive used and prioritized by the Office is the EDTIF program which allows GOED to rebate up to 30% of the incremental new revenue over the life of a project not to exceed a 20 year span.

#### **4. Fiscal Year-End Actuals Compared to Projections**

- LFA staff provided documents that showed six-year trends of revenues and expenditures and compared FY 2015 Appropriated and Actual amounts. Staff identified anomalies and other relevant points for a base budget review. Each agency responded to their respective review, offered additional clarification, and answered questions from the Subcommittee.
- Staff highlighted selected portions of LFA's annual Fiscal Note and Budget Item Follow-Up Report. This review identified the results of recent new funding requests, primarily from the 2014 General Session, in terms of implementation success, accuracy of the initial cost estimate, and performance.

#### **5. Elimination of Statutorily Required Fees and Reports**

- The Subcommittee reviewed fees for several agencies that had statutory changes in the 2015 General Session or had discussed fee changes in a public forum. No additional fees were moved to the appropriations process.
- The Subcommittee received a statutorily required report from the Rocky Mountain Center for Occupational and Environmental Health. USTAR's annual report had been completed but was in the process of a required audit by the Legislative Auditor General at the time of our meetings. The Subcommittee did not move to eliminate any reports.

Sincerely,

Senator Brian E. Shiozawa, Chair  
Business, Economic Development & Labor  
Appropriations Subcommittee

Representative Dixon M. Pitcher, Chair  
Business, Economic Development & Labor  
Appropriations Subcommittee

Stewart E. Barlow, House Vice Chair  
Business, Economic Development & Labor  
Appropriations Subcommittee



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November 18, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

On September 22, 2015 and October 27, 2015 the Executive Offices and Criminal Justice Appropriations Subcommittee (EOCJ) met respectively at the Peace Officers' Standards and Training (POST) Academy and the Fortitude Treatment Center (Parole Violator Center) in relation to agreed-upon items listed in your letter dated July 15, 2015. In relation to these items, we (1) held presentations and discussions, (2) took action, or (3) moved certain items to be considered at a later date.

To review, the agreed-upon items are listed below in black, with the subsequent result shown in blue.

1. **Base Budget Review** – Review agency close-out figures for FY 2015. They would identify remaining balances (lapsing and nonlapsing) and compare the FY 2015 actual figures to most recent agency budget requests.
  - The Subcommittee reviewed and discussed agency balances as listed in the FY 2015 Preliminary Lapsing and Non-lapsing Balances issue brief. The Subcommittee received a report on the status of the POST line item and plans to review the status of the Corrections medical line item at a later date.
  - LFA staff introduced a new interactive tool for comparing revenues and expenditures across time and at various levels of detail. LFA staff also provided handouts that compared projected to actual expenditures by agency for FY 2015. The Subcommittee expects to further review agency base budgets during the General Session.

2. **Required Reports Review** – Identify statutorily required reports and provide recommendation as to which reports may be of limited utility to the Subcommittee and could be eliminated.
  - The Subcommittee received several required/recommended reports, including a report on bad faith patent infringements from the Attorney General, which was redirected from Executive Appropriations Committee (EAC) to EOCJ for oversight. Other reports included those on off-budget funds and the budget for the Utah Communications Authority.
3. **Building Block/Budget Change Review** – Review the implementation of recent new funding items.
  - The Subcommittee heard relevant items in the Fiscal Note and Budget Item Follow-up Report issue brief, including the “Jail Contracting Growth” item referred by EAC and considered options for reprioritizing the associated \$2.1 million in savings (one-time and potential ongoing amount). We expect to revisit this item during General Session and include it in a running list of potential items for reprioritization. Related to item #7, the Subcommittee also engaged in discussion around “Salary Parity Increases – Attorney General’s Office” from the follow-up report. Items #10 and 13 are addressed below.
4. **Off Budget Funds Review** – Review remaining off-budget funds and how they could potentially be taken into account in the main budgeting process.
  - The Subcommittee received reports on off-budget funds and assessed whether action on these funds was aligned with recommendations from LFA’s 2013 Review of “Off-Budget” Funds and Operations report. The Subcommittee received reports on three funds from the Commission on Criminal and Juvenile Justice (CCJJ) and on four funds from other areas of the Governor’s Office; four of these funds are reported in the Expendable Funds and Accounts section of an Appropriations Act to facilitate legislative oversight and the remaining funds are in compliance with recommendations or have been transferred to other subcommittees.
  - Four off-budget funds reports were provided by the Office of the Attorney General (OAG). One of these funds is already included in the Expendable Funds and Accounts section and the Subcommittee moved to include the others as well. The Subcommittee further recommended removing the Attorney General Litigation Fund from the Operating and Capital Budgets section, as it is an expendable special

revenue fund and does not require legislative appropriation; the legislative auditors recommended this action in their recent audit.

- The Subcommittee also received a report on the Alcoholic Beverage Enforcement Act Fund, including revenue and expenditures and the related required statutory ratio of law enforcement officers. The Department of Public Safety reported that the State is in compliance with the prescribed ratio.
5. **Fee Review** – Review existing fees from the previous session, to compile a “base bill” for fees and allowing Subcommittee members more time to review those fees. Any new fees could be reviewed in the meeting as well, if they were available by that time.
- Due to time limitations and un-finalized FY 2017 fee data, the Chairs opted to postpone this item for a future meeting.
6. **Attorney General Audit** – Review results of Legislative Auditor General (OLAG) audit and related recommendations for changes to the process of billing state agencies for OAG services.
- Per the assignment from the Legislative Audit Subcommittee, OLAG presented two audits: (1) “A Performance Audit of the Office of the Utah Attorney General” and (2) “An In-depth Budget Review of the Office of the Utah Attorney General.” LFA staff presented the “Attorney General Audit Follow-up: State Agency Billing” issue brief, which identified options for modifying the OAG’s system of billing state agencies for legal services.
  - The Subcommittee engaged in extended discussion on this issue over two meetings and moved to have LFA staff and the OAG study the issue and bring recommendations for implementing an Internal Service Fund (ISF) and ideas for a pilot program back to the next committee meeting.
7. **Attorney General Compensation Market Comparability** – A review of AG compensation as compared to other attorneys in the public sector (state and local). This would be a follow-up to a market comparability study from two years ago, following two sessions of compensation increases for the OAG.
- See response on item #3. Attorney General Compensation Market Comparability was further addressed in the OLAG’s presentation of their “In-depth Budget Review” (p.29-30), which compared assistant attorney general compensation with comparable public attorney offices.

8. **Juvenile Justice Reform** – Review Juvenile Justice Services (JJS) presentation of the recommendations from a recent in-depth review of their services by the Council of State Governments, as well as their plan of action to implement, or not implement, those recommendations. Some service changes would require legislation in the next session.
  - The Council of State Governments (CSG) presented relevant budget findings and recommendations in “Reducing Recidivism for Youth in the Utah Division of Juvenile Justice Services.” The Division responded with their brief “JJS Comments on CSG Report.” The CSG report highlighted potential savings from restructuring the Observation and Assessment program, more closely aligning youths with programs based on their risk to re-offend rather than the type of initial offense, reducing the use of detention for status offenses, and reducing recidivism through other structural and operational changes.
  - JJS explained that certain changes based on these recommendations are already underway. The Subcommittee discussed how restructuring JJS’ budget could support the recommendations in the report and whether additional funding is needed to provide substance abuse and mental health treatment to certain populations of “pre-delinquent” youth. The Subcommittee requested that staff consult with Local Mental Health Authorities to determine the need for such additional funding and report on findings at a future meeting.
  
9. **Justice Reinvestment Initiative (JRI) (HB 348)** *Already assigned to Law Enforcement and Criminal Justice Interim Committee.*
  - a. **Beginning Stages of Implementation** – The Subcommittee would hear a progress report on implementation of the requirements in the bill, including both state and local involvement.
  - b. **Performance Goals** – The bill requires that certain performance goals be developed; subcommittee members would provide input into potential performance metrics.
  - c. **Anticipating Future Building Blocks** – While many of the needs for JRI implementation have already been met through appropriations, there may be outstanding issues that will lead to future building block requests.
    - LFA Staff presented “Justice Reinvestment Initiative Status” issue brief including information on the status of implementation and use of funds. The brief also included 20 proposed performance measures for EOCJ agencies to measure success of the initiative. The Subcommittee asked agencies about potential additional funding

requests; most of these requests are expected to come from local law enforcement and treatment agencies.

**10. Offender Treatment Outcome Measures** – Review outcome measures for treatment programs, such as drug courts, treatment in county jails, work programs, and certain programs at the prison.

- The Subcommittee received a status report of correctional programming including (1) treatment, (2) work programs, and (3) education. The Subcommittee discussed what, if any, additional resources are needed. The Subcommittee also received a statutorily required report on sex offender treatment, provided by CCJJ with data from Corrections.

**11. POST Shortfall Adjustments** – Review an update on the financial position of the POST line item and present potential remedial actions, to include the status of revenue into the restricted account and how recent budget changes have affected the program.

- Please see response on item #1.

**12. Corrections Medical Shortfall Adjustments** – Review the financial position of the Medical Services line item, which routinely outpaces prior year appropriations, and present possible remedial actions.

- Please see response on item #1.

**13. Board of Pardons Hearing Officer Compensation** – Review the current classification of Board of Pardons hearing officers compared to other law enforcement officers; these officers may need a particular classification, as they are between an officer and an administrative law judge, according to the agency.

- The Subcommittee heard and discussed the status of the recruitment and retention of Board of Pardons and Parole Hearing Officers, including their current and projected future workload. They discussed options to address these issues, such as additional funding for compensation increases and funding for additional officers.

**14. Fiscal Year-End Actuals Compared to Projections.**

- Please see response on item #1.

**15. Elimination of Statutorily Required Fees and Reports.**

- [Please see response on item #2.](#)

The Subcommittee expects that, in addition to these interim meetings, the Subcommittee will hold additional meetings during the General Session on these budget issues and make recommendations to the Executive Appropriations Committee for their consideration.

Sincerely,

Senator Daniel W. Thatcher, Chair  
Executive Offices and Criminal Justice  
Appropriations Subcommittee

Representative Eric K. Hutchings, Chair  
Executive Offices and Criminal Justice  
Appropriations Subcommittee

Keven J. Stratton, House Vice Chair  
Executive Offices and Criminal Justice  
Appropriations Subcommittee



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November 18, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

On September 30, 2015, the Higher Education Appropriations Subcommittee (HEd) met at the Capitol for its regular interim meeting. During that meeting, discussions were held in relation to agreed-upon items listed in your letter dated July 15, 2015. For these items, we (1) had presentations and discussions, (2) took action, and/or (3) moved certain items to be considered at a later date.

To review, the agreed-upon items are listed below in black, with the subsequent result shown in blue.

**1. Tuition Projections Compared to Current Estimates –**

For FY 2016, the Analyst projected increased tuition of nearly \$54 million, but the current estimates are \$36.5 million. The difference is attributed to the lower than historical tuition increase by the State Board of Regents and the way the compensation is partially funded with tuition not fully considered in the projection.

**2. Intent Language regarding USHE and UCAT Performance Measures –**

For two years, intent language has been included regarding graduation rates, transfer and retention rates, job placement rates, costs per degree, completion of developmental math courses, and research grant funding for USHE institutions and completion rates and costs per certificates and upgrades for UCAT institutions. Commissioner Buhler and President Brehms both reported, by institution, information that addressed the intent language requests.

**3. Research and Graduate Programs –**

Appropriations of \$4 million were approved for graduate programs at the University of Utah and Utah State University for FY 2016. Representatives from both institutions reported on how the funding will increase capacity in graduate programs and the number of graduate students

**4. UCAT Campus Equity and Campus Capacity –**

Over the past three years, the Legislature has approved funding to expand programs at UCAT campuses. For FY 2014, Campus Capacity received \$5 million; for FY 2015 Campus Capacity and Campus Equity each received \$3 million; and for FY 2016, Campus Equity received \$3 million. UCAT reported where the funding was allocated by campus and by program.

**5. Higher Education Reimbursed Overhead –**

Federal grants are approved with a component to cover overhead costs at higher education institutions. Institutions utilize this reimbursed overhead to cover costs. Allowable uses for the overhead include high-speed computing, campus networking, libraries and capital facilities (O & M) as long as these things pertain to the research grant and are included in the agreements.

**6. Base Budget Review –**

LFA staff provided handouts that compared projected to actual expenditures by line item and program for USHE and UCAT FY 2015 budgets. The Subcommittee reviewed and discussed these FY 2015 budgets and actuals. The Subcommittee will further review the USHE and UCAT base budgets during the General Session.

**7. Required Reports Review –**

The Commissioner reported to the committee that most of their reports are on-line and are provided to the Board of Regents and the Legislature. He said he would look over the reports to see if any are unnecessary and report that back to the chairs and the LFA. This report came back suggesting the following reports could be eliminated as they are either available on-line or are no longer as relevant as they may previously have been:

- Disclosure of foreign gifts (53B-1-202)
- Higher Education Annual Report (53B-1-107)

- Biennial Accountability Report for Master Planning (53B-6-101(4)(c))
- UHEAA Annual Report (53B-12-107(1-2))
- Success Stipend Program Act (53B-13a-104(12))

#### **8. Building Block/Budget Change Review –**

As directed by the Executive Appropriations Committee, the relevant items from the Building Block/Fiscal Note Follow-up Report were presented to the Subcommittee. These included the following:

- Mission-based Funding - Distinctive Mission
- Mission-based Funding – Equity
- Performance-based Funding
- UCAT Campus Capacity
- USU Graduate School
- S.B. 38 (2014 G.S.) Snow College Concurrent Education Program
- College Readiness Initiative
- UCAT Campus Equity
- UCAT Custom Fit
- UCAT Scholarships for Students with Intellectual Disabilities
- UCAT Marketing and Messaging
- USU Extension Water Conservation

#### **9. UCAT Training Information –**

The Subcommittee spent a portion of the meeting getting a better understanding of the UCAT system. Pres. Brems explained the mission and purpose of UCAT and how they use employer advisory committees. UCAT has a very narrow focus: to get people to work.

The Subcommittee expects that further discussions about these items and other budget issues will occur during the 2016 General Session, when further recommendations will be made to the Executive Appropriations Committee for their consideration.

Sincerely,

Senator Stephen H. Urquhart, Chair  
Higher Education Appropriations  
Subcommittee

Representative Keith Grover, Chair  
Higher Education Appropriations  
Subcommittee

Representative Jon Stanard, House Vice Chair  
Higher Education Appropriations  
Subcommittee



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November 30, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

On July 30, 2015 and November 12, 2015 the Infrastructure and General Government Appropriations Subcommittee (IGG) met at the Utah State Capitol regarding the agreed-upon items listed in your letter dated July 15, 2015 and other relevant subcommittee items. In relation to these items, we held presentations and discussions and took action as summarized below. Items 1 through 8 were included in your letter dated July 15, 2015, and Items 9 through 14 were additional items considered by the IGG Subcommittee in its interim meetings.

1. **Long-term debt modeling** – Project debt levels and debt service for scenarios with large scale capital projects funded through bonding such as UDOT’s 7-year major capacity program.
  - The Legislative Fiscal Analyst presented several long-term debt models that included two water infrastructure scenarios and separate scenarios for prison relocation and transportation. Each scenario showed current outstanding debt and debt service payments and potential new debt and debt service payments.
  - The Utah Department of Transportation presented bonding scenarios at the request of the Subcommittee at \$300 million and \$500 million, and explained the implications for the State’s transportation systems for each scenario.
  
2. **Water Infrastructure** – Plans and costs for maintaining, upgrading, and expanding the system.
  - Please see the response on Item 1.

3. **Current Assets** – Efficient use of state office buildings, leased buildings, vacant land, market rate comparisons, and cost per square foot.
  - The State Building Board addressed current replacement value and presented its response to the audit, “A Performance Audit of State Buildings and Land” from the Utah State Auditor, which included information on the inventory of state-owned buildings.
4. **Full Cost of Building Ownership** – Look at operations and maintenance costs and prefunding capital improvements when approving a new building.
  - The State Building Board discussed the total cost of ownership at 50 years. Using the example of the Unified State Lab, the Board addressed capital renewal, infrastructure, and operations and maintenance costs. They also addressed the age of state-owned buildings, and capital improvements spending and needs.
5. **Outside Funding Intent Language** – Consider whether the Building Board has the authority or is the best entity to undertake the certification of outside funding outlined in S.B. 2, Item 45, 2015 General Session.
  - The Subcommittee and the State Building Board discussed the following intent language: *The Legislature intends that no General or Education Fund appropriation made by the Legislature for state-funded capital developments approved during the 2015 General Session may be expended by the Division of Facilities Construction and Management until the State Building Board has certified that: (1) the board has received credible evidence that any other funding sources for a building as presented to the State Building Board and the Legislature during their prioritization processes are actually available, and (2) until the State Building Board votes to certify that such funds are available.* No formal action was taken; the Subcommittee will address this issue during the 2016 General Session.
6. **Building Board Process** – Evaluate proposed changes to the Board’s approval process.
  - The State Building Board reported on the current status of implementation of S.B. 217, Capital Improvement and Development Project Amendments, 2015 General Session.
7. **Capital Projects and Improvements** – Status of state funded and non-state funded building projects and expected requests for appropriations for new buildings.

- The Legislative Fiscal Analyst discussed capital improvements and deferred maintenance, including two recommendations for the Subcommittee to consider during the 2016 General Session (increasing capital improvement appropriations from 1.1 percent to 2 percent of replacement value; and to fund capital improvements prospectively when new buildings are approved and funded). No formal action was taken; the Subcommittee will address this issue during the 2016 General Session.

#### **8. Fiscal Year-end Actuals Compared to Projections**

- The Legislative Fiscal Analyst introduced an online interactive tool that allows a user to compare FY 2015 projected budgets to actuals; most information was summarized at the agency and subcommittee levels.

#### **9. Elimination of Statutorily Required Fees and Reports**

- The Legislative Fiscal Analyst presented a list of statutorily required fees and reports for agencies under the purview of the IGG Subcommittee. The Subcommittee approved the elimination of two reports from the Department of Administrative Services, and a committee bill file is being drafted to implement the elimination of the reports.

#### **10. Fiscal Note and Building Block Follow-up Report**

- The Legislative Fiscal Analyst presented the portion of the “Fiscal Note and Budget Item Follow-up Report” (a report issued to EAC in July 2015) pertaining to the subcommittee on how prior-year funding was used by the agencies in this subcommittee. Subcommittee members were encouraged to review the report and to contact LFA with specific requests for additional information regarding follow-up items.

#### **11. Overview of Division of Fleet Operations General Fund Borrowing**

- The Legislative Fiscal Analyst discussed General Fund borrowing and accumulated debt by the Division of Fleet Operations. The Analyst gave the Subcommittee four potential options to consider that could reduce or eliminate the accumulated debt and/or the need to borrow. However, formal action was not taken due to a lack of quorum.

## **12. Utah Department of Transportation Updates**

- The Utah Department of Transportation, presented updates regarding federal funding, funding summaries, bonding scenarios (see response on Item 1), and implementation of H.B. 362, Transportation Infrastructure Funding, 2015 General Session.

## **13. State Building Board Follow-up**

- The State Building Board presented an update on its report, “Operation and Maintenance Costs and Funding for State Owned Buildings.”
- The State Building Board also provided details on their FY 2017 prioritized lists for capital developments.

## **14. Response on Audit Letters from the Legislative Auditor General**

- The Subcommittee heard presentations from the State Board of Regents and the State Building Board on the audit, “A Follow-up Audit of Higher Education’s Management Practices for Operation and Maintenance Funding.” The Subcommittee did not recommend any formal action due to a lack of quorum; however, Sen. Harper plans to address some recommendations in a capital facilities bill file during the 2016 General Session.
- The Subcommittee heard a presentation from the Division of Facilities Construction and Management on the audit, “A Review of Allegations Concerning DFCM Construction Contracting.” The Subcommittee did not take formal action due to a lack of quorum but the general consensus of present members was that DFCM was taking the necessary actions to implement the recommendations of the audit and that no legislative action was necessary.
- The Subcommittee heard a presentation from the Utah Department of Transportation on the audit, “A Limited Review of Allegations Regarding UDOT Noise Walls in Farr West.” The Subcommittee did not take formal action due to a lack of quorum but the general consensus of present members was that UDOT was taking the necessary actions to implement the recommendations of the audit and that no legislative action was necessary.

Sincerely,

Senator Wayne Harper, Chair  
Infrastructure and General Government  
Appropriations Subcommittee

Representative Gage Froerer, Chair  
Infrastructure and General Government  
Appropriations Subcommittee

Representative Craig Hall, Vice Chair  
Infrastructure and General Government  
Appropriations Subcommittee

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November 24, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Wayne L. Niederhauser and Speaker Gregory H. Hughes,

The Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee held its two authorized interim meetings on July 14, 2015 and September 30, 2015. The agendas included the items listed in your letter dated July 15, 2015, as follows:

1. **Conservation Commission:** What are the changes in the Agriculture Conservation Commission: new structure, plans, goals, and performance measures? Update on the assimilation of UACD employees.

*The Department of Agriculture and Food has been in the process of hiring and training UACD staff since July 1, 2016 (the start of FY 2016). Department leadership 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 efforts. Due to the fact that the additional funding appropriated for this transfer last session is mostly one-time, this issue will be back before the Legislature during the 2016 General Session.*

2. **Review of Statutory Authorization:** Are there programs that are not authorized in statute? Should they be? Are there programs that are in statute but are no longer needed?

*LFA staff introduced an interactive tool with details for each program in the subcommittee on whether it is mandated by statute, whether it provides direct service to the public or administrative support, and whether the agency views the program as critical to its mission. No programs were identified that are not authorized in statute, and no programs that are in statute were identified for elimination.*

3. **Catastrophic Fire Prevention:** What are the specific goals, performance measures, and plans?

*The Division of Forestry, Fire, and State Lands provided a financial update on the catastrophic fire prevention program. The \$1.9 million appropriations in FY 2015 was used*

*for 18 projects and the \$2.5 million for FY 2016 will be used for 27 projects statewide. The division has also received support from variety of partners who have committed financial as well as in-kind contributions. The division also outlined the program's priorities and plans for the near future.*

- 4. Invasive Species Fund:** What are the benefits from using the Invasive Species Fund so far: list of projects, results, goals, and performance measures?

*The Department of Agriculture and Food reported that during the last three years, this funding has been used for variety of treatments, including herbicide applications along right-of-ways, herbicide application in rangelands coupled with revegetation of desirable species, herbicide application on agriculture and rangelands, "spray days" which involve multiple agency and private landowners targeting weed species, noxious tree (Russian olive and salt cedar) removal and herbicide application. The funding was also used for university research to improve eradication methods, aquatic weed treatments and biocontrol (both insects and microorganisms) of weed populations.*

*The goals of the program are to reduce the number and extent of noxious weeds in the state of Utah and support the county noxious weed programs in their efforts to reduce noxious weeds.*

- 5. Rangeland Improvement Fund (GIP) and Watershed Projects:** What are the benefits from the projects so far: list of projects, results, goals, and performance measures?

*LFA staff presented a report comparing the Grazing Improvement Program (GIP) and the Watershed Program, and provided an update on the amounts and sources of funding over time. The State of Utah has benefited from watershed and grazing improvement projects worth \$163 million in nine years. The funding has come from a variety of sources: state, local, and federal government agencies, as well as nonprofit organizations and private individuals. The Legislature has provided direct appropriations of \$36 million (22% of the total) to the two state organizations (Watershed and Grazing Improvement Program) for that period.*

- 6. Fiscal Year-End Actuals Compared to Projections**

*This item was on the agenda but was not addressed due to the fact that no reliable data was available by the subcommittee's last meeting.*

- 7. Elimination of Statutorily Required Fees and Reports**

*LFA staff presented a report with all statutorily required fees and reports for agencies under the purview of the NRAEQ Subcommittee. LFA and applicable agencies recommended that statutorily required fees be retained in statute. Of the four reports identified, only the annual report by the Great Salt Lake Advisory Council is submitted to the NRAEQ Subcommittee; LFA recommended that the reporting requirement be eliminated from statute due to the subcommittee's time limitations.*

**8. Utilization of Prior-Year Funding Increases**

*LFA staff presented the portion of the “Fiscal Note and Budget Item Follow-up Report” (a report issued to EAC in July 2015) pertaining to the subcommittee on how prior-year funding was used by the agencies in this subcommittee. Committee members were encouraged to review the report and to contact LFA with specific requests for additional information regarding follow-up items.*

**9. DNR Financial Services:** How can DNR better optimize the resources of its financial operations?

*This was a study required by legislative intent language to be performed by DNR by November 30, 2015. The subcommittee members received a written report on November 15, 2015, since the study was not completed by the last subcommittee meeting in September. The Chairs may request DNR to make a presentation of the report to the subcommittee during the 2016 General Session.*

We are looking forward to the opportunity to report to the Executive Appropriations Committee in December.

Sincerely,

Senator David P. Hinkins, Chair

Representative Michael K. McKell, Chair

Representative Kay J. Christofferson, Vice Chair

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# Utah State Legislature

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November 30, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

On June 15, 2015, we met to discuss interim study items for the Public Education Appropriations Subcommittee. Through this discussion we agreed on approximately 20 items to study in the two authorized interim subcommittee meetings. The subcommittee held its first meeting on November 24, 2015 to begin studying these items. The second meeting of the subcommittee will be held on January 6, 2016.

The following subsections divide the agree-upon items by interim meeting with the subsequent results. Since our second meeting has not yet occurred, we have only listed the remaining items to be studied.

## *November 24, 2015 Meeting*

1. **Property Tax Equalization: Implementation of S.B. 97** – The subcommittee reviewed estimated property tax increases and funding distributions by school district, as well as, implementation issues in relation to the state guarantee rate on the Voted & Board Local Levy Programs.

*Study Item Outcome: The subcommittee requested additional information on how school districts have used the additional funding appropriated in FY 2016. Subcommittee members discussed, but did not act, on how to include charter schools in the equalization program.*

2. **2015 General Session Follow-up Items: Utah State Office of Education** – The Utah State Office of Education reported on three items, namely, Indirect Cost Pool rates and amounts paid by USOE and USOR; State Board of Education actions of the recommendations of the Free Market Protection and Privatization Board, and the licensing of SAGE questions to other states.

*Study Item Outcome: The subcommittee voted to send a letter to the Legislative Audit Subcommittee requesting an audit of the Information Technology section of the Utah State Office of Education. The purpose of the audit is to validate the ongoing costs associated with the Aspire student information system. The Free Market Protection and Privatization Board recommended that the system be privatized. The subcommittee also recommended that the audit include the potential cost of privatization on both the state and local education agencies.*

*The Utah State Office of Education provided information on the Indirect Cost Pool rates and the licensing of SAGE questions. No action was taken.*

3. **Utah State Office of Education: Financial Management** – The Legislative Auditor General presented recent findings from an audit of the Utah State Office of Rehabilitation and the potential impacts on the Utah State Office of Education.

*Study Item Outcome: The subcommittee voted to open a bill file with the intent to move the State Office of Rehabilitation to the Department of Workforce Services.*

4. **Digital Learning Software Update** – The subcommittee heard an implementation update on the STEM Instructional Technology in Mathematics program. The subcommittee did not have time to hear the reports on the Early Intervention Reading Software Licenses, English Language Learner Software Licenses, and the Electronic Reading Assessment Tool programs. These items will be heard during the January 6, 2016 meeting.

*Study Item Outcome: The STEM report was informational and no committee action was taken.*

### **January 6, 2016 Meeting**

During our final interim subcommittee meeting, we will study the following items:

1. **Digital Learning Software Update** – Hear the remaining reports from the November 24, 2015 meeting, namely, Early Intervention Reading Software Licenses, English Language Learner Software Licenses, and the Electronic Reading Assessment Tool.
2. **Minimum School Program: Oversight of Categorical Programs** – The subcommittee will review methods to increase the transparency of certain budgeted items within MSP categorical programs and the use of programmatic funding for state-level administrative costs.
3. **Fiscal Year 2015 Budget Review: Estimates Compared to Actuals** – The subcommittee will review the FY 2015 year-end budgets for the Minimum School Program and the state education agencies. This will include final weighted pupil units, property tax revenues, distribution of programmatic funding, and closing nonlapsing balances. For state education agencies, the subcommittee will review revenues and expenditures by line-item including closing nonlapsing balances.

4. **Statutorily Required Reports** – The subcommittee will review all statutorily required reports of the State Board of Education and reported to the subcommittee. The subcommittee will review each report and determine which reports should continue and which should be eliminated.
5. **Fees** – The subcommittee will review any statutorily authorized fees charged by education agencies and evaluate which fees should continue, be altered, or eliminated.
6. **Follow-up on 2015 General Session Intent Language** – The Legislature passed several items of intent language during the 2015 General Session directing the State Board of Education to study three programs: Class Size Reduction, Pupil Transportation, and Concurrent Enrollment. The State Board of Education will report any findings and recommendations.
7. **2016 General Session Preview** – Subcommittee members will discuss major issues facing the education budget during the upcoming 2016 General Session. Discussion may include student growth estimates, major budget initiatives, budget related legislation, etc.
8. **Subcommittee Bill to Move USOR from USBE to DWS** – Subcommittee members will review draft legislation to move the Office of Rehabilitation to the Department of Workforce Services.

The Subcommittee expects to continue to study the agreed-upon items and make any final recommendations to the Executive Appropriations Committee during the General Session.

Sincerely,

Senator Howard A. Stephenson, Chair  
Public Education  
Appropriations Subcommittee

Representative Steve Eliason, Chair  
Public Education  
Appropriations Subcommittee

Michael S. Kennedy, House Vice Chair  
Public Education  
Appropriations Subcommittee

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November 18, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

On October 28, 2015 the Retirement and Independent Entities Appropriations Subcommittee (RIE) met to discuss the agreed-upon items listed in your letter dated July 15, 2015.

To review, the agreed-upon items are listed below in black, with the subsequent result shown in blue.

## 1. **Dept. Human Resource Management Internal Services Fund**

- a. Who is represented on the Rate Committee?

DHRM discussed the current rate committee structure and proposed adding additional customer agencies. Sen. Weiler is sponsoring a bill to modify membership of the rate committee.

- b. What controls does the Legislature have over the DHRM ISF budget?

The Legislature has final say over the rates that DHRM is allowed to charge customer agencies. Rates can be easily adjusted by the Legislature to limit the ISF's revenue.

- c. Should DHRM be shifted entirely to an ISF?

The subcommittee recommends that the Administration, Policy, and Information Technology programs within DHRM be shifted into the existing ISF line item.

## 2. **UtahFutures**

- a. What performance measures have been created to identify success?

UtahFutures currently tracks the number of sessions, page views, total users, occupation search, new visits compared to repeat visits, and the top pages visited.

UtahFutures has 8 measurable objectives with targets. The 8 are: number of all individuals trained, number of training sessions, number of page views, number of pages views on utahfutures.org, number of page views on utahfuturesonramp.org, net increase in total users, number of registered community partners/employers, number of UtahFutures promos aired on UEN-TV, and social media impressions.

- b. How has the \$2 million appropriated in 2015 GS S.B. 243 been spent?

UtahFutures' anticipated expenditures include \$355,000 for personnel (20%), \$265,000 for software licensing and products (15%), \$1,069,116 contracted services (60%), \$12,000 for equipment and technical supplies (1%), \$4,400 for in-state travel (less than 1%), \$66,200 for supplies (4%), \$7,200 for professional development (less than 1%). UtahFutures also has \$286,084 in planned carryforward.

### 3. Utah Education and Telehealth Network

- a. What is the UETN funding proposal for statewide digital teaching and learning programs (53A-1-710)?

UETN's final proposal is \$5.1 million ongoing and \$2.6 million one-time for network infrastructure, technical services, and instructional training.

UETN also proposes \$1.0 million ongoing for instructional enterprise software.

The Subcommittee expects that, in addition to these interim meetings, the Subcommittee will hold additional meetings during the General Session on these budget issues and make recommendations to the Executive Appropriations Committee for their consideration.

Sincerely,

Senator Todd Weiler, Chair  
Retirement and Independent Entities  
Appropriations Subcommittee

Representative Kraig Powell, Chair  
Retirement and Independent Entities  
Appropriations Subcommittee

Representative Rich Cunningham,  
House Vice Chair  
Retirement and Independent Entities  
Appropriations Subcommittee



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November 30, 2015

President Wayne L. Niederhauser  
Speaker Gregory H. Hughes  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear President Niederhauser and Speaker Hughes:

During 2015 the Social Services Appropriations Subcommittee will meet a total of 24 hours. These meetings have or will take place on the following dates and locations: June 12, September 11, and December 15 at (1) Utah State Hospital in Provo, (2) Utah State Developmental Center in American Fork, (3) Palmer Court (permanent supportive housing for the formerly homeless) in Salt Lake City, (4) Saint Vincent de Paul Dining Hall in Salt Lake City, (5) Utah Independent Living Center in Salt Lake City, and (6) Davis Behavioral Health in Layton. In relation to agreed-upon items listed in your letter dated July 15, 2015, we (1) held presentations and discussions, (2) took action, or (3) moved certain items to be considered at a later date.

The agreed-upon items are listed below in black, with the subsequent result shown in blue.

1. **USOR Vocational Rehabilitation issues** – Determine changes that need to be made to make USOR more accountable and financially responsible and make a recommendation as to where USOR should be organizationally located to receive proper oversight and support. Review the consequences and impacts on clients of the USOR resulting from its financial situation and from proposed solutions. Determine if USOR should pay back the \$500,000 it used from the Individuals with Visual Impairment Fund.
  - The committee heard the audit, along with input from USOR and the Utah State Office of Education and its board, and discussed USOR Vocational Rehabilitation issues in its September 11, 2015 meeting. The committee engaged in a substantive discussion. However, there was not a quorum present in order to take any action. The chairs of the committee requested the issue be moved to the 2016 General Session agenda topics in order to take final action.

2. **Have any programs run their course and could/should be ended?** – Identify lower priority programs that could be ended or reduced either now or in the future during periods of reduced revenue.
  - All agencies submitted significant detailed information to the Subcommittee. No specific action was taken as of yet, but the information provided below will help provide information for future decisions regarding uses of base budget funding.
    - <http://le.utah.gov/interim/2015/pdf/00003980.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00003978.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00004026.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00004050.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00004052.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00002786.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00002833.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00002876.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00002874.pdf>
3. **Report on Highest Cost Individuals across the four Social Services agencies** – Determine if there is a better way to provide services and control costs while maintaining quality.
  - The Subcommittee receive the reports listed below and is currently asking for additional information on the services received by highest cost individuals. This information involves 2,419 individuals who cost the state \$396.2 million.
    - <http://le.utah.gov/interim/2015/pdf/00004101.pdf>
    - <http://le.utah.gov/interim/2015/pdf/00003929.pdf>
4. **Could more federal block grant funding be used to fund legislative priorities?** - Identify flexible federal funding sources to use as alternatives to GF/EF in funding state priorities. Increase subcommittee member understanding and review of federal funding sources and their role in accepting and directing the use of these funds.
  - At the December 15<sup>th</sup> meeting agencies will indicate which building blocks could be funded with federal block grants and explain potential uses for all federal grant reserves over three months. The Subcommittee also received more information about the approval process for federal block grants from the following brief by staff - <http://le.utah.gov/interim/2015/pdf/00004112.pdf>.
5. **Local substance abuse and mental health funding associated with the Justice Reinvestment Initiative** - Determine the cost and possible ways to pay for the Justice Reinvestment Initiative if we are going to serve all individuals who potentially qualify.

Policy issue/assigned to Law Enforcement and Criminal Justice Interim Committee.

- The following staff-prepared brief was presented to the committee during its September 11, 2015 afternoon meeting. Discussion and questioning of agencies took place. However, there was not a quorum present to take committee action - <http://le.utah.gov/interim/2015/pdf/00003998.pdf>.

6. **Targeted Review of Some Programs** - Determine if the SUCCESS effort is identifying potential efficiencies where funding could be directed to other priorities. Determine if there are any improvements regarding coordination and delivery of services to either Fleet or Technology Services with regard to these four large agency users. Provide more specific direction to State Laboratory regarding what it should and should not do. Review alternative funding proposals for local mental health Medicaid match.

a. State Laboratory – could it serve more government entities and save them money?

- i. The Subcommittee heard a report about the State Laboratory’s efforts to qualify to serve more customers. Staff provided the following brief - <http://le.utah.gov/interim/2015/pdf/00004135.pdf>.

b. SUCCESS examples and progress

i. The Subcommittee received the following reports on SUCCESS progress:

1. <http://le.utah.gov/interim/2015/pdf/00002801.pdf>
2. <http://le.utah.gov/interim/2015/pdf/00002864.pdf>
3. <http://le.utah.gov/interim/2015/pdf/00002807.pdf>
4. <http://le.utah.gov/interim/2015/pdf/00002827.pdf>

c. Do legislators want to provide any direction on anything that is being measured for SUCCESS?

i. The Subcommittee did not provide any official direction to agencies.

d. Are there any savings resulting from SUCCESS efficiencies that could be redirected to other programs?

i. Neither agencies nor Subcommittee identified any savings from SUCCESS.

e. Spending for fleet (including a pilot program with Human Services to use rental vehicles and collect usage data) and Department of Technology Services.

- i. The Subcommittee heard from Fleet about a pilot program with Human Services to use rental vehicles and collect usage data. Promising results were reported along with issues still needing refinement. Fleet provided the following presentation - <http://le.utah.gov/interim/2015/pdf/00002759.pdf>.

f. **Local Authority Mental Health Medicaid Match.**

- i. The Subcommittee heard a report from counties about local authority mental health Medicaid match. Staff also provided a summary brief -  
<http://le.utah.gov/interim/2015/pdf/00003967.pdf>  
<http://le.utah.gov/interim/2015/pdf/00003963.pdf>  
<http://le.utah.gov/interim/2015/pdf/00004067.pdf>.

The committee placed this funding request on its 2016 General Session list.

7. **Follow up on “Salaries of Direct Care Workers Working with Individuals with Intellectual Disabilities” funding** - Determine, based upon early return data, how much investment will be needed to make an impact in staff turnover rates and quality of care for direct care workers.

- Staff provided two briefs in connection with agencies to explain how the money for salary increases was used:
  - <http://le.utah.gov/interim/2015/pdf/00004066.pdf>
  - <http://le.utah.gov/interim/2015/pdf/00004116.pdf>

Committee members expressed concern regarding agency compliance with this funding. Senators Christensen and Weiler agreed to meet with DSPD and review in more detail how the funding increase had been used. After reviewing information presented by the agency and by the largest DSPD provider (Chrysalis), Senators Christensen and Weiler were satisfied that: 1) increases went to low level staff based upon information provided by Chrysalis showing the detail of its salary increases by individual employee; and 2) the definition of “direct care” (e.g. – an employee spending 60% or more of their time directly with clients) was adequate to achieve the intended purpose. Senators Christensen and Weiler agreed that DSPD would: 1) do some selective “spot” audits of both large and small providers; and 2) continue to collect provider summary information and provide it to the committee.

8. **Review of required reports** - Produce a list of potential eliminations of required reports, if warranted. A review of all statutorily required reports and a staff-provided list of potential eliminations.

- The Fiscal Analyst and state agencies recommended removing two of fourteen reports required in statute to go to the Social Services Appropriations Subcommittee in the following brief <http://le.utah.gov/interim/2015/pdf/00004077.pdf>. Both recommendations are included in a draft bill "Repeal of Health and Human Services Reports and Programs" heard by the Health and Human Services Interim Committee in November 2015, see <http://le.utah.gov/Interim/2015/pdf/00005261.pdf>.

## **9. Fiscal Year-end actuals compared to projection**

- All budget items that cost less than projected will be considered for possible reductions. At its December 15, 2015 meeting the Subcommittee will review actuals. Some materials are already available online under meeting materials at <http://le.utah.gov/asp/interim/Commit.asp?Year=2015&Com=APPSOC>.

## **10. Elimination of Statutorily Required Fees and Reports.**

- At its December 15, 2015 meeting, the Subcommittee will review fees in statute.
- See answer to #8 above for reports.

The Subcommittee expects that, in addition to these interim meetings, it will hold additional meetings during the General Session on these budget issues and make recommendations to the Executive Appropriations Committee for their consideration.

Sincerely,

Senator Allen M. Christensen, Chair  
Social Services Appropriations  
Subcommittee

Representative Paul Ray, Chair  
Social Services Appropriations  
Subcommittee

Edward H. Redd, House Vice Chair  
Social Services Appropriations  
Subcommittee