

**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES
APPROPRIATIONS SUBCOMMITTEE**

Room 20 House Building, State Capitol Complex
January 26, 2016

MEMBERS PRESENT: Sen. Todd Weiler, Chair
Rep. Kraig Powell, Chair
Rep. Rich Cunningham, Vice Chair
Sen. Curtis S. Bramble
Sen. Margaret Dayton
Sen. Karen Mayne
Sen. Daniel W. Thatcher
Rep. Sophia DiCaro
Rep. Susan Duckworth
Rep. Steve Eliason
Rep. Bradley G. Last
Rep. Lynn N. Hemingway
Rep. Marie H. Poulson
Rep. John R. Westwood

MEMBERS ABSENT: Sen. Gene Davis

STAFF PRESENT: Mr. Brian D. Fay, Fiscal Analyst
Dr. Thomas Young, Senior Economist
Ms. Lisa Jones, Committee Secretary

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

1. Call to Order/Approval of Minutes

Co-Chair Weiler called the meeting to order at 5:06 p.m.

MOTION: Rep. DiCaro moved to approve the minutes of the October 28, 2015 interim meeting. The motion was approved unanimously with Sen. Bramble, Sen. Thatcher, and Rep. Eliason absent for the vote.

2. Career Service Review Office Base Budget

Co-Chair Weiler explained the staff recommendation: \$266,600 General Fund with \$30,000 nonlapsing authority from the proposed S.B. 5, base budget for this committee.

Akiko Kawamura, Administrator, Career Service Review Office, accompanied by Annette Morgan, explained the purpose of their office. They are the state's administrative court for the state's employees. She discussed what they are doing to improve performance, including keeping hearing numbers as low as possible while providing state employees the service they are

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guaranteed by statute. They encourage using mediation to resolve conflicts before there is a need for a hearing. Their services are offered to employees in every case. This year, Ms. Kawamura is personally handling hearings and the state is saved the cost of independent hearing officers. The existence of the Career Service Review Office reduces the state's cost of litigation in these cases.

Co-Chair Weiler inquired about their procedure for receiving additional funds should they be required during a fiscal year. Ms. Kawamura explained that they would ask for a supplemental appropriation if needed.

MOTION: Chair Powell moved to approve a base budget of \$266,600 from the General Fund for fiscal year 2017 for the Career Service Review Office. The motion passed unanimously with Rep. Eliason absent for the vote.

MOTION: Chair Powell moved to approve the following nonlapsing balance intent language for the Career Service Review Office: *"Under the terms of Section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the Career Service Review Office in Laws of Utah 2015, Chapter 4, Item 1 shall not lapse at the close of fiscal year 2016. The use of any nonlapsing funds is limited to \$30,000 for grievance resolution."*

Brian Fay, Research Analyst, explained that "nonlapsing" allows a balance to carry over from one year to another. The state annually funds an "average" amount to cover fluctuation in costs.

The motion passed unanimously, with Rep. Eliason absent for the vote.

3. Department of Human Resource Management Base Budget

Brian Fay, Research Analyst, explained the staff recommendation: Shift Administration, Policy and Information Technology programs into the ISF in a substitute base budget bill. Also, authorize \$600,000 capital asset shift into ISF for HRE Phase 1, \$575,000 capital outlay for the ISF to complete the HRE rebuild, 145 FTE, fees, and nonlapsing intent language.

Debbie Cragun, Executive Director of the Department of Human Resource Management also presented. There is a flat rate for state HR services. Departments and agencies don't need to calculate exact funding requirements as HR costs are flat and shared among all participants.

MOTION: Chair Powell moved to approve a base budget of \$75,200 from the General Fund for the DHRM Administrative Law Judge Compliance program, \$200,000 from Dedicated Credit Revenue for the DHRM Statewide Management Liability Training program, and \$14,052,100 from Dedicated Credit Revenue for the DHRM Internal Service Fund for fiscal year 2017. The motion passed unanimously.

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MOTION: Chair Powell moved to approve the following nonlapsing balance intent language for the Department of Human Resource Management: *"Under the terms of Section 63J-1-603 of the Utah Code, the Legislature intends that \$50,000 of appropriations provided for the Department of Human Resource Management in Laws of Utah, Chapter 4, Item 2 shall not lapse at the close of fiscal year 2016. The use of any nonlapsing funds is limited to statewide management training."* The motion passed unanimously.

MOTION: Chair Powell moved to approve intent language authorizing the transfer of \$600,000 in capital assets from the DHRM appropriated line item into the DHRM internal service fund. The motion passed unanimously.

MOTION: Chair Powell moved to approve the following DHRM fees for fiscal year 2017:

- Certified Public Manager Course: \$750
- Other DHRM Training: \$15 per hour
- HR Services \$707 per FTE
- Payroll services: \$50 per FTE
- Attorney General Services: \$21.13 per FTE
- Core HR Services: \$12 per FTE

Ms. Cragun responded to a question from Co-Chair Weiler: This budget does not reflect increases to the fees; there is a budget decrease. This is a shift of how budget monies are being allocated. The motion passed unanimously.

MOTION: Chair Powell moved to authorize the following for the DHRM Internal Service Fund for fiscal year 2017:

- 145 FTE
- \$575,000 in Capital Outlay Authority for IT system upgrades

Brian Fay, analyst clarified that the 145 FTE includes the 12 FTE noted earlier. The motion passed unanimously.

MOTION: Chair Powell moved to authorize staff to draft a substitute of S.B. 5 - Retirement and Independent Entities Base Budget that reflects the adjustments adopted here today. The motion passed unanimously.

4. Utah Education and Telehealth Network Base Budget

Co-Chair Weiler announced the staff recommendation: \$41,789,500 as detailed in S.B. 5. Dr. Ray Timothy, Executive Director, Utah Education and Telehealth Network, accompanied by Lisa Kuhn, Chief Financial Officer, spoke to the recommendations.

Dr. Ray distributed the color handout "Welcome to UEN" with a 2015 insert. He explained the

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technology benefits the state is receiving as a result of continued legislative funding. The handout illustrates the change in infrastructure from 2012 to 2015. He specifically pointed out the 10G "backbone" with a parallel redundancy loop running from Utah State University to Dixie State College. Also, UVU to USU-Blanding now has 10G . Likewise, more remote locations have received increased speed data connections. The total overall state-wide bandwidth utilization has increased from 7.6G in 2012 to 40G in 2015.

Dr. Thomas Young, Senior Economist explained UETN's funding base. \$19M (42 percent) is from the Education fund. He demonstrated the online Data Visualization tool on the monitors. It was created to assist legislators as they study base budget numbers. All materials for this meeting can be found on the legislative website under this committee.

Rep. Hemingway asked about the material used for the high speed network and its redundancies.

MOTION: Chair Powell moved to approve a base budget of \$41,789,500 for the Utah Education and Telehealth Network for fiscal year 2017 as detailed in S.B. 5. The motion passed unanimously.

Representative Dayton requested, and Co-Chair Weiler announced that the committee meeting scheduled for Friday, January 29, 2016 at 7:00 a.m. was cancelled.

MOTION: Vice Chair Cunningham moved to adjourn. The motion passed unanimously.

Co-Chair Weiler adjourned the meeting at 5:42 p.m.

Sen. Todd Weiler, Chair

Rep. Kraig Powell, Chair