

**MINUTES OF THE
EXECUTIVE APPROPRIATIONS COMMITTEE**

Tuesday, September 20, 2016 – 2:00 p.m. – Room 445 State Capitol

Members Present:

Sen. Lyle W. Hillyard, Co-Chair
Rep. Dean Sanpei, Co-Chair
Sen. Jerry W. Stevenson, Vice Chair
Rep. Brad L. Dee, Vice Chair
Sen. J. Stuart Adams
Sen. Jim Dabakis
Sen. Gene Davis
Sen. Luz Escamilla
Sen. Peter C. Knudson
Sen. Karen Mayne
Sen. Wayne L. Niederhauser, President
Sen. Ralph Okerlund
Rep. Patrice M. Arent
Rep. Rebecca Chavez-Houck

Rep. James A. Dunnigan
Rep. Francis D. Gibson
Rep. Gregory H. Hughes, Speaker
Rep. Brian S. King
Rep. Brad R. Wilson

Members Excused:

Rep. Joel K. Briscoe

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.le.utah.gov.

1. Call to Order/Approval of Minutes

Co-Chair Hillyard called the meeting to order at 2:46 p.m.

MOTION: Rep. Sanpei moved to adopt the minutes of July 12, 2016. The motion passed unanimously with Sen. Adams, Sen. Davis, President Niederhauser, Rep. Gibson, Speaker Hughes, Rep. King, and Rep. Wilson absent for the vote.

2. Federal/Non-federal Grants Review

Mr. Gary Syphus, Fiscal Analyst, LFA, explained statutory changes that occurred during the 2016 General Session in H.B. 329. The bill makes a change to the grants approval process regarding the Utah State Board of Education (USBE). Mr. Syphus recommended that the Legislature add language to statute that clarifies the non-federal grant approval process for the USBE.

Mr. Bryce Bird, Director, Division of Air Quality, responded to a question from Co-Chair Hillyard.

Mr. Ken Matthews, Federal Assistance Management Officer, Governor's Office of Management and Budget (GOMB), was available to answer questions regarding the "[Federal and Non-Federal Grants Report](#)" dated September 20, 2016.

MOTION: Rep. Sanpei moved to recommend acceptance of the federal and non-federal grants as outlined on page 1 of the handout entitled, "Federal/Non-Federal Grants Review and Approval" under the heading, "Grants Requiring EAC Review and Recommendation" and dated today, September 20, 2016.

The motion passed unanimously with Sen. Adams, Sen. Davis, President Niederhauser, Rep. Gibson, Speaker Hughes, Rep. King, and Rep Wilson absent for the vote.

3. Fiscal Health Check-up: Debt Update

Mr. Russell Frandsen, Fiscal Analyst, LFA, presented a new measure that was added to the [Fiscal Health Dashboard](#), an early warning indicator for year-end Medicaid surpluses or shortfalls.

Mr. Frandsen presented the Issue Brief, "[Medicaid Collections, What is the Bang for our Buck?](#)" He discussed the State's return on investment for Medicaid collections for the past three years, why agency costs for the Office of Inspector General (OIG) exceed collection costs, why Medicaid collections are projected to go down in FY 2017, and if resources are freed up with the reduction of collections.

Mr. Nathan Johansen, Deputy Inspector General, OIG, responded to questions from the committee.

Mr. Frandsen agreed to provide additional information to Sen. Davis.

4. Impacts of Providers Leaving the Individual Insurance Marketplace

Mr. Todd Kiser, Commissioner, Utah Department of Insurance (UID), presented an overview of the current status of the Arches Health Plan liquidation. He referred to the [Arches Health Plan Amended Liquidation Report](#) filed by the Special Deputy Liquidator on July 14, 2016 in the Third Judicial Court as required by Utah Law.

Commissioner Kiser also discussed the impact of Humana's departure from the individual health insurance marketplace.

Mr. Dave Gessel, Executive Vice President, Utah Hospital Association, presented the Association's perspective on the provider exits.

Ms. Tanji Northrup, Assistant Commissioner, UID, and Mr. Brett Barratt, Deputy Commissioner, UID, responded to questions from the committee.

5. ISF and State Agency Compensation

Mr. Stephen Jardine, Fiscal Analyst, LFA, presented the Issue Brief, "[Funding Mix for Compensation and Internal Service Fund Cost Adjustments.](#)" He explained that the purpose of today's presentation was to ask the EAC to revisit and affirm the criteria for funding mixes.

Ms. Clare Tobin Lence, Fiscal Analyst, LFA, identified four options on how the Legislature could fund compensation and ISF service cost adjustments.

MOTION: Rep. Sanpei moved to ask staff to open a rules resolution file with the recommendations as shown on page 2 of the Issue Brief entitled, "Funding Mix for Compensation and Internal Service Fund Service Cost Adjustments" as presented to us today. The motion passed unanimously with Sen. Dabakis, Sen. Davis, Rep. Dee, Speaker Hughes, and Rep. King absent for the vote.

6. Homeless Coordinating Committee Proposed Grants (Agenda Item 7)

Mr. Jonathan Hardy, Director, Housing and Community Development Division (HCD), Department of Workforce Services (DWS), presented "[Proposed Awards from Homeless to Housing Account.](#)"

Mayor Ben McAdams, Salt Lake County, discussed how Salt Lake County, Salt Lake City, and DWS are planning to use legislative funding to reduce the demand on emergency shelter beds and improve public safety issues in the Rio Grande area.

Mayor Jackie Biskupski, Salt Lake City, explained that Salt Lake City and Salt Lake County are working on a strategic plan to separate out the criminal activity near the Road Home. She also discussed the site selection process for two new resource centers in Salt Lake City.

The committee discussed the requirements of the legislation that passed during the 2016 General Session.

7. Utah National Guard Report on Potential Relocation (Agenda Item 6)

Major General Jefferson Burton, Utah National Guard, gave an update on the Air National Guard's proposed relocation to Hill Air Force Base. He indicated that state resources would be used to pay for a temporary state employee to write a strategic plan and for consulting services to work with the Pentagon and the U.S. Air Force to push the relocation project through.

Major General Burton responded to questions from Rep. Sanpei.

8. TANF Funding Uses and Reserve Projections

Mr. Ball introduced Mr. Hector Zumaeta Santiago, LFA's newest staff member, who will be covering DWS in the Social Services Appropriations Subcommittee and providing programming support to LFA's online offerings.

Mr. Zumaeta Santiago, Fiscal Analyst, LFA, presented the Issue Brief, "[Workforce Services TANF Funds](#)." He addressed two questions: 1) How much TANF money was used in the 2016 General Session, and 2) What is the remaining Reserve?

Mr. Stephen Jardine, Fiscal Analyst, LFA, responded to committee questions.

Ms. Kathy Bounous, General Counsel/Director of Legislative Affairs, DWS, Mr. Nathan Harrison, Director of Finance, DWS, and Ms. Sisifo Taatiti, TANF Program Manager, DWS, responded to committee questions regarding the TANF Reserve.

Mr. Ball commented on the TANF Reserve and responded to committee questions.

9. Severance Tax Deposits in State Endowment Fund

This item was not discussed. Co-Chair Hillyard encouraged committee members to read the Issue Brief, "[Severance Tax Deposits in the State Trust Fund](#)," and indicated that if the committee had any questions, he would add the topic to next month's meeting.

10. Other Business/ Adjourn

MOTION: Rep. Sanpei moved to adjourn. The motion passed unanimously with Sen. Dabakis, Sen. Davis, Rep. Dee, Speaker Hughes, and Rep. King absent for the vote.

Co-Chair Hillyard adjourned the meeting at 4:41 p.m.