

**MINUTES OF THE
EXECUTIVE APPROPRIATIONS COMMITTEE**

Tuesday, November 14, 2017 • 2:00 p.m. • 445 State Capitol

Members Present:

Sen. Jerry W. Stevenson, Senate Chair
Rep. Dean Sanpei, House Chair
Sen. Kevin T. Van Tassell, Senate Vice Chair
Rep. Bradley G. Last, House Vice Chair
Sen. J. Stuart Adams
Sen. Gene Davis
Sen. Luz Escamilla
Sen. Jani Iwamoto
Sen. Peter C. Knudson
Sen. Karen Mayne
President Wayne L. Niederhauser
Sen. Ralph Okerlund
Rep. Joel K. Briscoe

Rep. Francis D. Gibson
Rep. Sandra Hollins
Rep. Brian S. King
Rep. John Knotwell
Rep. Brad R. Wilson

Members Absent:

Speaker Gregory H. Hughes
Rep. Angela Romero

Staff Present:

Mr. Jonathan Ball, Director
Mr. Steven M. Allred, Deputy Director
Ms. Greta G. Rodebush, Administrative Assistant

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

Chair Dean Sanpei called the meeting to order at 2:18 p.m.

2. Appropriations Subcommittee Reports on 2017 Interim Actions

Sen. Lyle W. Hillyard and Rep. Daniel McCay, Co-Chairs, presented the Public Education Appropriations Subcommittee Report on 2017 Interim Actions and responded to questions. Mr. Ben Leishman, Fiscal Analyst, Office of the Legislative Fiscal Analyst (LFA), provided assistance.

3c-Subcommittee Interim Report - Public Education
[3c-Subcommittee Interim Report - Public Education](#)

Chair Sanpei pointed out that the EAC would not be adopting base budgets in today's meeting, but would consider subcommittee recommendations in next month's meeting.

Sen. Allen M. Christensen and Rep. Paul Ray, Co-Chairs, and Rep. Raymond P. Ward, House Vice Chair, presented the Social Services Appropriations Subcommittee Report on 2017 Interim Actions and responded to questions. Mr. Russell Frandsen and Ms. Clare Tobin Lence, Fiscal Analysts, LFA, and Ms. Alysha S. Gardner, Staff Economist, LFA, provided assistance.

3a-Subcommittee Interim Report - Social Services
[3a-Subcommittee Interim Report - Social Services](#)

Sen. Wayne A. Harper, Co-Chair, and Rep. Walt Brooks, House Vice Chair, presented the Infrastructure and General Government Appropriations Subcommittee Report on 2017 Interim Actions and responded to questions. Mr. Brian Wikle, Fiscal Analyst, LFA, and Mr. Ryan Mortenson, Staff Economist, LFA, provided assistance.

3b-Subcommittee Interim Report - Infrastructure and General Government
[3b-Subcommittee Interim Report - Infrastructure and General Government](#)

Executive Appropriations Committee

November 14, 2017

Page 2

Sen. Evan Vickers, Co-Chair, and Rep. Derrin Owens, House Vice Chair, presented the Higher Education Appropriations Subcommittee Report on 2017 Interim Actions and responded to questions. Mr. Spencer Pratt, Fiscal Manager, LFA, provided assistance.

3d-Subcommittee Interim Report - Higher Education

[3d-Subcommittee Interim Report - Higher Education](#)

Sen. David P. Hinkins and Rep. Kay Christofferson, Co-Chairs, presented the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee Report on 2017 Interim Actions and responded to questions. Mr. Ivan Djambov, Fiscal Analyst, LFA, and Mr. Alex Wilson, Fiscal Analyst, LFA provided assistance.

3e-Subcommittee Interim Report - Natural Resources, Agriculture, and Environmental Quality

[3e-Subcommittee Interim Report - Natural Resources, Agriculture, and Environmental Quality](#)

3. Federal/Non-federal Grants

Mr. Ken Matthews, Federal Assistance Management Officer, Governor's Office of Management and Budget, presented the report. Mr. Gary Syphus, Fiscal Analyst, LFA, provided assistance.

2-Federal/Non-federal Grants Summary, November 2017

[2-Federal/Non-federal Grants Summary, November 2017](#)

Mr. Matthews called attention to a correction on this month's report. Under new grants requiring legislative action, the Department of Environmental Quality (DEQ) inadvertently reported the match amounts for the Targeted Air Shed Grants as state match amounts. Mr. Matthews explained that the recipients of the grants would provide the match. With that correction, DEQ grants 1 through 9 would no longer require legislative action and would be moved to the section entitled "Grants Approved by the Governor, Judicial Council, or State Board of Education."

Mr. Syphus confirmed that the DEQ grants would not need EAC action.

MOTION: Sen. Stevenson 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, November 14, 2017, except for grants 1 through 9, as these grants should be moved to the section entitled "Grants Approved by the Governor, Judicial Council, or State Board of Education." The motion passed with a vote of 15-0-5.

Yeas-15

Sen. J. Adams

Nays-0

Absent-5

Rep. F. Gibson

Rep. J. Briscoe
Sen. G. Davis
Sen. L. Escamilla
Rep. S. Hollins
Sen. J. Iwamoto
Sen. P. Knudson
Rep. B. Last
Sen. K. Mayne
Sen. W. Niederhauser
Sen. R. Okerlund
Rep. D. Sanpei
Sen. J. Stevenson
Sen. K. Van Tassell
Rep. B. Wilson

Rep. G. Hughes
Rep. B. King
Rep. J. Knotwell
Rep. A. Romero

4. Review Beaver Valley Hospital Performance Audit and Medicaid Intergovernmental Transfers

Mr. Kade Minchey, Audit Manager, Office of the Legislative Auditor General, offered some introductory remarks about the performance audit, the Beaver Valley Hospital's (BVH) response to the audit, and responded to questions.

4-Beaver Valley Hospital Performance Audit and Medicaid Intergovernmental Transfers
[4-Beaver Valley Hospital Performance Audit and Medicaid Intergovernmental Transfers](#)

Mr. Nathan Checketts, Deputy Director, Utah Department of Health, responded to questions about the BVH program.

Mr. Jesse Martinson, Audit Supervisor, OLAG, presented "A Performance Audit of the Beaver Valley Hospital's Medicaid Upper Limit Payment Program."

5. Compensation and ISF Funding Mix Exceptions

Ms. Clare Tobin Lence, Fiscal Analyst, LFA, presented a list of non-statutory compensation funding mix exceptions that the EAC might consider approving for the 2018 General Session.

9-Funding Mixes for State Employee Compensation Adjustments and ISF Rate Impacts
[9-Funding Mixes for State Employee Compensation Adjustments and ISF Rate Impacts](#)

Mr. Jonathan Ball, Director, LFA, pointed out the largest non-statutory exception is the enhanced State funding for Higher Education compensation, which would limit tuition increases.

MOTION: Sen. Stevenson moved to approve, for the 2018 General Session, the compensation funding mix exceptions listed in the document titled "Non-Statutory Exceptions Approved in the 2017 General Session" and to direct staff to integrate these exceptions when preparing compensation bills. The motion passed with a vote of 16-0-4.

Yeas-16

Sen. J. Adams
Sen. G. Davis
Sen. L. Escamilla
Rep. S. Hollins
Sen. J. Iwamoto
Rep. B. King
Rep. J. Knotwell
Sen. P. Knudson
Rep. B. Last
Sen. K. Mayne
Sen. W. Niederhauser
Sen. R. Okerlund
Rep. D. Sanpei
Sen. J. Stevenson
Sen. K. Van Tassell
Rep. B. Wilson

Nays-0

Absent-4

Rep. J. Briscoe
Rep. F. Gibson
Rep. G. Hughes
Rep. A. Romero

6. State Homeless Coordinating Committee Report

Mr. Jonathan Hardy, Division Director, Housing and Community Development, Department of Workforce Services, representing the State Homeless Coordinating Committee, presented three proposed awards from the Homeless to Housing Account and responded to questions.

10-Proposed Awards from Homeless to Housing Account

[10-Proposed Awards from Homeless to Housing Account](#)

MOTION: Sen. Stevenson moved to recommend acceptance of the proposed grant awards from the Homeless to Housing Account as recommended by the State Homeless Coordinating Committee and presented today. The motion passed with a vote of 16-0-4.

Yeas-16

Sen. J. Adams
Sen. G. Davis
Sen. L. Escamilla

Nays-0

Absent-4

Rep. J. Briscoe
Rep. F. Gibson
Rep. G. Hughes

Rep. S. Hollins
Sen. J. Iwamoto
Rep. B. King
Rep. J. Knotwell
Sen. P. Knudson
Rep. B. Last
Sen. K. Mayne
Sen. W. Niederhauser
Sen. R. Okerlund
Rep. D. Sanpei
Sen. J. Stevenson
Sen. K. Van Tassell
Rep. B. Wilson

Rep. A. Romero

7. Fleet Efficiency Report

Mr. Mortenson, Staff Economist, LFA, introduced the topic and mentioned that during the 2017 Interim, the Infrastructure and General Government Appropriations Subcommittee moved to open a bill file that will make changes and clarifications to the Fleet Efficiency Report.

Mr. Jeff Mottishaw, Director, Utah Division of Fleet Operations, presented the Fleet Efficiency Report that outlines agencies' actions and goals towards reducing fleet costs.

5-Division of Fleet Operations Cost Efficiency Report 2017

[5-Division of Fleet Operations Cost Efficiency Report 2017](#)

8. Significant Factors Affecting Budgets in the 2018 General Session

Mr. Ball discussed the ongoing and one-time costs that the Legislature will need to address during the 2018 General Session.

6-Significant Factors Affecting Budgets in the 2018 General Session

[6-Significant Factors Affecting Budgets in the 2018 General Session](#)

9. Internal Service Fund Upcoming Rates and Impacts

Mr. Mortenson reported that all ISF departments have incorporated an expected rate increase of two percent for salary and seven percent for health care cost increases. He also discussed overall impacts and LFA recommendations.

[7-Issue Brief - 2017 Interim - Internal Service Fund Rates and Impacts - FY 2018 and 2019](#)

[7-Issue Brief - 2017 Interim - Internal Service Fund Rates and Impacts - FY 2018 and 2019](#)

10. Targeted Compensation Increases

Ms. Debbie Cragun, Executive Director, DHRM, presented the report. Mr. Nathan Winters, Budget Director, DHRM, distributed the handout, "Department of Human Resource Management Targeted Funding." Ms. Cragun explained targeted funding, reported on legislative funding for FY 2018, discussed an example of targeted funding, and responded to questions.

Mr. Sean Faherty, Fiscal Analyst, LFA, explained how LFA calculates turnover savings for the upcoming fiscal year. He indicated that the current estimates for FY 2019 are subject to change upon receipt of new information.

[8-Update on Turnover Savings Factor Calculation](#)

[8-Update on Turnover Savings Factor Calculation](#)

11. Other Business

Chair Sanpei called attention to two written reports that were available for committee review behind Tab 11.

[11a-Note 10, Long-term Liabilities, from Comprehensive Annual Financial Report](#)

[11a-Note 10, Long-term Liabilities, from Comprehensive Annual Financial Report](#)

[11b-Medicaid Inspector General 2017 Annual Report](#)

[11b-Medicaid Inspector General 2017 Annual Report](#)

MOTION: Sen. Stevenson moved to adjourn. The motion passed with a vote of 14-0-6.

Yeas-14

Sen. G. Davis

Sen. L. Escamilla

Rep. F. Gibson

Rep. S. Hollins

Rep. B. King

Rep. J. Knotwell

Sen. P. Knudson

Rep. B. Last

Sen. K. Mayne

Sen. W. Niederhauser

Nays-0

Absent-6

Sen. J. Adams

Rep. J. Briscoe

Rep. G. Hughes

Sen. J. Iwamoto

Rep. A. Romero

Rep. B. Wilson

Executive Appropriations Committee

November 14, 2017

Page 7

Sen. R. Okerlund

Rep. D. Sanpei

Sen. J. Stevenson

Sen. K. Van Tassell

Chair Sanpei adjourned the meeting at 4:28 p.m.