

OFFICE OF THE  
LEGISLATIVE  
FISCAL  
ANALYST

JONATHAN C. BALL  
DIRECTOR

**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Ben Leishman, Product Manager  
**DATE:** November 13, 2018  
**SUBJECT:** Initial FY 2020 Enrollment Growth Estimate

Student enrollment in Utah's public schools continues to increase. As student enrollment increases, various factors within the Minimum School Program adjust to account for these students and other statutory rate changes.

Each year, the Common Data Committee (LFA, GOMB, USBE) develops consensus estimates for student enrollment growth, corresponding weighted pupil units, and the taxable value of property in each school district. We are still working out some factors and will report details when the calculations are final. The following sections provide detail on consensus enrollment, weighted pupil units (WPU), and a high enrollment growth cost estimate.

***Student Growth***

In fall 2018, Utah's public schools enrolled 659,438 students. This is 590 students lower than we estimated last fall, a difference of 1/10<sup>th</sup> of 1 percent.

We estimate that an additional 6,750 students will likely enroll in fall 2019, for a total of 666,188. This represents an increase of 1.02 percent.

***Weighted Pupil Units***

When converted to WPU, the 666,188 anticipated fall 2019 enrollment produces 878,909 WPU. This is an increase of 10,287 WPU over the current fiscal year.

***Enrollment Growth Costs***

<b>2019 General Session Enrollment Growth Costs (High Estimate)</b>	<b>In Millions</b>
Basic School Program WPU	\$19.5
Related to Basic School Program (Below-the-Line)	\$15.8
Voted & Board Local Levies (Growth & Rate Change)	\$7.0
<b>Total Ongoing Estimated Cost</b>	<b>\$42.3</b>
<b>Total One-time Estimated Cost</b>	<b>\$4.0</b>

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**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Russell Frandsen, Product Manager

**DATE:** November 6, 2018

**SUBJECT:** Medicaid Consensus Forecasting

The Medicaid consensus forecast team estimates savings to the General Fund in FY 2019 of (\$18.0) million one-time and an ongoing cost of \$21.5 million with one-time offset of (\$2.4) million in FY 2020. The consensus team recommends an addition of \$0.8 million to the current buffer of \$9.4 million that can be used anywhere in Medicaid or the Children's Health Insurance Program in FY 2019.

<b>Medicaid Consensus General Fund Cost Estimates (\$ in Millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>One-time Offsets</b>
Caseload	\$456.3	\$471.1	\$0.0
Inflationary Changes	\$9.9	\$22.3	(\$2.0)
Program Changes	(\$1.0)	\$1.4	\$0.0
Less Base Funding	(\$483.1)	(\$478.4)	(\$0.2)
<b>Subtotal - Medicaid</b>	<b>(\$18.0)</b>	<b>\$16.4</b>	<b>(\$2.2)</b>
Human Services - FMAP (Federal Medical Assistance Percentage)	\$0.0	\$5.5	\$0.0
Children's Health Insurance Program	\$0.0	(\$0.4)	\$0.0
Medicaid Expansion Fund	\$0.0	\$0.0	(\$0.2)
<b>Grand Total</b>	<b>(\$18.0)</b>	<b>\$21.5</b>	<b>(\$2.4)</b>

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# MEDICAID CONSENSUS FORECASTING

EXECUTIVE APPROPRIATIONS COMMITTEE  
STAFF: RUSSELL FRANSEN & THOMAS YOUNG

ISSUE BRIEF

**SUMMARY**

The Medicaid consensus forecast team estimates savings to the General Fund in FY 2019 of (\$18.0) million one-time and an ongoing cost of \$21.5 million with one-time offset of (\$2.4) million in FY 2020. The consensus team recommends an addition of \$0.8 million to the current buffer of \$9.4 million that can be used anywhere in Medicaid or the Children’s Health Insurance Program (CHIP) in FY 2019. These estimates do not include any funding for, Proposition 3 “Utah Decides Health Care Act of 2018”, state administration, or any optional provider inflation.

**RECOMMENDATIONS**

By statute, the Legislature must include in the base budget \$2.5 million for FY 2020 from the General Fund for accountable care organization costs. These increases are included in the overall estimate above.

<b>Medicaid Consensus General Fund Cost Estimates (\$ in Millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>One-time Offsets</b>
Caseload	\$456.3	\$471.1	\$0.0
Inflationary Changes	\$9.9	\$22.3	(\$2.0)
Program Changes	(\$1.0)	\$1.4	\$0.0
Less Base Funding	(\$483.1)	(\$478.4)	(\$0.2)
<b>Subtotal - Medicaid</b>	<b>(\$18.0)</b>	<b>\$16.4</b>	<b>(\$2.2)</b>
Human Services - FMAP (Federal Medical Assistance Percentage)	\$0.0	\$5.5	\$0.0
Children's Health Insurance Program	\$0.0	(\$0.4)	\$0.0
Medicaid Expansion Fund	\$0.0	\$0.0	(\$0.2)
<b>Grand Total</b>	<b>(\$18.0)</b>	<b>\$21.5</b>	<b>(\$2.4)</b>

**DISCUSSION AND ANALYSIS**

The table above has a summary of the consensus General Fund mandatory cost estimates for FY 2019 and FY 2020. All numbers for FY 2019 are as compared to the amounts expended in FY 2018 plus 2018 General Session appropriations for FY 2019 and ongoing appropriations for FY 2020.

The first table on page two reflects what Medicaid consensus would look like without the appropriations for H.B. 472, *Medicaid Expansion Revisions* (Spendlove).

***Medicaid – What is Included in Consensus for Mandatory Costs?***

The Medicaid consensus forecast team (Legislative Fiscal Analyst, Governor’s Office of Management and Budget, and the Department of Health) estimates changes to the General Fund in FY 2019 of (\$18.0) million one-time and an ongoing cost of \$21.5 million in FY 2020 with a one-time offset of (\$2.4) million. The forecast accounts for enacted legislative appropriations changes. Additionally, the consensus estimates recommend a \$10.2 one-time million or 2% buffer, which can be used in any of Medicaid’s or CHIP’s

(Children's Health Insurance Program) line items. Because the Legislature already appropriated \$9.4 million for a buffer in FY 2019, only an additional \$0.8 million is needed. Each of the items in the forecast has a more detailed discussion below. All numbers for FY 2019 are as compared to the expenditures incurred in FY 2018. The cost increases mentioned for FY 2019 carry forward into FY 2020 unless specifically noted. The FY 2020 numbers are as compared to the updated FY 2019 estimates. The estimates for FY 2020 are all ongoing changes unless specifically noted. Further, some inflationary changes take place mid fiscal year 2020, so the full ongoing cost has been projected with a one-time back to account for the later start date of the changes.

<b>Medicaid Consensus Without Appropriations for H.B. 472, Medicaid Expansion Revisions (Spendlove) - General Fund Cost Estimates (\$ in Millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>One-time Offsets</b>
Medicaid	(\$18.0)	\$24.0	(\$2.2)
Human Services - FMAP (Federal Medical Assistance Percentage)	\$0.0	\$5.5	\$0.0
Children's Health Insurance Program	\$0.0	(\$0.4)	\$0.0
Medicaid Expansion Fund	\$0.0	(\$17.3)	(\$0.2)
<b>Grand Total</b>	<b>(\$18.0)</b>	<b>\$11.8</b>	<b>(\$2.4)</b>

<b>Eligibility Category</b>	<b>FY 2019 (Feb. 2018)</b>	<b>FY 2019 (Oct. 2018)</b>	<b>FY 2020 (Oct. 2018)</b>	<b>FY 2018 PMPM</b>	<b>Original FY 2019</b>	<b>New FY 2019</b>	<b>FY 2020</b>
Adult	30,608	29,558	28,768	\$ 125.12	\$ 45,956,600	\$ 44,379,800	\$ 43,193,400
Aged	16,356	16,607	17,109	\$ 410.14	\$ 80,498,700	\$ 81,732,700	\$ 84,202,900
Blind/Disabled	40,659	40,336	40,885	\$ 302.60	\$ 147,637,600	\$ 146,464,700	\$ 148,461,200
Child	183,832	171,726	166,199	\$ 38.76	\$ 85,493,800	\$ 79,863,700	\$ 77,293,200
Primary Care Network	14,409	15,808	16,040	\$ 40.44	\$ 6,991,700	\$ 7,670,800	\$ 7,783,400
Pregnant	5,028	4,552	4,443	\$ 574.91	\$ 34,689,800	\$ 31,401,600	\$ 30,654,500
Qualified Medicare Beneficiary	30,355	30,085	30,884	\$ 154.14	\$ 56,146,700	\$ 55,646,500	\$ 57,124,400
<b>Total</b>	<b>321,200</b>	<b>308,700</b>	<b>304,300</b>		<b>\$ 457,400,000</b>	<b>\$ 447,200,000</b>	<b>\$ 448,700,000</b>
<b>Difference</b>		<b>(12,500)</b>	<b>(16,900)</b>			<b>\$ (10,200,000)</b>	<b>\$ (8,700,000)</b>

**Caseload Changes - \$14.8 Million Increase in FY 2020**

1. **Change in caseloads** – estimated decreases over FY 2018 of (10,600) or (3.3%) clients in FY 2019 and (4,300) or (1.4%) in FY 2020 compared to the updated FY 2019 forecast. The current caseload forecast is (12,500) clients or (3.9%) lower for FY 2019 compared to the February 2018 forecast, which results in lower baseline costs of (\$10.2) million for FY 2019 when using FY 2018 per-member-per-month costs. The FY 2020 enrollment estimate is (16,900) or (5.3%) lower than the February 2018 forecast for FY 2019, which results in lower baseline costs of (\$8.7) million for FY 2020 when using FY 2018 per-member-per-month costs. The baseline caseload costs are \$447.2

million in FY 2019 with an additional \$1.5 million in FY 2020. The three traditional groups with highest number increase in clients in FY 2020 are: (1) qualified Medicare beneficiary (dual eligible for Medicaid and Medicare), (2) blind/disabled, and (3) aged. These changes are shown in the table below.

Eligibility Category	FY 2017 PMPM	FY 2018 PMPM	% Change	FY 2018 Actuals	FY 2017 PMPM	FY 2018 PMPM
Adult	\$ 109.31	\$ 125.12	14%	30,589	\$ 40,124,400	\$ 45,926,800
Aged	\$ 413.35	\$ 410.14	-1%	16,302	\$ 80,859,700	\$ 80,231,300
Blind/Disabled	\$ 310.14	\$ 302.60	-2%	40,527	\$ 150,827,800	\$ 147,158,300
Child	\$ 40.41	\$ 38.76	-4%	182,737	\$ 88,619,700	\$ 84,984,500
Primary Care Network	\$ 36.14	\$ 40.44	12%	14,069	\$ 6,101,600	\$ 6,826,800
Pregnant	\$ 341.39	\$ 574.91	68%	4,914	\$ 20,129,900	\$ 33,899,300
Qualified Medicare Beneficiary	\$ 157.78	\$ 154.14	-2%	30,178	\$ 57,138,600	\$ 55,819,200
		Average	12%	319,300	\$ 443,801,700	\$ 454,846,200
		High	68%		Increased Cost	\$ 11,000,000
		Low	-4%		Projected Increased Cost	\$ 20,100,000
					Difference	\$ (9,100,000)

- a. **Change in per-member-per-month cost** – in the February 2018 consensus the forecast team estimated that per-member-per-month costs in FY 2018 would be \$20.1 million General Fund higher than in FY 2017. The actual increase was \$11.0 million General Fund, which represents a decrease in cost of (\$9.1) million. This (\$9.1) million decrease is already included in the caseload increase described in number one. These changes are shown in the table above. Beginning in FY 2018 the costs associated with Graduate Medical Education and Disproportionate Share Hospital are excluded from the per-member-per-month cost increase.
2. **Federal medical assistance percentage** – unfavorable changes of 0.32% in FY 2019 at a cost of \$4.8 million and 1.60% in FY 2020 for a cost of \$19.2 million. Unfavorable match rate changes of and in FY 2019 and FY 2020 respectively as compared to FY 2018.
3. **2018 General Session ongoing appropriations** – The items over \$0.1 million include:
  - a. (\$7.6) million in FY 2020 for H.B. 472, *Medicaid Expansion Revisions* (Spendlove)
  - b. \$0.5 million for 32 clients in the community supports waiver
  - c. \$0.2 million for H.B. 12, *Family Planning Services Amendments* (Ward), with another \$0.1 million in FY 2020
  - d. (\$0.3) million transfer to the Department of Human Services for disability services portability

For more information please visit <https://le.utah.gov/interim/2018/pdf/00002208.pdf>. These items cost \$0.2 million more in FY 2020 due to the change in the federal medical assistance percentage described in number two above.

4. **Extra pay period** – Depending on when the Division of Finance closes out the medical claims assigned to the prior fiscal year, this results in more or less weeks of claims for fee-for-service claims. It is expected that FY 2020 will end with an extra 1/2 week as compared to FY 2018, which would cost an estimated \$2.2 million more.
5. **Collections by the Office of the Inspector General, Medicaid Fraud Control Unit, Department of Health, Department of Workforce Services, and Office of Recovery Services** – the updated estimates assume that collections from these five entities will be lower (costing Medicaid more) by \$0.9 million in FY 2019 primarily due to projected decreases in collections by the Department of Workforce Services, Office of Recovery Services, and the Office of the Inspector General. In FY 2020 similar collections levels reduce collection offsets by (\$0.3) million due to the change in the federal match rate. For information on the current and historical levels of Medicaid collections, please visit the “Medicaid Collections” measure at <https://le.utah.gov/lfa/fiscalhealth/#revenuesTab>.
6. **Preferred Drug List** – FY 2017 saw \$0.3 million more in savings from non-[H.B. 437, Health Care Revisions](#), Preferred Drug List sources than FY 2016. This reduction assumes that a similar annual increase in savings of \$0.3 million will occur in FY 2019 and then again in FY 2020.
7. **2018 General Session one-time appropriations**
  - a. \$0.4 million in FY 2019 for property improvements at Intermediate Care Facilities for Individuals with Intellectual Disabilities
8. **Higher Medicaid Provider Taxes** - Medicaid's four accountable care organizations as well as managed care organizations for dental services and the Children's Health Insurance Program may pay \$0.1 million more provider tax in FY 2020. The State previously paid the entire provider share of the taxes.
9. **Other budget adjustments** – The following items for FY 2019 are not driven by caseload, are paid separately from caseload, and do not represent cost increases:
  - a. Graduate Medical Education - \$1.8 million
  - b. Disproportionate Share Hospital - \$1.2 million

**Inflationary Changes - \$22.3 Million Increase in FY 2020**

1. **Accountable care organization contracts** – A \$6.3 million increase in FY 2019 to account for a full year in FY 2019 of the 3.5% increase starting January 2018 and a new 2% increase starting in January 2019. A \$5.1 million increase in FY 2020 for a 1% increase starting in July 2019. The 1% increase provides the accountable care organizations a year-over-year 2% increase in funding because it starts six months earlier than the prior year increase. Medicaid contracts with four accountable care organizations who utilize about 47% of the General Fund appropriated to Medicaid to perform services statewide. These organizations serve about 77% of clients. These contracts traditionally have annual increases.
2. **Clawback** – payments began in 2006 when the federal government took responsibility for the pharmacy costs of clients that are dually eligible for Medicaid and Medicare. State payments are projected to increase \$1.0 million in FY 2019 and \$4.4 million in FY 2020 with a (\$1.7) million one-time back out based on a 3.9% annual increase in January.
3. **Medicare buy-in** – The federal government requires the State to pay Medicare premiums and coinsurance deductibles for aged, blind, and disabled persons with incomes up to 100 percent of the Federal Poverty Level. Medicare Part B premiums will rise from \$134.00 to \$135.50 for calendar year 2019. The costs for 2020 include a similar \$1.50 estimated increase for 2020. Medicare cost sharing increases are projected to cost the State an additional \$1.4 million in FY 2019 and another \$1.6 million with a (\$0.3) million one-time back out in FY 2020.
4. **Forced provider inflation** – this primarily includes cost increases to the State’s fee-for-service program. The updated forecast includes increases of \$1.2 million for FY 2019 and \$1.3 million for FY 2020, primarily due to a 2.5% projected inflationary increase in pharmacy drug costs. The

increases are areas over which the state has no control due to federal regulation or has opted not to exercise more state control over cost increases.

**Program Changes - \$1.4 Million Increase in FY 2020**

1. ***Reduction in Capitated Dental Rates*** – The new, lower dental rates beginning in September 2019 are projected to save (\$2.0) million one-time in FY 2019. The Department of Health anticipates rate negotiations for FY 2020 will result in higher rates and no savings in FY 2020.
2. ***Blockbuster drugs*** – the Department of Health will be paying for new costly drugs statewide via a high-risk pool for accountable care organizations and fee-for-service. There are projected costs of \$0.8 million in FY 2019 and \$0.1 million in FY 2020 for the following five new drugs:
  - a. Pembrolizumab – used to treat certain kinds of cancer.
  - b. Uptravi - used to treat pulmonary arterial hypertension.
  - c. Sublocade – used to treat opioid use disorder.
  - d. Dupixent (Dupilumab) – used to treat allergic diseases such as eczema.
  - e. Ilaris – used to treat active Systemic Juvenile Idiopathic Arthritis in children ages 2 and older.
3. ***Autism increased federal requirements*** – increase of \$0.2 million in FY 2020 for the federal regulation to provide autism spectrum disorder-related services when medically necessary for any Medicaid clients up to age 21 with autism spectrum disorder beginning July 1, 2015. Previously only clients qualifying as disabled or those served by the Utah pilot program for those ages 2 through 6 qualified for these services.
4. ***Orkambi*** – New prescription drug with an annual cost of over \$250,000 total fund indicated for clients 6 years or older with cystic fibrosis who have two copies of the F508del mutation in their genes. Updated forecasted costs for the fee-for-service client population include an increase in costs of \$0.1 million in FY 2019.
5. ***Solvaldi*** – There are increased costs of \$0.1 million in FY 2020 for Sovaldi for treating hepatitis C which can cost up to \$160,000 for a treatment.

**Human Services and Juvenile Justice Services – \$5.5 Million Increase in FY 2020**

***Federal medical assistance percentage*** – an unfavorable change of 1.6% in FY 2020 for a cost of \$5.5 million, \$5,414,300 for the part of the Department of Human Services overseen by the Social Services Appropriation Submission and \$59,900 for the Juvenile Justice Services portion of Human Services overseen by the Executive Offices and Criminal Justice Appropriations Subcommittee.

**Children’s Health Insurance Program (CHIP) – (\$0.4) Million Ongoing Decrease in FY 2020**

The consensus team estimates a General Fund reduction of (\$0.4) million in FY 2020. The consensus for CHIP includes the following components:

1. ***Caseload*** – (2.3%) in FY 2019 and 3.2% in FY 2020
2. ***Per-member-per-month costs*** – 5% annual growth
3. ***Many CHIP clients now on Medicaid*** – effective January 1, 2014, many former CHIP clients are now served by Medicaid. This primarily happened because Medicaid’s asset test for children was removed. The federal government will still pay the higher CHIP match rate, but the benefits package for Medicaid costs more than CHIP’s benefits package.

**Medicaid Expansion Fund - (\$0.2) Million One-time Decrease in FY 2020**

The Medicaid Expansion Fund may be used to pay the costs to the state of serving those newly eligible due to [H.B. 437, Health Care Revisions](#), from the 2016 General Session. The one time decrease of (\$0.2) million in FY 2020 is part of a technical transfer of funds between the Medicaid Expansion Fund and Medicaid Services.

***Why Did FY 2018 Have \$9.3 Million in Unspent General Fund for Medicaid Services?***

Medicaid services ended FY 2018 with \$9.3 million in unspent General Fund (and General Fund restricted account funds used as General Fund). The unexpected unspent balance was \$9.3 million or 2.0%. There would have been \$1.2 million more unspent were it not for higher than expected collections. When you factor this out of the error rate for forecasting, there was a \$10.5 million underestimate of costs which is a 2.3% error rate. The per-member-per-month cost for FY 2018 came in \$9.1 million lower than originally forecasted.

The Department of Health explains the \$9.3 million unspent in FY 2018 with: “due primarily to an overestimate of the impact of the number of weekly payments in the fiscal year. The previous year’s consensus estimate included funding for the full amount of an extra week of Medicaid payments that were expected to be made in FY 2018. The actual amount of weekly payments ended up being the same in FY 2018 as FY 2017. Other causes include higher pharmacy rebate collections and higher collections from the Medicaid Fraud Control Unit, the Office of Inspector General, and the Office of Recovery Services.”

***Why Consensus Forecasting for Medicaid?***

When arriving at final point estimates for tax revenue projections, economists from the Legislative Fiscal Analyst Office, the Governor’s Office of Management and Budget, and the State Tax Commission compare numbers and attempt to reach a consensus. The details of each projection are examined and critiqued against the other offices’ numbers. By comparing competing forecasts, all involved parties attempt to flush out any errors or left out factors. These same reasons apply to Medicaid. From June 2000 to June 2012, Utah Medicaid grew from 121,300 clients to 252,600 clients, an increase of 108%. Over the same period, the percentage of the State’s population on Medicaid grew from 5.4% to 8.8%.

Officially, Medicaid is an "optional" program, one that a state can elect to offer. However, if a state offers the program, it must abide by strict federal regulations. As Utah has, to this point, chose to offer Medicaid, it has established an entitlement program for qualified individuals. That is, anyone who meets specific eligibility criteria is "entitled" to Medicaid services. An accurate forecast is essential to adequately funding that entitlement.

***What Must Be Included in the Base Budget?***

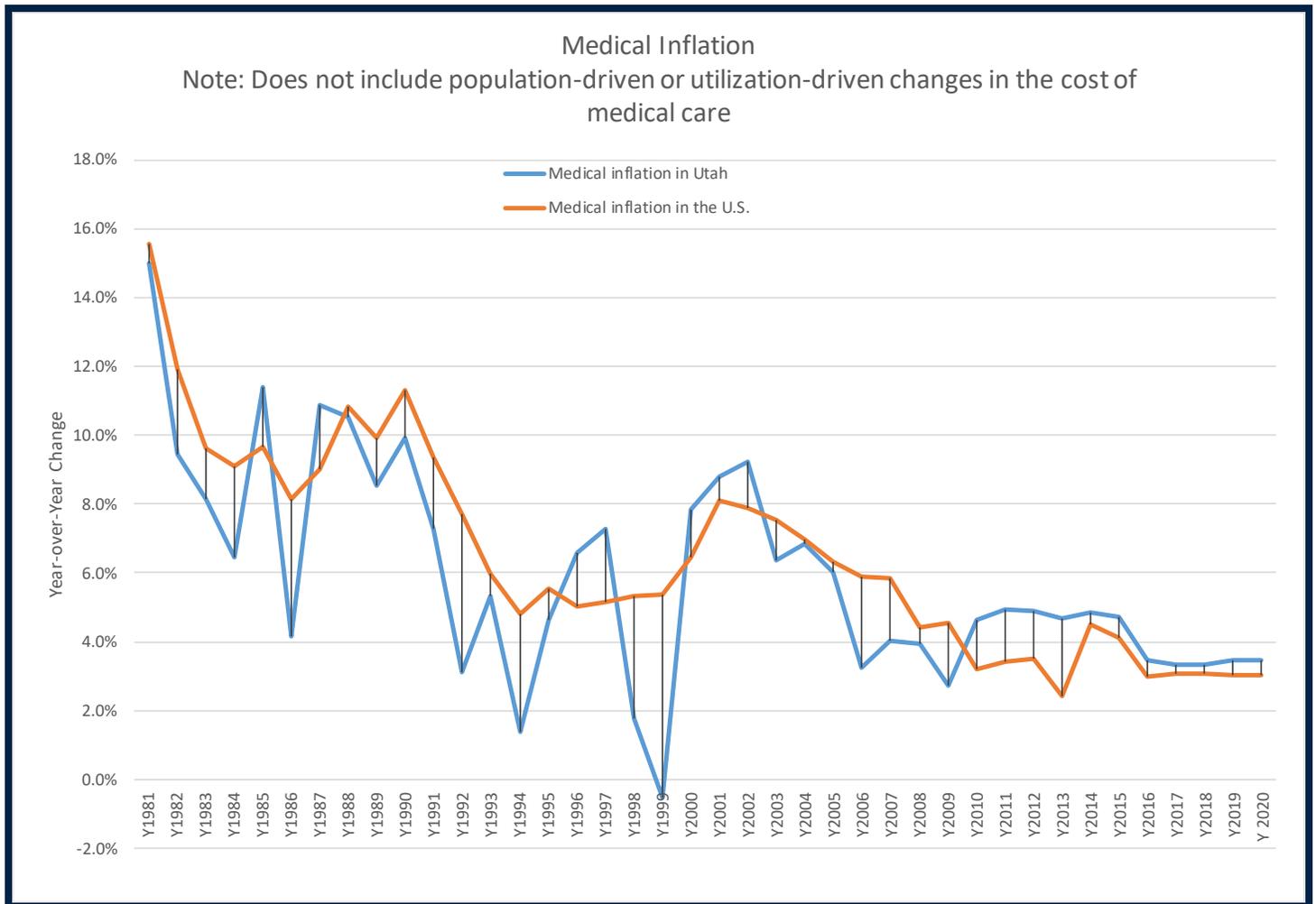
***There is \$2.5 million General Fund in FY 2020 that should be included as per statute in the base budget.***

1. [UCA 26-18-405.5](#) directs that rates paid to accountable care organizations increase at least up to 2% to match the General Fund growth factor. The General Fund growth factor for FY 2020 is not known currently. FY 2019 General Fund growth estimate was 6.2% as per the revenue estimates adopted at the September Executive Appropriations Committee. FY 2020’s growth factor may or may not be similar to FY 2019. The growth factor will be announced as part of the November 2018 Executive Appropriations Committee meeting. The Governor's Office of Management and Budget and the Office of the Legislative Fiscal Analyst estimated 5.0% for FY 2020 General Fund revenue growth. The costs are described under “Accountable care organization contracts,” which is number one under the “inflationary changes” section on page four. As per statute, the base budget should receive additional General Fund of \$2.5 million in FY 2020.
2. [UCA 26-18-405](#) directs that mandated program changes determined by the Department of Health must be included in the base budget. The Department of Health determined that there are no new mandated program changes.

**What are the Ending Balances for the Two Medicaid Reserve Accounts?**

There are two restricted funds that are used as reserve accounts for Medicaid. Below is a description of each and the uncommitted ending balance as of FY 2018:

- 1) Medicaid Reduction and Budget Stabilization Restricted Account with \$74.8 million – The account receives a portion of General Fund revenue surplus if Medicaid expenditure growth is less than 8%. As per [UCA 63J-1-315\(7\)](#) the only approved uses for the fund are:
  - a. “if Medicaid program expenditures for the fiscal year for which the appropriation is made are estimated to be 108% or more of Medicaid program expenditures for the previous year; and
  - b. for the Medicaid program.”
- 2) Medicaid Restricted Account with \$9.3 million - The fund balance is not used unless the Legislature appropriates money out of it. As per [UCA 26-18-402](#), the account receives all the unspent monies in the Medicaid program. Statute suggests the following for fund uses: "The Legislature may appropriate money in the restricted account to fund programs that expand medical assistance coverage and private health insurance plans to low income persons who have not traditionally been served by Medicaid, including the Utah Children's Health Insurance Program." There is another \$9.4 million in the fund balance, but this has been appropriated already for FY 2019 as a buffer for Medicaid and CHIP.



**What is Projected Medical Inflation for Utah?**

The fiscal analyst projects medical inflation for Utah at 3.4% in FY 2019 and 3.5% in FY 2020. Medical inflation is defined as the change in the price per unit. The Centers for Disease Control provided medical expenditures by state from 1980 through 2009. By combining that information with National Health

Expenditure Data from the Centers for Medicare and Medicaid Services for the remaining years the fiscal analyst has a forecast of medical inflation in Utah. The graph on page seven shows both Utah and national medical inflation trends. A figure reporting total medical expenditures would be higher because that would include both population and utilization increases.

The two preceding subsections are the report required by [IR3-2-402\(2\)\(a\)\(iv\)](#).

### ***Additional Resources***

- Appendix A, *Final FY 2021 FMAPs by Federal Funds Information for States*, Issue Brief 18-34, September 26, 2018
- *Medicaid Consensus Forecasting* Issue Brief from the 2017 Interim <https://le.utah.gov/interim/2018/pdf/00000537.pdf>
- For more information on Utah's Medicaid enhancement, please visit <http://health.utah.gov/MedicaidExpansion/index.html>

**APPENDIX A - FINAL FY 2021 FMAPs**



Issue Brief 18-34, September 26, 2018

## Final FY 2020 FMAPs

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### Summary

Yesterday, the Bureau of Economic Analysis (BEA) [released](#) revised state personal income data for 2017 and prior years. The federal government uses state per capita income to calculate each state's federal reimbursement rate—the Federal Medical Assistance Percentage (FMAP)—for Medicaid and certain other grant programs. The Children's Health Insurance Program (CHIP) uses an enhanced FMAP, which is higher than the Medicaid matching rate.

The BEA release facilitates calculation of the final fiscal year (FY) 2020 FMAPs and enhanced FMAPs, which are based on per capita incomes for calendar years (CY) 2015-2017.

This *Issue Brief* summarizes the BEA data and provides FFIS's estimates of the final FY 2020 FMAPs and enhanced FMAPs. FFIS estimates that FMAPs will increase in 19 states and decline in 17, ranging from a +3.64 percentage-point increase in **Oklahoma** to a -1.52 percentage-point decline in **Utah**. Comprehensive revisions to the BEA personal income data affected results in some states.

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### FY 2020 FMAPs

The FMAP is the share of state Medicaid benefit costs paid by the federal government (alternate matching rates are provided for certain jurisdictions, populations, and services, as well as special situations; more details are available [here](#)). It also represents the federal share of Title IV-E foster care and adoption assistance maintenance payments. In addition, the FMAP is used in determining the Medicare Part D "clawback," the federal share of certain child support enforcement collections, Temporary Assistance for Needy Families (TANF) contingency funds, and the matching portion of the Child Care and Development Fund (CCDF).

The FMAP is calculated based on a three-year average of state per capita personal income compared to the national average. The 2020 FMAPs rely on per capita personal incomes for CYs 2015-2017. To receive an increase in the FMAP, a state must experience a decline in its share of U.S. average per capita income. A state with average per capita income receives an FMAP of 55%; no state can receive less than 50% or more than 83%. The District of Columbia's FMAP is set at 70% as part of the city's federal financing structure. Puerto Rico and the territories receive a 55% federal matching rate.

Table 1 at the end of the brief displays FMAPs for FYs 2016-2019, and FFIS estimates of FY 2020 FMAPs. Highlights for FY 2020 include:

- FMAPs will increase in 19 states, with six states seeing increases of greater than one percentage point.
- **Oklahoma** and **Texas** will experience the largest increases (+3.64 and +2.70). Both saw significant increases in FY 2019 as well. Oklahoma had the second-strongest growth in per capita personal income in 2017, but experienced negative growth in 2016. Texas was one of the few states with downward revisions to its data (in 2015 and 2016).
- **Mississippi** maintains the highest FMAP at 76.98, followed by **West Virginia** and **New Mexico**. All three states will see an increase in FY 2020.
- FMAPs will decline in 17 states in FY 2020. **Utah** and **Oregon** will see more than a one percentage-point drop, followed by **Nevada**, **Idaho**, and **Montana**. Although Idaho, Montana, and Utah saw below-average per capita income growth in 2017, they still experienced an increase in their share of U.S. average per capita income over the three-year period (compared to the three-year period used to calculate FY 2019 FMAPs).
- **Wisconsin** will experience a small decline after several years of consecutive increases.
- Thirteen states remain at the statutory 50.00 FMAP minimum in FY 2020. Among these, **Minnesota** is closest to exceeding the floor, with an unadjusted FMAP of 49.70. **Illinois** is close to the minimum, at 50.14 (it was last at the 50.00 minimum in FY 2014).
- **North Dakota** will exceed the 50.00 FMAP minimum for the first time since FY 2013. It saw significant downward revisions to its personal income data.
- Since FY 2016 four states—**Iowa**, **South Dakota**, **Oklahoma**, and **Louisiana**—have seen more than a four percentage-point increase in their FMAP. Conversely, **Oregon** and **Utah** have experienced the largest reductions (-3.15 and -2.05).

The table below lists the change in each state’s FMAP in FY 2020.

FY 2020 FMAP Percentage-Point Change					
Increases		Decreases		No Change	
Oklahoma	3.64	Utah	-1.52	Alaska	0.00
Texas	2.70	Oregon	-1.33	California	0.00
Nebraska	2.14	Nevada	-0.94	Colorado	0.00
Kansas	2.06	Idaho	-0.79	Connecticut	0.00
Louisiana	1.86	Montana	-0.76	District of Columbia	0.00
Iowa	1.27	Maine	-0.72	Maryland	0.00
Arkansas	0.91	Tennessee	-0.66	Massachusetts	0.00
South Dakota	0.91	South Carolina	-0.52	Minnesota	0.00
Florida	0.60	Hawaii	-0.45	New Hampshire	0.00
West Virginia	0.60	Michigan	-0.39	New Jersey	0.00
Mississippi	0.59	Georgia	-0.32	New York	0.00
New Mexico	0.45	Illinois	-0.17	Pennsylvania	0.00
Rhode Island	0.38	North Carolina	-0.13	Virginia	0.00
Delaware	0.31	Indiana	-0.12	Washington	0.00
Missouri	0.25	Ohio	-0.07	Wyoming	0.00
Arizona	0.21	Vermont	-0.03		
Kentucky	0.15	Wisconsin	-0.01		
Alabama	0.09				
North Dakota	0.05				

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**Other factors affecting FMAPs.** FMAP changes primarily result from per capita personal income shifts and data revisions. However, because the formula relies on a three-year average, it doesn't necessarily capture recent trends. A state could see a reduction in its FMAP as its economy is declining, and vice versa. Large FY 2018 FMAP reductions in **Kansas** and **Oklahoma** were examples of this, as is Oklahoma's FMAP increase in FY 2020.

FMAPs are also affected by other factors. For example, per capita personal income changes in large wealthy states affect the national average, which in turn affects FMAP results of other states. During the Great Recession, slower income growth in these large wealthy states made other states look relatively wealthier (by reducing the national average), thereby reducing the less-wealthy states' FMAPs and having no impact on the wealthy states, which received the statutory minimum matching rate. This trend may have stalled, due largely to **California's** strong income growth in recent years.

Population shifts from the decennial census can have a big impact. Additionally, low or negative population growth in some states has increased per capita personal income estimates, which can lead to lower FMAPs. For example, population losses contributed to recent FMAP declines in **Illinois**.

Finally, Medicaid spending is a transfer payment and included in the personal income data. States that expanded coverage under the Affordable Care Act (ACA) have seen larger increases in Medicaid transfer receipts since 2014. That said, Medicaid benefit payments are a relatively small share of personal income, approximately 4% in 2017.

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## Enhanced FMAPs

CHIP uses an enhanced FMAP, subject to the availability of funds from a state's federal allotment. The enhanced FMAP is calculated by reducing each state's Medicaid share by 30%. In FY 2016 through FY 2019, ACA increased states' enhanced FMAPs by 23 percentage points (capped at 100%) for most CHIP expenditures. To phase out the ACA provision, subsequent legislation (P.L. 115-120) increased states' enhanced FMAP in FY 2020 by 11.5 percentage points. The matching rate reverts to the regular enhanced FMAP in FY 2021 and beyond.

Enhanced FMAPs are displayed in Table 2. Due to the phase-out of the ACA increase, all states will see a reduction in FY 2020. Those states with the smallest decline had their enhanced FMAP capped at 100% in FY 2019.

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## Personal Income Data

Personal income data are produced by BEA as part of the National Income and Product Accounts (NIPAs). State personal income is the income received by all persons in a state from all sources, including net earnings by place of residence, rental income, dividends, interest, and transfer payments. State personal income growth increased from 2.6% in 2016 to 4.4% in 2017, as shown on the next table.

U.S. Personal Income (\$ in billions)										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Amount	\$12,439	\$12,051	\$12,542	\$13,315	\$13,998	\$14,176	\$14,983	\$15,712	\$16,116	\$16,820
% Change		-3.1%	4.1%	6.2%	5.1%	1.3%	5.7%	4.9%	2.6%	4.4%

Nationally, the largest contributors to earnings growth in 2017 were professional services, health care and social assistance, and finance. No sector experienced negative growth.

Table 3 shows the personal income of the states and regions for 2015-2017. The Far West, Mideast, and Rocky Mountains performed better than the national average in 2017; the Plains saw the slowest growth. State personal income growth in 2017 ranged from -0.7% in **North Dakota** to 6.1% in **Washington**. The table below lists those states with the strongest and weakest growth.

Strongest and Weakest Personal Income Growth, 2017			
Top Ranking		Bottom Ranking	
Washington	6.1%	North Dakota	-0.7%
New York	6.0%	South Dakota	1.6%
Nevada	5.8%	Iowa	2.0%
Colorado	5.8%	Alaska	2.0%
Oklahoma	5.6%	Mississippi	2.3%

**Washington** experienced significant gains in retail trade and information. **New York** saw notable increases in finance and professional services. **Nevada** benefited from strong growth in construction and real estate. **Colorado's** main driver was mining, followed by professional services. **Oklahoma's** growth is attributable to mining and transportation. In contrast, the three states with the slowest growth were affected by significant declines in farm earnings. **Alaska's** slow growth was a result of declines in several industries, most notably construction.

Table 4 shows BEA's revisions to the preliminary data (released in March) by state. Overall, personal income was revised upward in 2015, 2016, and 2017. **North Dakota** is the only state with a downward revision (-4.3%) in 2017 while **New York**, the **District of Columbia**, and **Oregon** had the largest positive percent revisions.

The revisions reflect a comprehensive update of state personal income. They also incorporate source data that are more complete than previously available, updated seasonal factors, and the July 2018 comprehensive update of the NIPAs.

## Per Capita Personal Income

Nationally, per capita personal income rose 3.6% to \$51,640 in 2017, as shown on the next table.

U.S. Per Capita Personal Income										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Amount	\$40,904	\$39,284	\$40,545	\$42,727	\$44,582	\$44,826	\$47,025	\$48,940	\$49,831	\$51,640
% Change		-4.0%	3.2%	5.4%	4.3%	0.5%	4.9%	4.1%	1.8%	3.6%

The following table lists those states with the strongest and weakest per capita personal income growth in 2017, which range from 5.9% in **New York** to -0.7% in **North Dakota**.

Strongest and Weakest Per Capita Personal Income Growth, 2017			
Top Ranking		Bottom Ranking	
New York	5.9%	North Dakota	-0.7%
Oklahoma	5.4%	South Dakota	0.6%
New Hampshire	4.5%	Iowa	1.5%
Colorado	4.3%	Kansas	2.2%
Washington	4.3%	Alaska	2.3%

Table 5 provides detail by state and region. It also shows how each state's per capita personal income compares to the national average. Per capita income growth is affected both by income and population, and by adjustments in both data series. Some states, such as **Hawaii, Pennsylvania, Rhode Island, and West Virginia** had personal income growth less than the national average in 2017, but negative or slow population growth resulted in per capita growth rates greater than the national average. In contrast, **Idaho, Florida, and Utah** had higher-than-average personal income growth but per capita growth rates equal to or less than the national average due to strong population increases.

## Next Steps

The FMAPs for FY 2020 will be final once they are published in the *Federal Register*, usually in November. FFIS will calculate projected FMAPs for FY 2021 next spring, when preliminary per capita personal income data for 2018 are released.

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**Table 1**

## Federal Medical Assistance Percentages, 2016-2020

(federal fiscal years, federal share as a percent)

State	2016	2017	2018	2019	2020	Change		Addendum: 2020 FMAP
						2016-2020	2019-2020	Without Floors
Alabama	69.87	70.16	71.44	71.88	71.97	2.10	0.09	71.97
Alaska	50.00	50.00	50.00	50.00	50.00	0.00	0.00	42.24
Arizona	68.92	69.24	69.89	69.81	70.02	1.10	0.21	70.02
Arkansas	70.00	69.69	70.87	70.51	71.42	1.42	0.91	71.42
California	50.00	50.00	50.00	50.00	50.00	0.00	0.00	40.49
Colorado	50.72	50.02	50.00	50.00	50.00	-0.72	0.00	49.56
Connecticut	50.00	50.00	50.00	50.00	50.00	0.00	0.00	12.43
Delaware	54.83	54.20	56.43	57.55	57.86	3.03	0.31	57.86
District of Columbia	70.00	70.00	70.00	70.00	70.00	0.00	0.00	N/A
Florida	60.67	61.10	61.79	60.87	61.47	0.80	0.60	61.47
Georgia	67.55	67.89	68.50	67.62	67.30	-0.25	-0.32	67.30
Hawaii	53.98	54.93	54.78	53.92	53.47	-0.51	-0.45	53.47
Idaho	71.24	71.51	71.17	71.13	70.34	-0.90	-0.79	70.34
Illinois	50.89	51.30	50.74	50.31	50.14	-0.75	-0.17	50.14
Indiana	66.60	66.74	65.59	65.96	65.84	-0.76	-0.12	65.84
Iowa	54.91	56.74	58.48	59.93	61.20	6.29	1.27	61.20
Kansas	55.96	56.21	54.74	57.10	59.16	3.20	2.06	59.16
Kentucky	70.32	70.46	71.17	71.67	71.82	1.50	0.15	71.82
Louisiana	62.21	62.28	63.69	65.00	66.86	4.65	1.86	66.86
Maine	62.67	64.38	64.34	64.52	63.80	1.13	-0.72	63.80
Maryland	50.00	50.00	50.00	50.00	50.00	0.00	0.00	38.06
Massachusetts	50.00	50.00	50.00	50.00	50.00	0.00	0.00	23.32
Michigan	65.60	65.15	64.78	64.45	64.06	-1.54	-0.39	64.06
Minnesota	50.00	50.00	50.00	50.00	50.00	0.00	0.00	49.70
Mississippi	74.17	74.63	75.65	76.39	76.98	2.81	0.59	76.98
Missouri	63.28	63.21	64.61	65.40	65.65	2.37	0.25	65.65
Montana	65.24	65.56	65.38	65.54	64.78	-0.46	-0.76	64.78
Nebraska	51.16	51.85	52.55	52.58	54.72	3.56	2.14	54.72
Nevada	64.93	64.67	65.75	64.87	63.93	-1.00	-0.94	63.93
New Hampshire	50.00	50.00	50.00	50.00	50.00	0.00	0.00	41.16
New Jersey	50.00	50.00	50.00	50.00	50.00	0.00	0.00	30.46
New Mexico	70.37	71.13	72.16	72.26	72.71	2.34	0.45	72.71
New York	50.00	50.00	50.00	50.00	50.00	0.00	0.00	32.20
North Carolina	66.24	66.88	67.61	67.16	67.03	0.79	-0.13	67.03
North Dakota	50.00	50.00	50.00	50.00	50.05	0.05	0.05	50.05
Ohio	62.47	62.32	62.78	63.09	63.02	0.55	-0.07	63.02
Oklahoma	60.99	59.94	58.57	62.38	66.02	5.03	3.64	66.02
Oregon	64.38	64.47	63.62	62.56	61.23	-3.15	-1.33	61.23
Pennsylvania	52.01	51.78	51.82	52.25	52.25	0.24	0.00	52.25
Rhode Island	50.42	51.02	51.45	52.57	52.95	2.53	0.38	52.95
South Carolina	71.08	71.30	71.58	71.22	70.70	-0.38	-0.52	70.70
South Dakota	51.61	54.94	55.34	56.71	57.62	6.01	0.91	57.62
Tennessee	65.05	64.96	65.82	65.87	65.21	0.16	-0.66	65.21
Texas	57.13	56.18	56.88	58.19	60.89	3.76	2.70	60.89
Utah	70.24	69.90	70.26	69.71	68.19	-2.05	-1.52	68.19
Vermont 1/	53.90	54.46	53.47	53.89	53.86	-0.04	-0.03	53.86
Virginia	50.00	50.00	50.00	50.00	50.00	0.00	0.00	48.37
Washington	50.00	50.00	50.00	50.00	50.00	0.00	0.00	44.40
West Virginia	71.42	71.80	73.24	74.34	74.94	3.52	0.60	74.94
Wisconsin	58.23	58.51	58.77	59.37	59.36	1.13	-0.01	59.36
Wyoming	50.00	50.00	50.00	50.00	50.00	0.00	0.00	42.53
Puerto Rico & Territories 1/	55.00	55.00	55.00	55.00	55.00	0.00	0.00	N/A

1/ The table does not reflect the 2.2 percentage-point increase that Vermont, Puerto Rico, and the territories received between January 1, 2014, and December 31, 2015, as a result of a provision in the ACA.

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# Table 2

## Enhanced FMAPs, 2017-2020

(federal fiscal years; federal share as a percent)

State	2017 1/		2018 1/		2019 1/		2020 1/		Percentage-Point Change	
	w/o Increase	w/ Increase	2018-2019	2019-2020						
Alabama	79.11	100.00	80.01	100.00	80.32	100.00	80.38	91.88	0.00	-8.12
Alaska	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Arizona	78.47	100.00	78.92	100.00	78.87	100.00	79.01	90.51	0.00	-9.49
Arkansas	78.78	100.00	79.61	100.00	79.36	100.00	79.99	91.49	0.00	-8.51
California	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Colorado	65.01	88.01	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Connecticut	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Delaware	67.94	90.94	69.50	92.50	70.29	93.29	70.50	82.00	0.78	-11.28
District of Columbia	79.00	100.00	79.00	100.00	79.00	100.00	79.00	90.50	0.00	-9.50
Florida	72.77	95.77	73.25	96.25	72.61	95.61	73.03	84.53	-0.64	-11.08
Georgia	77.52	100.00	77.95	100.00	77.33	100.00	77.11	88.61	0.00	-11.39
Hawaii	68.45	91.45	68.35	91.35	67.74	90.74	67.43	78.93	-0.60	-11.82
Idaho	80.06	100.00	79.82	100.00	79.79	100.00	79.24	90.74	0.00	-9.26
Illinois	65.91	88.91	65.52	88.52	65.22	88.22	65.10	76.60	-0.30	-11.62
Indiana	76.72	99.72	75.91	98.91	76.17	99.17	76.09	87.59	0.26	-11.58
Iowa	69.72	92.72	70.94	93.94	71.95	94.95	72.84	84.34	1.02	-10.61
Kansas	69.35	92.35	68.32	91.32	69.97	92.97	71.41	82.91	1.65	-10.06
Kentucky	79.32	100.00	79.82	100.00	80.17	100.00	80.27	91.77	0.00	-8.23
Louisiana	73.60	96.60	74.58	97.58	75.50	98.50	76.80	88.30	0.92	-10.20
Maine	75.07	98.07	75.04	98.04	75.16	98.16	74.66	86.16	0.13	-12.00
Maryland	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Massachusetts	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Michigan	75.61	98.61	75.35	98.35	75.12	98.12	74.84	86.34	-0.23	-11.77
Minnesota	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Mississippi	82.24	100.00	82.96	100.00	83.47	100.00	83.89	95.39	0.00	-4.61
Missouri	74.25	97.25	75.23	98.23	75.78	98.78	75.96	87.46	0.55	-11.33
Montana	75.89	98.89	75.77	98.77	75.88	98.88	75.35	86.85	0.11	-12.03
Nebraska	66.30	89.30	66.79	89.79	66.81	89.81	68.30	79.80	0.02	-10.00
Nevada	75.27	98.27	76.03	99.03	75.41	98.41	74.75	86.25	-0.62	-12.16
New Hampshire	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
New Jersey	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
New Mexico	79.79	100.00	80.51	100.00	80.58	100.00	80.90	92.40	0.00	-7.60
New York	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
North Carolina	76.82	99.82	77.33	100.00	77.01	100.00	76.92	88.42	0.00	-11.58
North Dakota	65.00	88.00	65.00	88.00	65.00	88.00	65.04	76.54	0.00	-11.47
Ohio	73.62	96.62	73.95	96.95	74.16	97.16	74.11	85.61	0.22	-11.55
Oklahoma	71.96	94.96	71.00	94.00	73.67	96.67	76.21	87.71	2.67	-8.95
Oregon	75.13	98.13	74.53	97.53	73.79	96.79	72.86	84.36	-0.74	-12.43
Pennsylvania	66.25	89.25	66.27	89.27	66.58	89.58	66.58	78.08	0.30	-11.50
Rhode Island	65.71	88.71	66.02	89.02	66.80	89.80	67.07	78.57	0.78	-11.23
South Carolina	79.91	100.00	80.11	100.00	79.85	100.00	79.49	90.99	0.00	-9.01
South Dakota	68.46	91.46	68.74	91.74	69.70	92.70	70.33	81.83	0.96	-10.86
Tennessee	75.47	98.47	76.07	99.07	76.11	99.11	75.65	87.15	0.04	-11.96
Texas	69.33	92.33	69.82	92.82	70.73	93.73	72.62	84.12	0.92	-9.61
Utah	78.93	100.00	79.18	100.00	78.80	100.00	77.73	89.23	0.00	-10.77
Vermont	68.12	91.12	67.43	90.43	67.72	90.72	67.70	79.20	0.29	-11.52
Virginia	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Washington	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
West Virginia	80.26	100.00	81.27	100.00	82.04	100.00	82.46	93.96	0.00	-6.04
Wisconsin	70.96	93.96	71.14	94.14	71.56	94.56	71.55	83.05	0.42	-11.51
Wyoming	65.00	88.00	65.00	88.00	65.00	88.00	65.00	76.50	0.00	-11.50
Puerto Rico & Territories	68.50	91.50	68.50	91.50	68.50	91.50	68.50	80.00	0.00	-11.50

1/ For FYs 2016-2019, ACA increased enhanced FMAPs by 23 percentage points (capped at 100%) for most CHIP expenditures. Subsequent legislation increased the enhanced FMAP by 11.5 percentage points in FY 2020.

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# Table 3

## Personal Income of States and Regions, 2015-2017

(calendar years, dollars in millions)

State	2015	2016	2017	Percent Change	
				2015-2016	2016-2017
Alabama	\$187,302	\$190,991	\$198,916	2.0%	4.1%
Alaska	42,291	41,461	42,301	-2.0%	2.0%
Arizona	270,807	280,988	296,649	3.8%	5.6%
Arkansas	116,249	118,770	123,313	2.2%	3.8%
California	2,173,300	2,259,414	2,364,129	4.0%	4.6%
Colorado	284,143	289,621	306,411	1.9%	5.8%
Connecticut	246,012	249,513	257,714	1.4%	3.3%
Delaware	45,012	45,917	47,782	2.0%	4.1%
District of Columbia	50,947	53,040	55,510	4.1%	4.7%
Florida	919,227	953,261	1,000,624	3.7%	5.0%
Georgia	422,845	439,574	460,403	4.0%	4.7%
Hawaii	70,323	72,650	75,355	3.3%	3.7%
Idaho	65,611	68,055	71,813	3.7%	5.5%
Illinois	664,296	673,529	693,914	1.4%	3.0%
Indiana	279,705	289,164	301,008	3.4%	4.1%
Iowa	144,183	145,157	148,043	0.7%	2.0%
Kansas	137,238	138,105	141,459	0.6%	2.4%
Kentucky	172,361	175,013	180,827	1.5%	3.3%
Louisiana	200,078	199,543	204,517	-0.3%	2.5%
Maine	57,978	59,577	62,060	2.8%	4.2%
Maryland	341,295	353,880	368,258	3.7%	4.1%
Massachusetts	431,572	444,813	463,931	3.1%	4.3%
Michigan	431,157	444,532	460,270	3.1%	3.5%
Minnesota	284,740	291,362	303,141	2.3%	4.0%
Mississippi	104,893	106,915	109,324	1.9%	2.3%
Missouri	260,145	265,495	274,976	2.1%	3.6%
Montana	44,865	45,747	47,677	2.0%	4.2%
Nebraska	95,454	94,731	97,557	-0.8%	3.0%
Nevada	126,930	130,757	138,386	3.0%	5.8%
New Hampshire	73,430	76,247	80,122	3.8%	5.1%
New Jersey	542,405	555,805	581,199	2.5%	4.6%
New Mexico	79,953	81,185	83,127	1.5%	2.4%
New York	1,172,713	1,208,346	1,281,082	3.0%	6.0%
North Carolina	419,889	433,766	454,307	3.3%	4.7%
North Dakota	40,430	39,766	39,484	-1.6%	-0.7%
Ohio	515,905	525,056	544,828	1.8%	3.8%
Oklahoma	172,636	165,107	174,435	-4.4%	5.6%
Oregon	181,022	189,644	199,422	4.8%	5.2%
Pennsylvania	642,623	657,165	682,534	2.3%	3.9%
Rhode Island	53,006	53,731	55,934	1.4%	4.1%
South Carolina	192,879	199,942	209,180	3.7%	4.6%
South Dakota	41,550	41,789	42,455	0.6%	1.6%
Tennessee	282,150	292,120	305,691	3.5%	4.6%
Texas	1,282,380	1,287,687	1,340,568	0.4%	4.1%
Utah	121,876	128,407	134,804	5.4%	5.0%
Vermont	30,865	31,572	32,570	2.3%	3.2%
Virginia	440,824	448,684	466,743	1.8%	4.0%
Washington	384,651	404,232	428,765	5.1%	6.1%
West Virginia	67,737	67,583	69,873	-0.2%	3.4%
Wisconsin	268,238	273,787	283,636	2.1%	3.6%
Wyoming	33,515	32,435	33,221	-3.2%	2.4%
<b>Region</b>					
New England	892,863	915,453	952,331	2.5%	4.0%
Mideast	2,794,994	2,874,152	3,016,365	2.8%	4.9%
Great Lakes	2,159,301	2,206,069	2,283,656	2.2%	3.5%
Plains	1,003,740	1,016,405	1,047,115	1.3%	3.0%
Southeast	3,526,433	3,626,161	3,783,717	2.8%	4.3%
Southwest	1,805,776	1,814,967	1,894,780	0.5%	4.4%
Rocky Mountains	550,009	564,264	593,926	2.6%	5.3%
Far West	2,978,517	3,098,159	3,248,359	4.0%	4.8%
<b>United States</b>	<b>\$15,711,634</b>	<b>\$16,115,630</b>	<b>\$16,820,250</b>	<b>2.6%</b>	<b>4.4%</b>

Source: Bureau of Economic Analysis

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Table 4

## Personal Income Revisions, 2015-2017

(calendar years, dollars in millions)

	Personal Income Revisions (\$)			Personal Income Revisions (%)		
	2015	2016	2017	2015	2016	2017
Alabama	\$1,817	\$1,829	\$4,045	1.0%	1.0%	2.1%
Alaska	590	178	841	1.4	0.4	2.0
Arizona	548	868	4,541	0.2	0.3	1.6
Arkansas	21	72	767	0.0	0.1	0.6
California	39,636	46,723	60,259	1.9	2.1	2.6
Colorado	1,478	1,518	6,405	0.5	0.5	2.1
Connecticut	1,071	1,627	6,106	0.4	0.7	2.4
Delaware	574	343	526	1.3	0.8	1.1
District of Columbia	1,276	1,198	2,084	2.6	2.3	3.9
Florida	-731	6,053	17,330	-0.1	0.6	1.8
Georgia	4,462	4,897	9,122	1.1	1.1	2.0
Hawaii	686	704	1,211	1.0	1.0	1.6
Idaho	1,401	1,621	2,264	2.2	2.4	3.3
Illinois	11,611	10,191	17,861	1.8	1.5	2.6
Indiana	2,975	3,301	6,568	1.1	1.2	2.2
Iowa	1,357	961	3,351	1.0	0.7	2.3
Kansas	640	800	2,786	0.5	0.6	2.0
Kentucky	2,095	2,299	5,363	1.2	1.3	3.1
Louisiana	-14	1,518	792	0.0	0.8	0.4
Maine	1,049	922	1,848	1.8	1.6	3.1
Maryland	4,083	4,613	8,008	1.2	1.3	2.2
Massachusetts	5,212	7,261	11,937	1.2	1.7	2.6
Michigan	3,958	5,170	9,423	0.9	1.2	2.1
Minnesota	4,334	4,112	7,343	1.5	1.4	2.5
Mississippi	992	862	864	1.0	0.8	0.8
Missouri	2,630	3,947	8,055	1.0	1.5	3.0
Montana	1,020	974	1,553	2.3	2.2	3.4
Nebraska	1,586	-681	794	1.7	-0.7	0.8
Nevada	2,588	2,667	4,597	2.1	2.1	3.4
New Hampshire	881	1,560	2,813	1.2	2.1	3.6
New Jersey	4,184	5,969	17,859	0.8	1.1	3.2
New Mexico	956	1,120	1,644	1.2	1.4	2.0
New York	16,775	32,265	70,441	1.5	2.7	5.8
North Carolina	4,654	5,128	9,435	1.1	1.2	2.1
North Dakota	-1,573	-1,639	-1,794	-3.7	-4.0	-4.3
Ohio	7,525	7,138	13,018	1.5	1.4	2.4
Oklahoma	848	-2,396	3,644	0.5	-1.4	2.1
Oregon	2,590	3,805	7,358	1.5	2.0	3.8
Pennsylvania	5,439	8,470	15,416	0.9	1.3	2.3
Rhode Island	480	459	1,359	0.9	0.9	2.5
South Carolina	3,043	3,892	6,092	1.6	2.0	3.0
South Dakota	658	390	467	1.6	0.9	1.1
Tennessee	4,313	3,950	8,398	1.6	1.4	2.8
Texas	-2,141	-1,623	11,886	-0.2	-0.1	0.9
Utah	3,152	3,536	4,394	2.7	2.8	3.4
Vermont	266	352	693	0.9	1.1	2.2
Virginia	4,168	3,222	7,294	1.0	0.7	1.6
Washington	4,700	6,460	11,949	1.2	1.6	2.9
West Virginia	463	521	1,008	0.7	0.8	1.5
Wisconsin	3,144	3,562	6,319	1.2	1.3	2.3
Wyoming	504	164	360	1.5	0.5	1.1
<b>United States</b>	<b>\$163,973</b>	<b>\$202,853</b>	<b>\$406,699</b>	<b>1.1%</b>	<b>1.3%</b>	<b>2.5%</b>

Source: Bureau of Economic Analysis

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Table 5

## Per Capita Personal Income, 2015-2017

(calendar years)

	2015	2016	2017	Percent Change		Share of National Average		
				2015-2016	2016-2017	2015	2016	2017
Alabama	\$38,612	\$39,294	\$40,805	1.8%	3.8%	78.9%	78.9%	79.0%
Alaska	57,306	55,914	57,179	-2.4%	2.3%	117.1%	112.2%	110.7%
Arizona	39,811	40,672	42,280	2.2%	4.0%	81.3%	81.6%	81.9%
Arkansas	39,067	39,746	41,046	1.7%	3.3%	79.8%	79.8%	79.5%
California	55,679	57,497	59,796	3.3%	4.0%	113.8%	115.4%	115.8%
Colorado	52,228	52,372	54,646	0.3%	4.3%	106.7%	105.1%	105.8%
Connecticut	68,453	69,547	71,823	1.6%	3.3%	139.9%	139.6%	139.1%
Delaware	47,677	48,197	49,673	1.1%	3.1%	97.4%	96.7%	96.2%
District of Columbia	75,731	77,506	79,989	2.3%	3.2%	154.7%	155.5%	154.9%
Florida	45,352	46,148	47,684	1.8%	3.3%	92.7%	92.6%	92.3%
Georgia	41,457	42,621	44,145	2.8%	3.6%	84.7%	85.5%	85.5%
Hawaii	49,304	50,851	52,787	3.1%	3.8%	100.7%	102.0%	102.2%
Idaho	39,780	40,508	41,826	1.8%	3.3%	81.3%	81.3%	81.0%
Illinois	51,648	52,473	54,203	1.6%	3.3%	105.5%	105.3%	105.0%
Indiana	42,312	43,588	45,150	3.0%	3.6%	86.5%	87.5%	87.4%
Iowa	46,235	46,363	47,062	0.3%	1.5%	94.5%	93.0%	91.1%
Kansas	47,229	47,496	48,559	0.6%	2.2%	96.5%	95.3%	94.0%
Kentucky	38,978	39,452	40,597	1.2%	2.9%	79.6%	79.2%	78.6%
Louisiana	42,832	42,581	43,660	-0.6%	2.5%	87.5%	85.5%	84.5%
Maine	43,665	44,787	46,455	2.6%	3.7%	89.2%	89.9%	90.0%
Maryland	56,877	58,738	60,847	3.3%	3.6%	116.2%	117.9%	117.8%
Massachusetts	63,522	65,186	67,630	2.6%	3.7%	129.8%	130.8%	131.0%
Michigan	43,471	44,751	46,201	2.9%	3.2%	88.8%	89.8%	89.5%
Minnesota	51,929	52,735	54,359	1.6%	3.1%	106.1%	105.8%	105.3%
Mississippi	35,137	35,812	36,636	1.9%	2.3%	71.8%	71.9%	70.9%
Missouri	42,839	43,587	44,978	1.7%	3.2%	87.5%	87.5%	87.1%
Montana	43,629	44,045	45,385	1.0%	3.0%	89.1%	88.4%	87.9%
Nebraska	50,410	49,660	50,809	-1.5%	2.3%	103.0%	99.7%	98.4%
Nevada	44,026	44,486	46,159	1.0%	3.8%	90.0%	89.3%	89.4%
New Hampshire	55,205	57,114	59,668	3.5%	4.5%	112.8%	114.6%	115.5%
New Jersey	60,536	61,905	64,537	2.3%	4.3%	123.7%	124.2%	125.0%
New Mexico	38,397	38,929	39,811	1.4%	2.3%	78.5%	78.1%	77.1%
New York	59,170	60,916	64,540	3.0%	5.9%	120.9%	122.2%	125.0%
North Carolina	41,814	42,707	44,222	2.1%	3.5%	85.4%	85.7%	85.6%
North Dakota	53,559	52,632	52,269	-1.7%	-0.7%	109.4%	105.6%	101.2%
Ohio	44,451	45,176	46,732	1.6%	3.4%	90.8%	90.7%	90.5%
Oklahoma	44,216	42,106	44,376	-4.8%	5.4%	90.3%	84.5%	85.9%
Oregon	45,069	46,413	48,137	3.0%	3.7%	92.1%	93.1%	93.2%
Pennsylvania	50,240	51,393	53,300	2.3%	3.7%	102.7%	103.1%	103.2%
Rhode Island	50,199	50,806	52,786	1.2%	3.9%	102.6%	102.0%	102.2%
South Carolina	39,424	40,312	41,633	2.3%	3.3%	80.6%	80.9%	80.6%
South Dakota	48,652	48,504	48,818	-0.3%	0.6%	99.4%	97.3%	94.5%
Tennessee	42,810	43,932	45,517	2.6%	3.6%	87.5%	88.2%	88.1%
Texas	46,709	46,146	47,362	-1.2%	2.6%	95.4%	92.6%	91.7%
Utah	40,831	42,179	43,459	3.3%	3.0%	83.4%	84.6%	84.2%
Vermont	49,428	50,648	52,225	2.5%	3.1%	101.0%	101.6%	101.1%
Virginia	52,687	53,323	55,105	1.2%	3.3%	107.7%	107.0%	106.7%
Washington	53,776	55,519	57,896	3.2%	4.3%	109.9%	111.4%	112.1%
West Virginia	36,818	36,958	38,479	0.4%	4.1%	75.2%	74.2%	74.5%
Wisconsin	46,571	47,426	48,941	1.8%	3.2%	95.2%	95.2%	94.8%
Wyoming	57,182	55,452	57,346	-3.0%	3.4%	116.8%	111.3%	111.0%
<b>Region</b>								
New England	60,631	62,033	64,303	2.3%	3.7%	123.9%	124.5%	124.5%
Midwest	56,823	58,342	61,099	2.7%	4.7%	116.1%	117.1%	118.3%
Great Lakes	46,182	47,140	48,707	2.1%	3.3%	94.4%	94.6%	94.3%
Plains	47,610	47,990	49,174	0.8%	2.5%	97.3%	96.3%	95.2%
Southeast	42,950	43,723	45,198	1.8%	3.4%	87.8%	87.7%	87.5%
Southwest	44,871	44,463	45,834	-0.9%	3.1%	91.7%	89.2%	88.8%
Rocky Mountains	47,053	47,505	49,265	1.0%	3.7%	96.1%	95.3%	95.4%
Far West	53,911	55,550	57,748	3.0%	4.0%	110.2%	111.5%	111.8%
<b>U.S. Average</b>	<b>\$48,940</b>	<b>\$49,831</b>	<b>\$51,640</b>	<b>1.8%</b>	<b>3.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Bureau of Economic Analysis

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# URS Report on Contribution Rates to the Executive Appropriations Committee

November 13, 2018

## **Background: URS Financial Highlights**

Utah Retirement Systems (URS) audited financial information, based on its Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2017, includes:

- The URS Defined Benefit (DB) fund earned a 13.57% investment rate of return in 2017.
- The fund grew by \$3.33 billion to \$31.9 billion, an all-time high.
- At year's end, the funded ratio increased to 90.3% on a market value of assets basis and 87.5% on an actuarial value of assets basis.
- URS has significant economic and social impact on the state with \$1.56 billion in pension payouts made to retirees in 2017.

## **2019-2020 Preliminary Contribution Rate Key Points**

- The Tier 1 and Tier 2 preliminary contribution rate sheets follow this summary.
- **Public Employees.** For the fifth consecutive year, there are no changes to the employer contribution rates from the previous fiscal year for the retirement systems that cover most public employees.
- **Judges.** A portion of certain court fees is contributed to help fund the Judges Retirement System and offset employer contributions. Due to a small decrease in the average court fee receipts relative to judicial payroll, the net employer contribution rates for the Judges' System increased by 0.07% of pay.
- **Firefighters.** A portion of the fire insurance premium taxes collected by the state is contributed to help fund the Tier I Firefighters' Retirement System and offset employer contributions.
  - The fire insurance tax receipts contributed to URS are now substantially less than in prior years:
    - \$14.0 million: 3-year average tax receipts for FY 2014 to FY 2016
    - \$1.2 million: FY 2017 tax receipts
  - Beginning in FY 2018, the state is appropriating from the General Fund \$9 million ongoing to the Tier I Firefighters' Retirement System.
  - With decreased offset revenue sources, the recommended preliminary Firefighters' employer contribution rates result in a 4.58% of pay increase in the Tier I Firefighters' employer contribution rates, which represents a \$5.1 million annual increase in contributions from employers.

- **Public Safety.** There are no increases to the contribution rates from the prior year for any of the Public Safety Retirement Systems.
- Preliminary, current, and historical contribution rates may be accessed at <http://newsroom.urs.org/contribution-rates>

### **Contribution Rate Management**

- Under the direction of the Retirement Board, URS is currently working with its actuary to determine a reasonable and prudent method for managing the reduction of the amortization rate portion of the contribution rates.
- Factors being considered include:
  - The current funded status of the systems and plans;
  - Projected years to 100% funded status;
  - Scaled reductions depending on current funded status; and
  - Cushions below which rates will not drop to mitigate chance of future contribution rate increase.

**Utah Retirement Systems**  
**Preliminary Tier 1 Retirement Contribution Rates as a Percentage of Salary and Wages**  
**Fiscal Year July 1, 2019 - June 30, 2020**

	Preliminary Tier 1 2019-2020 RATES						Increase (Decrease) From Prior Year
	(1) Employee	(2) Employer	(3) Normal cost (1) + (2)	(4) Amortization of UAAL *	(5) Net Employer (2) + (4)	(6) Total (3) + (4)	
<b>Public Employees</b>							
<b>Contributory Retirement System</b>							
11- Local Government	6.00	6.09	12.09	8.37	14.46	20.46	0.00
12- State and School **	6.00	5.45	11.45	12.25	17.70	23.70 <sup>1,2</sup>	0.00
17- Higher Education	6.00	5.45	11.45	12.25	17.70	23.70 <sup>1,2</sup>	0.00
<b>Public Employees</b>							
<b>Noncontributory Retirement System</b>							
15- Local Government	-	11.86	11.86	6.61	18.47	18.47	0.00
16- State and School **	-	12.25	12.25	9.94	22.19	22.19 <sup>1,2</sup>	0.00
18- Higher Education	-	12.25	12.25	9.94	22.19	22.19 <sup>1,2</sup>	0.00
<b>Public Safety</b>							
<b>Contributory Retirement System</b>							
<b>Division A</b>							
23- Other Division A With 2.5% COLA	12.29	11.02	23.31	11.77	22.79	35.08	0.00
77- Other Division A With 4% COLA	12.29	11.44	23.73	12.93	24.37	36.66	0.00
<b>Division B</b>							
29- Other Division B With 2.5% COLA	10.50	13.04	23.54	9.77	22.81	33.31	0.00
74- Other Division B With 4% COLA	10.50	13.04	23.54	15.94	28.98	39.48	0.00
<b>Public Safety</b>							
<b>Noncontributory Retirement System</b>							
<b>Division A</b>							
42- State With 4% COLA	-	22.89	22.89	18.46	41.35	41.35 <sup>1</sup>	0.00
43- Other Division A With 2.5% COLA	-	22.29	22.29	11.75	34.04	34.04	0.00
75- Other Division A With 4% COLA	-	22.80	22.80	12.91	35.71	35.71	0.00
48- Bountiful With 2.5% COLA	-	23.49	23.49	26.89	50.38	50.38	0.00
<b>Division B</b>							
44- Salt Lake City With 2.5% COLA	-	22.51	22.51	24.20	46.71	46.71	0.00
45- Ogden With 2.5% COLA	-	22.42	22.42	26.30	48.72	48.72	0.00
46- Provo With 2.5% COLA	-	22.62	22.62	19.61	42.23	42.23	0.00
47- Logan With 2.5% COLA	-	22.60	22.60	19.37	41.97	41.97	0.00
49- Other Division B With 2.5% COLA	-	22.62	22.62	9.66	32.28	32.28	0.00
76- Other Division B With 4% COLA	-	23.03	23.03	15.94	38.97	38.97	0.00
<b>Firefighters' Retirement System</b>							
<b>Division A</b>							
Gross Rate	15.05	11.68	26.73	3.99	15.67	30.72	0.00
Insurance Premium Offset	0.00	(2.49)	(2.49)	(3.99)	(6.48)	(6.48)	4.58
31- Net rate	15.05	9.19	24.24	-	9.19	24.24	4.58
<b>Division B</b>							
Gross Rate	16.71	9.80	26.51	8.50	18.30	35.01	0.00
Insurance Premium Offset	0.00	0.00	0.00	(6.48)	(6.48)	(6.48)	4.58
32- Net rate	16.71	9.80	26.51	2.02	11.82	28.53	4.58
<b>Judges' Retirement System</b>							
Gross Rate	-	31.60	31.60	20.31	51.91	51.91 <sup>1</sup>	0.00
Court Fees Offset	-	0.00	0.00	(8.16)	(8.16)	(8.16)	0.07
37- Net rate- Noncontributory	-	31.60	31.60	12.15	43.75	43.75 <sup>1</sup>	0.07
<b>Governors and Legislative</b>							
14- Appropriation Payable by June 30, 2019					\$369,226	\$369,226	\$ (14,877)

<sup>1</sup> Includes funding of 3% Substantial Substitute based on salaries for all state and school employees.

<sup>2</sup> Does not include 1.5% 401(k).

\* Amortization of Unfunded Actuarial Accrued Liability (UAAL)

\*\* Public School Districts and Charter School rates are effective September 1, 2019 - August 31, 2020

**Utah Retirement Systems**  
**Preliminary Tier 2 Retirement Contribution Rates as a Percentage of Salary and Wages**  
**Fiscal Year July 1, 2019 - June 30, 2020**

	Preliminary Tier 2 Hybrid Retirement System					Preliminary Tier 2 Defined Contribution Plan				Increase (Decrease) From Prior Year	
	(1) Employer Tier 2 Rate	(2) Hybrid Plan DB Plan Rate	(3) Hybrid Plan DC Plan Rate (1)-(2)	(4) Death Benefit*	(5) Tier I Amortization %	(6) Total (1)+(4)+(5)	(1) Employer Tier 2 Rate	(2) Death Benefit*	(3) Tier I Amortization %		(4) Total (1)+(2)+(3)
<b>Public Employees</b>											
<b>Contributory Retirement System</b>											
11- Local Government	10.00	8.97	1.03	0.08	8.37	18.45	10.00	0.08	8.37	18.45	0.00
<b>Public Employees</b>											
<b>Noncontributory Retirement System</b>											
15- Local Government	10.00	8.97	1.03	0.08	6.61	16.69	10.00	0.08	6.61	16.69	0.00
16- State and School <sup>1</sup>	10.00	8.97	1.03	0.08	9.94	20.02	10.00	0.08	9.94	20.02	0.00
18- Higher Education	10.00	8.97	1.03	0.08	9.94	20.02	10.00	0.08	9.94	20.02	0.00
<b>Public Safety</b>											
<b>Contributory Retirement System</b>											
23- Other Division A (2.5% COLA)	12.00	11.30	0.70	0.08	11.77	23.85	12.00	0.08	11.77	23.85	0.00
77- Other Division A (4.0% COLA)	12.00	11.30	0.70	0.08	12.93	25.01	12.00	0.08	12.93	25.01	0.00
29- Other Division B (2.5% COLA)	12.00	11.30	0.70	0.08	9.77	21.85	12.00	0.08	9.77	21.85	0.00
74- Other Division B (4.0% COLA)	12.00	11.30	0.70	0.08	15.94	28.02	12.00	0.08	15.94	28.02	0.00
<b>Public Safety</b>											
<b>Noncontributory Retirement System</b>											
42- State	12.00	11.30	0.70	0.08	18.46	30.54	12.00	0.08	18.46	30.54	0.00
43- Other Division A (2.5% COLA)	12.00	11.30	0.70	0.08	11.75	23.83	12.00	0.08	11.75	23.83	0.00
75- Other Division A (4.0% COLA)	12.00	11.30	0.70	0.08	12.91	24.99	12.00	0.08	12.91	24.99	0.00
44- Salt Lake City	12.00	11.30	0.70	0.08	24.20	36.28	12.00	0.08	24.20	36.28	0.00
45- Ogden	12.00	11.30	0.70	0.08	26.30	38.38	12.00	0.08	26.30	38.38	0.00
46- Provo	12.00	11.30	0.70	0.08	19.61	31.69	12.00	0.08	19.61	31.69	0.00
47- Logan	12.00	11.30	0.70	0.08	19.37	31.45	12.00	0.08	19.37	31.45	0.00
48- Bountiful	12.00	11.30	0.70	0.08	26.89	38.97	12.00	0.08	26.89	38.97	0.00
49- Other Division B (2.5% COLA)	12.00	11.30	0.70	0.08	9.66	21.74	12.00	0.08	9.66	21.74	0.00
76- Other Division B (4.0% COLA)	12.00	11.30	0.70	0.08	15.94	28.02	12.00	0.08	15.94	28.02	0.00
<b>Firefighters' Retirement System</b>											
31- Division A**	12.00	11.30	0.70	0.08	0.00	12.08	12.00	0.08	0.00	12.08	0.00
32- Division B**	12.00	11.30	0.70	0.08	2.02	14.10	12.00	0.08	2.02	14.10	2.02

\* Employer paid active member death benefit (75% of salary) per Utah Code Section 49-22-501 and 49-23-501.

\*\* For Firefighters, the fire insurance premium offset was applied first to the amortization charge, leaving no amount owed to Tier 1 by employers for Tier 2 Firefighters

1 Public School Districts and Charter School rates are effective September 1, 2019 - August 31, 2020



## State Medical Renewal

- Renewal of 4.35% or \$12.2M
- Medical Trend of 6.5%
- Reserve of 96 Days
- STAR Membership of 34%
- STAR Value Differential of 8%



## Sources of Medical Increase



## State Dental & LTD

- Dental Rate Reduced Last Year
- Dental Renewal of 0% This Year
- Dental Days of Reserve of 68 Days
- LTD Rate Reduced from .6% to .5%
- Refunds for Dental & LTD

## TREATMENT COSTS

Network: Summit Network

Home Search Colonoscopy Customer Service 801-366-7555 (TTY:711)

Search Results for: Intestinal exam (colonoscopy)

Facility Type	Common Cost
Office or Clinic	\$1,183
Ambulatory Surgical Center	\$1,612
Facility	\$1,169
Physician	\$443
Outpatient Hospital	\$2,530

### Your Current Benefit Limits

No benefit limit data available

[View your full Benefit Summary](#)



Technical Corrections Proposed for Base Budget Bills  
2019 General Session

1. Appropriate \$615,000 in FY 2018 Mineral Bonus revenue to the Wildlands Fire Suppression Fund in FY 2019.
2. Reduce higher education appropriations one-time for O&M on buildings under construction but not yet completed (\$140,900 in FY 2019, \$2,419,700 one-time in FY 2020).
3. Transfer \$9 million ongoing General Fund appropriation for firefighter retirement from the Department of Public Safety to Finance, Mandated beginning in FY 2020. Direct Retirement and Independent Entities Appropriations Subcommittee to review this appropriation annually.
4. Transfer \$950,000 General Fund one-time in FY 2019 and ongoing in FY 220 for air quality initiatives from the Department of Environmental Quality Executive Director's line item to the Division of Air Quality line item.
5. Transfer \$1,724,200 General Fund one-time in FY 2019 and ongoing in FY 2020 from the Department of Environmental Quality Executive Director's line item to the Environmental Quality Restricted Account and appropriate for both years from the Restricted Account \$1,330,000 to Waste Management and Radiation Control plus \$265,000 to the Executive Director's Office.
6. Appropriate \$7,492,600 one-time in FY 2019 from the Office of Rehabilitation Transition Restricted Account to the Department of Workforce Services.
7. Appropriate \$220,000 lapsed balances from the Sovereign Lands Management Restricted Account one-time in FY 2019 to the Attorney General's office for outside counsel costs.
8. Restore \$760,000 lapsed balances from the Sovereign Lands Management Restricted Account one-time in FY 2019 to Natural Resources – Watershed line item. Transfer a like General Fund amount from Watershed to Legislative Services for the Commission for Stewardship of Public Lands.
9. Appropriate \$535,000 one-time in FY 2019 and ongoing in FY 2020 from Capital Projects Fund to Division of Facilities Construction Management to pay for Project Manager, Cost Estimator, Data Specialist.

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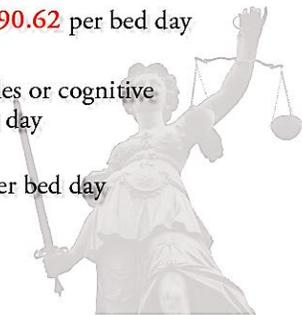
MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

**FROM:** Gary Syphus, Analyst  
**DATE:** November 7, 2018  
**SUBJECT:** Jail Contracting and Jail Reimbursement

In your October 2018 meeting, you received a [report](#) from the Department of Corrections including the following slide regarding the average state daily incarceration rate as defined in statute (please note the department wrote “final” state daily incarceration rate, but this is really a calculation of the “average” state daily incarceration rate):

### Utah’s Contracting Rate

- The calculated final state daily incarceration rate for FY2020 is **\$98.77**
  - Rate for jail beds is 73% of this rate or **\$72.10** per bed day
  - Rate for jail beds with treatment is 91.75% of this rate or **\$90.62** per bed day
  - Rate for jail beds with alternative treatment (vocational trades or cognitive behavioral treatment) is 81% of this rate or **\$80.00** per bed day
  - Rate for jail reimbursement is 50% of this rate or **\$49.36** per bed day



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The estimated ongoing needs for Jail Contracting and Jail Reimbursement assuming the new average state daily incarceration rate are:

Jail Contracting	\$11,200,000
Jail Reimbursement	\$4,152,900

Actual costs will depend on the final state daily incarceration rate determined by the Legislature during the General Session. The department may request appropriations for other issues in addition to these rate changes.

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**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Brian Wikle, Senior Economist

**DATE:** November 7, 2018

**SUBJECT:** Preliminary Debt Service Adjustments - FY 2019 & FY 2020

The Legislature is required to appropriate money to debt service before making any other appropriation (see UCA [63J-1-205.1](#)). As a practice the Legislature adjusts the current fiscal year budget to bring appropriations in line with revised estimated payments due, and it appropriates for the next fiscal year in line with estimated payments due. Table 1 below shows 1) for FY 2019 appropriations to debt service, revised estimated payments due, and supplemental adjustments needed in the FY 2019 budget; and 2) for FY 2020 estimated payments due.

Recommendation: In the introduced Infrastructure and General Government Base Budget bill for the 2019 General Session appropriate the amounts shown in Table 1 in the FY 2019 Supplemental column and the FY 2020 Estimated column. The FY 2020 Estimated General Fund amount is \$41.3 million more than the FY 2019 Revised Estimated amount due to a one-time backout in FY 2019 – \$71.5 million ongoing is in the line item to cover debt service associated with issuance of bonds for prison construction.

**Table 1: Debt Service - FY 2019 Revised Estimated and FY 2020 Estimated**

Program	FY 2019			FY 2020
	Appropriated	Revised	Supplemental	Estimated
<b>Total</b>	<b>360,931,500</b>	<b>400,386,800</b>	<b>39,455,300</b>	<b>432,321,100</b>
<i>G.O. Bonds - Transportation</i>	<i>316,498,400</i>	<i>322,412,700</i>	<i>5,914,300</i>	<i>333,233,500</i>
General Fund, One-time	14,245,700	14,306,800	61,100	12,987,100
TIF of 2005 <sup>a</sup>	288,711,200	294,565,700	5,854,500	307,983,200
Federal Funds	14,245,700	14,306,800	61,100	12,987,100
County of the First Class <sup>b</sup>	13,541,500	13,540,200	(1,300)	12,263,200
Transfers	(14,245,700)	(14,306,800)	(61,100)	(12,987,100)
Beginning Nonlapsing	810,000	8,221,500	7,411,500	8,221,500
Closing Nonlapsing	(810,000)	(8,221,500)	(7,411,500)	(8,221,500)
<i>G.O. Bonds - State Govt</i>	<i>25,534,600</i>	<i>28,534,600</i>	<i>3,000,000</i>	<i>71,377,300</i>
General Fund	71,534,600	71,534,600	0	71,377,300
General Fund, One-time	(46,000,000)	(43,000,000)	3,000,000	0
<i>Revenue Bonds Debt Service</i>	<i>18,898,500</i>	<i>49,439,500</i>	<i>30,541,000</i>	<i>27,710,300</i>
General Fund	223,000	223,000	0	0
Federal Funds	1,567,000	1,578,300	11,300	1,578,300
Dedicated Credits Revenue	17,356,900	18,781,900	1,425,000	26,132,000
Beginning Nonlapsing <sup>c</sup>	121,500	35,654,100	35,532,600	6,797,800
Closing Nonlapsing <sup>c</sup>	(369,900)	(6,797,800)	(6,427,900)	(6,797,800)

a. Transportation Investment Fund of 2005

b. County of the First Class Highway Projects Fund

c. A crossover refunding of lease revenue bonds occurred in December 2017 which increased the closing nonlapsing balance in FY 2018. Based on the structure of the refunding, the original debt service that was refunded is still a liability of the State until the refunding payment occurs on May 15, 2019. At that time, \$28,856,400 will be paid using a large portion of the nonlapsing balance.

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**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Brian Wikle, Senior Economist  
**DATE:** November 7, 2018  
**SUBJECT:** Capital Improvement Adjustment - FY 2020

The Legislature is required to appropriate 1.1 percent of the current replacement value (CRV) of existing state facilities and infrastructure to capital improvements before funding any new capital development projects (see UCA [63A-5-104\(7\)](#)). The State Building Board has calculated 1.1 percent of CRV for FY 2020 as \$126,810,400 – an increase of \$7,741,000 from FY 2019.

As a practice the Legislature has appropriated capital improvement funding as ongoing. The current year appropriation then is included as the base budget for the next fiscal year, and the Legislature needs only to adjust the base budget by the change in 1.1 percent of CRV between the current and next fiscal years.

- UCA [63A-5-104\(11\)](#) states: “It is the intent of the Legislature that in funding capital improvement requirements under this section the General Fund *be considered* as a funding source for at least half of those costs” (italics added). If the capital improvement appropriation were split evenly between General Fund and Education Fund the FY 2020 appropriation from each fund would be \$63,405,200, and the \$7,741,000 increase for FY 2020 would be split \$6,251,900 General Fund and \$1,489,100 Education Fund.
- In FY 2019 the Legislature appropriated 48 percent of capital improvement funding from General Fund and 52 percent from Education Fund. At that same ratio the \$7,741,000 increase for FY 2020 would be split \$3,715,700 General Fund and \$4,025,300 Education Fund.
- For FY 2020, approximately 37.2 percent of the CRV is for buildings primarily occupied by state agencies and approximately 62.8 percent is for buildings primarily occupied by institutions of education. If the capital improvement appropriation were to follow the CRV split, the FY 2020 appropriation would be \$47,158,400 General Fund and \$79,652,000 Education Fund, and the \$7,741,000 increase for FY 2020 would be split **(\$9,994,900)** General Fund and \$17,735,900 Education Fund.

**Recommendation:** beginning in FY 2020 appropriate  
To Capital Budget - Capital Improvements  
From General Fund - **(\$9,994,900)**  
From Education Fund - \$17,735,900

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**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Brian Wikle, Senior Economist  
**DATE:** November 7, 2018  
**SUBJECT:** Preliminary FY 2020 Internal Service Fund Rates and Impacts

The Legislature is required to review and approve “each internal service fund’s (ISF) rates, fees, and other amounts that it charges ... and include those rates, fees, and amounts in an appropriation act” (UCA [63J-1-410\(3\)](#)). During the rate approval process ISFs estimate the incremental impact to customer agencies of changes in ISF rates. As a practice the Legislature has approved ISF rates in the “State Agency Fees and Internal Service Fund Rate Authorization and Appropriations” bill (Fees & ISF bill) each year, and it has appropriated ongoing incremental funding to agencies in that same bill.

In recent years the Legislature has distinguished between actuarially-determined rates and other rates. Services provided under actuarially-determined rates include auto, liability, property, and workers’ compensation insurance. Services provided under other rates include operations and maintenance of facilities, motor pool lease services, support from the Department of Human Resource Management, support for Risk Management’s Learning Management System (LMS), and support from the Department of Technology Services.

Table 1 on the following page summarizes FY 2020 estimated incremental impacts for ISF services provided by the departments of Administrative Services, Human Resource Management, and Technology Services. The Office of the Attorney General is in the process of adopting an ISF billing model – the FY 2020 estimated incremental impact of this change was not known at the time of this writing.

**Recommendations:**

- In the introduced Fees & ISF bill for the 2019 General Session show the ISF’s proposed rates and appropriate to State agencies and institutions of higher education amounts necessary to cover the incremental impact for services provided under actuarially-determined rates as calculated by the Legislative Fiscal Analyst. The total incremental impact in FY 2020 for these services is estimated at \$6.9 million with \$3.1 million from the General Fund (GF) and Education Fund (EF).

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- In each subcommittee with purview of an ISF, consider the ISF’s proposed rates and incremental impacts for services provided under other rates. The subcommittee then will recommend to the Legislature approval/change of proposed other rates and appropriations for services provided under those rates. The total incremental impact in FY 2020 for these services is estimated at \$0.5 million with (\$40,000) from the General Fund and Education Fund.

**Table 1: Internal Service Fund Incremental Impacts - FY 2020 Estimated**

Service	Total <sup>a</sup> \$ Millions	GF/EF <sup>b</sup> \$ Millions	Other Funds <sup>b</sup> \$ Millions
<b>Total</b>	<b>7.4</b>	<b>3.1</b>	<b>4.3</b>
<i>Actuarially-determined</i>	<i>6.9</i>	<i>3.1</i>	<i>3.8</i>
Risk Management - Auto	0.2	0.1	0.1
Risk Management - Liability	6.9	3.2	3.7
Risk Management - Property	1.0	0.5	0.4
Risk Management - Workers’ Comp	(1.2)	(0.7)	(0.5)
<i>Other</i>	<i>0.5</i>	<i>(0.0)</i>	<i>0.5</i>
DFCM - Operations & Maintenance	0.3	0.1	0.2
Fleet - Motor Pool Lease	(0.8)	(0.4)	(0.4)
Human Resource Management	0.0	0.0	0.0
Risk Management - LMS	0.0	0.0	0.0
Technology Services	1.0	0.3	0.7

- a. Total estimated impacts were reported by the departments of Administrative Services, Human Resource Management, and Technology Services to their respective rate committees in September 2018.
- b. General Fund / Education Fund and Other estimates were calculated by the Legislative Fiscal Analyst based on unaudited data.

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**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Clare Tobin Lence, Analyst  
**DATE:** November 5, 2018  
**SUBJECT:** Funding Mixes for State Employee Compensation  
Adjustments and Internal Service Fund Rate Impacts

During the 2017 General Session, the Legislature passed [S.J.R. 1](#), creating new [Joint Rule 4-2-406](#), which outlines how LFA should determine funding mixes when preparing budgets for state employee compensation adjustments and internal service fund (ISF) rate impacts. A funding mix is the proportional contribution of various funding sources that comprise the total appropriated amount.

The rule directs that funding mixes should be proportionate to an agency's base budget for the budget year, determined at the appropriation unit level. It allows for certain exceptions, including those that are based on state statute, federal regulation, or the terms of a federal grant. A list of these "statutory" exceptions is included in this packet on pages 3-5.

Other "non-statutory" exceptions to funding mixes, as proposed by agencies or legislators, may be submitted to and approved by the Executive Appropriations Committee. The rule directs the committee to reconsider non-statutory exceptions each year. A list of non-statutory exceptions that the committee approved for the 2018 General Session is provided in this packet on page 6. The committee may consider approving these exceptions for the 2019 General Session.

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## Statutory and Federal Regulatory Exceptions for Draft Compensation and Internal Service Fund Appropriations Bills

Joint Rule 4-2-406 outlines criteria for determining funding mixes for state employee compensation adjustments and internal service fund rate impacts. The exceptions below are provided for in the rule and will be included in draft bills. Agencies or legislators may propose other exceptions to the Executive Appropriations Committee.

Comp Exception	ISF Exception	Fund Name/Description	Code Citation	Agencies Impacted	Explanation of Exception
Restricted Funds					
x	x	GFR - Cigarette Tax	<a href="#">59-14-204</a>	Health, Higher Ed	Amount appropriated is capped in statute
x	x	All Special License Plate Funds	<a href="#">41-1a-422(1)(a)(i)</a>	Health, Human Services, Heritage and Arts, Public Safety	Donations are collected and then disbursed/passed-through to other entities, without provision for agency admin costs
x	x	GFR - Children's Account	<a href="#">62A-4a-309</a>	Human Services	Account is only for pass-through grants to other entities
x	x	GFR - Intoxicated Driver Rehab	<a href="#">62A-15-503</a>	Human Services	Account is only for pass-through grants to counties
x	x	GFR - Firearm Safety	<a href="#">53-10-202.1</a>	Public Safety	Limited for programs other than the Firearm Safety Program: Other programs cannot use the fund for comp/admin
x	x	Uninsured Motorist ID	<a href="#">41-12a-806</a>	Public Safety (JDA)	Limited for POST only (no limitations for other programs): appropriations capped at \$500,000 (already at limit)
x	x	GFR - Canine Body Armor Restricted Account	<a href="#">53-16-301</a>	Public Safety (JHB)	Funds are granted out to local law enforcement agencies only
x	x	GRF - Public Safety Restricted Account	<a href="#">53-1-117</a>	Public Safety (JJA)	Limited for Highway Safety only (no limitations for other programs): Funds are obligated for local law enforcement agencies
x	x	GFR - Electronic Payment Fees	<a href="#">41-1a-121</a>	Tax Commission	Funds are only to cover the costs of electronic payments.
x	x	GFR - Tobacco Settlement	<a href="#">51-9-201</a>	Tax Commission, Attorney General, Health, Higher Ed, Human Services	No "remaining funds" to be allocated for other purposes
x	x	Transportation Fund	<a href="#">72-2-103</a>	Tax Commission, Public Safety, Admin Services (Finance), Economic Development (Tourism)	The amount appropriated or transferred from the Transportation Fund each year may not exceed a combined total of \$11,600,000 to agencies other than Department of Transportation. Other agencies are at this cap.
x	x	Transportation Investment Fund of 2005 (TIF)	<a href="#">72-2-124</a>	Transportation	TIF funds can only be used for construction projects and bond-related expenses, as outlined in statute.
x	x	GFR - Special Administrative Expense Account	<a href="#">35A-4-506</a>	Workforce Services	Limited for non-Unemployment Compensation programs only: DWS: " In accordance with UCA 35A-4-506, when SAEA funds are used for a purpose unrelated to the administration of the unemployment compensation program (as described in Subsection 303(a)(8) of the Social Security Act, 42 USC 503(a)(8), as amended), DWS must develop and follow a cost allocation plan in compliance with United States Department of Labor regulations, including the cost principles described in 29 CFR 97.22(b) and 2 CFR Part 225. The cost allocation plan determines the cost of collecting the SAEA funds which are repaid to the Federal government."

Federal Funds					
x	x	Government Prosecutor Grants	Attorney General (DGA)	Grant passed through to graduating law school students who agree to become government prosecutors.	
x	x	Local Children's Justice Centers	Attorney General (DQA)	Federal funds pay for state-level staff and operations only; most state funds are passed through to locals, but not all as of FY17	
x	x	Grants to Locals	CCJJ (CEA, CEB)	Most federal funds are passed-through to locals; a small portion is allowed for CCJJ administration	
x	x	Federal Match Rates for Medicaid and Health Financing	Health	Admin costs can be billed to federal government at 3 match rates, depending on the cost specifics: 90, 75, or 50%.	
x	x	CHIP	Health (LPA)	CHIP will be fully federally funded this year, like last year (on a one-time basis, not ongoing)	
<del>*</del>	<del>*</del>	<del>Community Mental Health Services</del>	<del>Human Services (KBC)</del>	<del>Federal funds pay for state level staff/admin costs</del>	
<del>*</del>	<del>*</del>	<del>State Substance Abuse Services</del>	<del>Human Services (KCC)</del>	<del>Federal funds pay for state level staff/admin costs</del>	
x	x	Project-Based Federal Funds	Transportation	Federal funds for specific projects	
	x	Armory Risk Management	Utah National Guard	Federal funds won't cover utilities and insurance (i.e. Risk Management) on armories	
x	x	Community Development Block Grant (CDBG)	14.228	Workforce Services	<i>Limited by 1:1 federal matching requirement portion only:</i> DWS: "The State may use up to \$100,000 of its grant funds for administrative purposes. In addition to this amount, up to three percent of the grant may be expended at the State level for administrative costs and technical assistance. However, administrative costs must be matched from State resources on a one-to-one basis."
x	x	Community Services Block Grant (CSBG)	93.569	Workforce Services	<i>Limited for subgrants (pass-throughs) portion only:</i> DWS: "State administrative expenses, including monitoring activities, may not exceed the greater of \$55,000 or 5 percent of CSBG funds. Such expenditures must be made from the portion of funds remaining to a State after subgranting at least 90 percent of funds to eligible entities (42 USC 9907(b)(2))."
Dedicated Credits					
x	x	Medicaid and Health Financing	Health	Some dedicated credits in the Division of Medicaid and Health Financing are state match from non-state agencies; expenditures are accounted for in those agencies (tracked by separate revenue source code in FINET)	
x	x	Drug Rebates	Health (LEH)	Drug rebates can be spent on Ryan White personnel but not other LEH personnel	

x	x	Women, Infants, and Children (WIC) Rebates	CFR 246.14, 246.16	Health (LFD)	Health: "Most dedicated credits are WIC formula rebates which are required to offset the WIC Food federal draws. There is a small amount of ~\$155,000 that is revenue agreements and Mother to Baby donations."
x	x	Special License Plates	<a href="#">41-1a-422(2)</a>	Higher Ed	Special plate fees to institutions are only to be used for scholastic scholarships
x	x	Species Protection	<a href="#">59-12-103(4)(b)</a>	Natural Resources (RGA)	Amount of dedicated credits appropriated is capped in statute at \$2.45M (14% of \$17.5 million)
x	x	Watershed Projects	<a href="#">59-12-103(5)(b)</a>	Natural Resources (RGC)	Amount of dedicated credits appropriated is capped in statute at \$500K
x	x	Cloud-Seeding Projects	<a href="#">59-12-103(5)(c)</a>	Natural Resources (RPE)	Amount of dedicated credits appropriated is capped in statute at \$150K
x	x	Search and Rescue Funds to Locals	<a href="#">53-2a-1102</a>	Public Safety (JBA)	Funds can only be used to reimburse local entities
x	x	E-Rate Reimbursements to School Districts		Utah Education and Telehealth Network (UETN)	Dedicated credits are reimbursements that UETN collects from the federal government and passes through to local entities
x	x	Special License Plates	<a href="#">41-1a-422</a>	Veterans' and Military Affairs	Exception is consistent with treatment of other special license plate funds

Non-Statutory Exceptions Approved for the 2018 General Session

Comp Exception	ISF Exception	Fund Name/Description	First Session Approved	Agencies Impacted	Explanation of Exception
x		Higher Education Tuition	2017	Utah System of Higher Education	Use a funding mix of 75% General Fund/Education Fund and 25% dedicated credits from tuition. <u>*Approved for FY 2020 base budget in intent language in HB 2, Item 39, 2018 GS.</u>
x		Higher Education Tuition	2017	Salt Lake Community College School of Applied Technology; Utah College of Applied Technology	Use a funding mix of 100% General Fund/Education Fund. <u>*Approved for FY 2020 base budget in intent language in HB 2, Item 39, 2018 GS.</u>
x		Funds transferred from Temporary Assistance for Needy Families (TANF) to Social Services Block Grant (SSBG)	2017	Human Services	Funds transferred from TANF to SSBG would be treated as General Fund for calculating the funding mix. This would reduce the compensation burden on federal sources. Human Services has received this exception since about 2006.
x		Dedicated Credit Revenue, Federal Fund (SCAAP grant), and GFR -Interstate Compact for Adult Supervision Account	2017	Corrections	Dedicated credit revenues are unpredictable. Also, the Department further explained "We have no reasonable way of increasing any of these funds to accommodate an increase to compensation. None of these funding sources goes directly towards the funding of personnel. Therefore, any proposed increases to compensation using one of these funding sources is in essence a budget cut to the Department of Corrections."
x		Dedicated Credits	2017	Corrections	Dedicated credit revenue declined or remained static in recent years. The Department explained "We have no reasonable way of increasing any of these funds to accommodate an increase to compensation. None of these funding sources goes directly towards the funding of personnel. Therefore, any proposed increases to compensation using one of these funding sources is in essence a budget cut to the Department of Corrections."
x		Various Restricted Accounts, Transfers and Dedicated Credits	2017	Courts	Restricted Accounts, Transfers and Dedicated Credits revenue are trending downward and would be insufficient or unreliable to fund increases out of for relevant programs.
x		<del>School Readiness Account and</del> Dedicated Credits in Governor's Office of Management and Budget	2017	Governor's Office	<del>The School Readiness Account and</del> Dedicated credits in the GOMB line item are for <del>administrative costs</del> possible conference fees. <u>The office states "GOMB has some dedicated credits authority in our budget in case we need to collect fees for our annual conference. Even though we have the placeholder, we don't actually collect any of the fees. [...] If GOMB ever changed how we ran the conference, we could collect fees. Those fees would go directly to the conference costs. We wouldn't ever use them to pay for staff staff or ISF bills."</u>
x		Dedicated Credits for the Judicial Nominating Commission	2017	Governor's Office	Dedicated credits in Commission on Criminal and Juvenile Justice are for the sole purpose of background checks for the Judicial Nominating Commission, and do not cover any salary and benefits for CCJJ.
x	x	<u>Pass-Through to UTA</u>	<u>2018</u>	<u>Transportation</u>	<u>In the 2017 General Session the Legislature appropriated \$2.5 million ongoing General Fund to the Department of Transportation – Support Services – Administrative Services (XBA) program. The funding is pass through to the Utah Transit Authority (UTA) for a “facility that will service natural gas and electric buses, [and] repurpose [an] old garage/maintenance facility into a mixed-use public/private partnership.” The exception would remove this GF from the XBA mix.</u>