



MINUTES

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE

Tuesday, January 29, 2019 | 8:00 a.m. | 210 Senate Building

Members Present:

Sen. Kirk A. Cullimore, Senate Chair
Rep. Douglas V. Sagers, House Chair
Rep. Brady Brammer, House Vice Chair
Sen. Jacob L. Anderegg
Sen. David G. Buxton
Sen. Wayne A. Harper
Sen. Deidre M. Henderson
Sen. David P. Hinkins
Sen. Karen Mayne
Sen. Daniel McCay
Rep. Walt Brooks
Rep. Ken Ivory

Rep. A. Cory Maloy
Rep. Calvin R. Musselman
Rep. Merrill F. Nelson
Rep. Stephanie Pitcher
Rep. Lawanna Shurtliff
Rep. Andrew Stoddard

Members Absent:

Rep. Mike Schultz

Staff Present:

Mr. Chase Loftis, Financial Analyst
Mr. Brian Wikle, Senior Economist
Ms. Karen C. Allred, Committee Secretary

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

1 . Call to Order

2 . Welcome and Introductions

The subcommittee introduced themselves.

3 . IGG Tentative Schedule

Ms. Sarah Meredith, Intern, Office of Legislative Fiscal Analyst, explained the tentative schedule for upcoming meetings. The schedule is on the subcommittee's web page. There will be seven meetings, and an optional eighth meeting if needed.

4-IGG - Tentative Schedule

[4-IGG - Tentative Schedule](#)

4 . Introduce H.B. 8 Compensation Bill

Ms. Meredith explained H.B. 8, which is the annual Compensation Bill. There is a proposed increase in: salary for state and higher education employees, health and dental coverage due to increased cost in premiums, unemployment compensation, retirement rates, and the 401k match.

[5-IGG - HB0008 - Comp IGG Excerpt](#)

[5-IGG Linked Base Budget Bill - 2019 GS](#)

Sen. Hinkins asked about the Olympic Park improvement. Mr. Brian Wikle said that it will be addressed later in the meeting, and when motions are taken in the seventh meeting.

5 . Approval of Minutes

MOTION: Sen. Hinkins moved to approve the minutes of the October 16, 2018 meeting. The motion passed with a vote of 13 - 0 - 6.

Yeas-13

Rep. B. Brammer
Sen. D. Buxton
Sen. K. Cullimore
Sen. W. Harper
Sen. D. Henderson
Sen. D. Hinkins
Sen. K. Mayne
Sen. D. McCay
Rep. C. Musselman
Rep. S. Pitcher
Rep. D. Sagers
Rep. L. Shurtliff
Rep. A. Stoddard

Nays-0

Absent-6

Sen. J. Anderegg
Rep. W. Brooks
Rep. K. Ivory
Rep. A. Maloy
Rep. M. Nelson
Rep. M. Schultz

6 . Introduce S.B. 8 ISF Bill

Mr. Chase Loftis, Fiscal Analyst, Office of Legislative Fiscal Analyst, explained S.B. 8, which is the state agency internal service fund and state rates and fees appropriation for all of the appropriation subcommittees.

[6-SB0008 - ISF -IGG Excerpt](#)

7 . Introduce H.B. 6 IGG Bill

Mr. Brian Wikle, Senior Economist, Office of Legislative Fiscal Analyst, explained the H.B. 6 IGG bill, which is the base budget bill. There are hyperlinks that connect to the linked base budget bill, to bring a person additional information about an item. Intent language is included in this bill, which is new this year.

[7-IGG Linked Base Budget Bill - 2019 GS](#)

Sen. Hinkins asked about the Olympic Park Improvement and if the ongoing appropriation amount needed to be increased, if Utah is awarded the Olympics. Mr. Wikle responded that he had not received information to do so. Mr. Wikle demonstrated how the linked budget bill works for the Olympic Park Improvement line item.

Sen. Harper explained that the proposed amount of the Olympic Park Improvement, should take care of the Olympic Park facilities. If Utah is awarded the Olympics, there may need to be one-time money appropriated.

8 . Debt & Debt Service

Mr. Wikle, said that representatives of the Treasurer's Office, the Utah Department of Transportation (UDOT), and the Division of Facilities Construction and Management (DFCM) will report following his explanation. Mr. Wikle then explained bonds, debt limit and debt affordability. Mr. Wikle also discussed the new State Prison funding.

Mr. David Damschen, State Treasurer, mentioned Build America bonds and the subsidy received from the federal government. He then gave a presentation on the outstanding debt, constitutional debt limit, percent of constitutional debt limit and bonds. He mentioned that the state has a AAA bond rating.

[8a-IGG - Treasurer's Presentation](#)

Sen. Anderegg asked what process is used in doing the debt evaluation, such as a debt review committee, and how does it coordinate all who are using the AAA bond rating. Mr. Damschen responded that a debt review has been considered, and that the state is excellent with fiscal management.

Sen. Harper asked about the future prospective, and if it is with or without approved bond issuance. Mr. Damschen responded that the highway debt combined with other GO debt, cannot go beyond the 50% of the debt limit, so he assumes it is included.

Sen. Hinkins asked for an update about pension liability. Mr. Damschen responded that our state is 87% funded and that the pension system is in excellent shape. Mr. Damschen also made a follow-up comment to to Sen. Harper's comment.

Rep. Brammer asked about bonding, what levers are anticipated in asking this subcommittee for help and what general principles should this subcommittee look at, as the subcommittee moves forward. Mr. Damschen responded that he is encouraging a continuing conservative approach, and cash funding when possible.

Chair Sagers made a comment that the Treasurer's Office is managing well.

Sen. McCay commented on the GO debt as a percent of the constitutional debt limit graph. Mr. Damschen responded that Sen. McCay had a good point.

Rep. Ivory asked about the Build America bonds. Mr. Damschen responded that the Build America bonds were promotional and the use was more than expected and didn't accomplish what was hoped, and should not be subject to sequester. Rep. Ivory asked about the risks of the bonds. Mr. Damschen said the risk is nominal, but there is a risk, which he explained. There was more discussion on these bonds.

Chair Sagers asked about pitfalls of debt service and bonding, as the tax base is broadened. Mr. Damschen responded and said that the work being done this session helps very much.

Mr. Carlos Braceras, Executive Director, UDOT, gave a presentation on the bonding needs, constitutional debt limit, and how to access a list of current projects of UDOT.

[8b-UDOT - Presentation](#)

Rep. Ivory asked about projecting and prioritizing funding according to growth. Mr. Braceras responded that various line items appropriated are prioritized by a commission.

Chair Sagers asked about future projects and sales tax. Mr. Braceras responded with a power-point presentation on strategic goals.

Mr. Jim Russell, Director, DFCM, reported that bonding for the new prison is being replaced with cash, and explained appropriations and bond authorization for DFCM projects.

[8c-IGG - DFCM Presentation](#)

Sen. Anderegg asked about a funding offer for the prison. Mr. Russell responded that the prediction for future funding is still being worked out due to escalation in costs. DFCM is working on reducing costs.

Rep. Nelson asked how much the site selection has increased the cost of the prison. Mr. Russell responded that the least expensive site was chosen. Rep. Nelson asked if there was a concern about flooding at the site chosen. Mr. Russell explained that a flood analysis was done.

Mr. Mike Ambre, Assistant Director, DFCM, responded that the site is considerably above the flood plain.

9 . Office of the Inspector General of Medicaid Services

Mr. Wikle discussed the budget for the Office of the Inspector General (OIG). The OIG audits health care providers, which feed into the Department of Health programs. In order to avoid conflict of interest, the budget is underneath the Department of Administrative Services (DAS). DAS has no operational control over OIG, so other than the budget,

DAS is independent of OIG. A large part of the OIG is revenue transfers. Since they have matching federal funds, the office asked for the option to carry money from one year to the next. OIG has a request to increase general fund in order to receive matching federal funds.

[9-IGG - Issue Brief - 2019 GS - OIG](#)

Mr. Gene Cottrell, Inspector General, Office of the Inspector General (OIG), assisted by Nate Johansen, Deputy Inspector General, OIG, discussed the funding for OIG of Medicaid Services. OIG has a mission statement to look at Medicaid programs and find ways of saving tax payer dollars. Mr. Johansen discussed the federal match rate for OIG Medicaid Services. In order to utilize the federal match, OIG plans to hire more nurses because of Medicaid expansion. There are three areas of focus, fee for service, manage care and waiver programs, and performance measures.

[9a-IGG - OIG - Presentation](#)

[9b-IGG - OIG Annual Report](#)

10 . Requests for Appropriation

This agenda item was not considered.

11 . Other Business

There was no other business discussed.

12 . Adjourn

MOTION: Sen. McCay moved to adjourn. The motion passed with a vote of 13 - 0 - 6.

Yeas-13

Sen. J. Anderegg
Rep. B. Brammer
Rep. W. Brooks
Sen. D. Buxton
Sen. K. Cullimore
Rep. K. Ivory
Rep. A. Maloy
Sen. D. McCay
Rep. C. Musselman
Rep. S. Pitcher
Rep. D. Sagers
Rep. L. Shurtliff
Rep. A. Stoddard

Nays-0

Absent-6

Sen. W. Harper
Sen. D. Henderson
Sen. D. Hinkins
Sen. K. Mayne
Rep. M. Nelson
Rep. M. Schultz

Chair Sager adjourned the meeting at 10:32 AM.