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LEGISLATIVE
FISCAL
ANALYST

JONATHAN C. BALL
DIRECTOR

MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Steven Allred, Deputy Fiscal Analyst
DATE: November 14, 2019
SUBJECT: Significant Factors Affecting Budgets in the 2020 G.S.

Behind this memo please find an information packet of significant factors that could affect budgets in the 2020 General Session. We may add additional items to the packet as they become available in preparation for your meeting on November 19.

Currently, this packet includes:

- Medicaid Consensus Forecast
- Utah Retirement System Contribution Rates
- PEHP Medical and Dental Rates
- Jail Contracting / Jail Reimbursement Estimates
- Internal Service Fund Rates and Impacts
- Capital Improvement Estimates

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MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Russell Frandsen, Finance Officer

DATE: November 13, 2019

SUBJECT: Medicaid Consensus Forecasting

The Medicaid consensus forecast team estimates savings from traditional Medicaid and Children's Health Insurance Program (CHIP) to the General Fund in FY 2020 of (\$25.0) million one-time and an ongoing cost of \$22.9 million with one-time offset of (\$7.4) million in FY 2021. The consensus team further recommends changes to the Medicaid Expansion Fund of (\$20.8) million in FY 2020 and \$1.4 million in FY 2021. The consensus team recommends a 2% buffer of \$12.4 million that can be used anywhere in Medicaid or the CHIP in FY 2020.

Medicaid Consensus General Fund Cost Estimates (\$ in Millions)	FY 2020	FY 2021	One-time Offsets
Caseload	\$472.2	\$483.5	\$0.0
Inflationary Changes	\$11.6	\$19.4	(\$3.3)
Program Changes	\$3.6	\$6.2	\$0.0
Human Services - FMAP (Federal Medical Assistance Percentage)	\$0.0	\$4.1	\$0.0
Children's Health Insurance Program	(\$1.1)	(\$0.5)	(\$4.1)
Less Base Funding	(\$511.3)	(\$489.8)	\$0.0
Subtotal - Medicaid	(\$25.0)	\$22.9	(\$7.4)
Medicaid Expansion Fund	(\$20.8)	\$1.4	
Grand Total	(\$45.7)	\$24.3	(\$7.4)

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MEDICAID CONSENSUS FORECASTING

EXECUTIVE APPROPRIATIONS COMMITTEE
STAFF: RUSSELL FRANSDEN & THOMAS YOUNG

ISSUE BRIEF

SUMMARY

The Medicaid consensus forecast team estimates savings from traditional Medicaid and Children’s Health Insurance Program (CHIP) to the General Fund in FY 2020 of (\$25.0) million one-time and an ongoing cost of \$22.9 million with one-time offset of (\$7.4) million in FY 2021. The consensus team further recommends changes to the Medicaid Expansion Fund of (\$20.8) million in FY 2020 and \$1.4 million in FY 2021. The consensus team recommends a 2% buffer of \$12.4 million that can be used anywhere in Medicaid or the CHIP in FY 2020. These estimates do not include any new funding for state administration or any optional provider inflation.

RECOMMENDATIONS

By statute, the Legislature must include in the base budget \$4.7 million for FY 2021 from the General Fund for accountable care organization costs. These increases are included in the overall estimate above.

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Grand Total	(\$45.7)	\$24.3	(\$7.4)

DISCUSSION AND ANALYSIS

The table above has a summary of the consensus General Fund mandatory cost estimates for FY 2020 and FY 2021. All numbers for FY 2020 are as compared to the amounts expended in FY 2019 plus 2019 General Session appropriations for FY 2020 and ongoing appropriations for FY 2021.

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 2020 of (\$25.0) million one-time and an ongoing cost of \$22.9 million in FY 2021 with a one-time offset of (\$7.4) million. The forecast accounts for enacted legislative appropriations changes. Additionally, the consensus estimates recommend a \$12.4 million one-time or 2% buffer, which can be used in any of Medicaid’s or CHIP’s

(Children's Health Insurance Program) line items. Each of the items in the forecast has a more detailed discussion below. All numbers for FY 2020 are as compared to the expenditures incurred in FY 2019. The cost increases mentioned for FY 2020 carry forward into FY 2021 unless specifically noted. The FY 2021 numbers are as compared to the updated FY 2020 estimates. The estimates for FY 2021 are all ongoing changes unless specifically noted. Further, some inflationary changes take place mid fiscal year 2021, so the full ongoing cost has been projected with a one-time back to account for the later start date of the changes.

Eligibility Category	FY 2020 (Feb. 2019)	FY 2020 (Oct. 2019)	FY 2021 (Oct. 2019)	FY 2019 PMPM	Original FY 2020	New FY 2020	FY 2021
Adult	28,034	26,305	25,229	\$ 113.17	\$ 38,071,700	\$ 35,723,100	\$ 34,262,100
Aged	16,822	16,463	16,651	\$ 435.59	\$ 87,931,700	\$ 86,052,300	\$ 87,036,300
Blind/Disabled	40,102	39,937	40,498	\$ 312.74	\$ 150,496,700	\$ 149,879,600	\$ 151,982,900
Child	163,185	158,868	152,693	\$ 47.00	\$ 92,036,100	\$ 89,601,300	\$ 86,118,700
Primary Care Network	16,040	0	0	\$ 43.91	\$ 8,452,000	\$ -	\$ -
Pregnant	4,207	4,603	4,649	\$ 489.59	\$ 24,713,500	\$ 27,043,200	\$ 27,315,400
Qualified Medicare Beneficiary	30,236	29,870	30,764	\$ 150.08	\$ 54,453,800	\$ 53,794,800	\$ 55,404,900
Total	298,600	276,000	270,500		\$ 456,200,000	\$ 442,100,000	\$ 442,100,000
Difference		(22,600)	(28,100)			\$ (14,100,000)	\$ (14,100,000)

Caseload Changes - \$11.3 Million Increase in FY 2021

1. **Change in caseloads** – estimated decreases over FY 2019 of (27,900) or (9.2%) clients in FY 2020 and (5,600) or (2.0%) in FY 2021 compared to the updated FY 2020 forecast. The current caseload forecast is (22,600) clients or (7.6%) lower for FY 2020 compared to the February 2019 forecast, which results in lower baseline costs of (\$14.1) million for FY 2020 when using FY 2019 per-member-per-month costs. The FY 2021 enrollment estimate is (28,100) or (9.4%) lower than the February 2019 forecast for FY 2020, which results in lower baseline costs of (\$14.1) million for FY 2021 when using FY 2019 per-member-per-month costs. The baseline caseload costs are \$442.1 million in FY 2020 and in in FY 2021. The three traditional groups with highest number increase in clients in FY 2021 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.
 - a. **Change in per-member-per-month cost** – in the February 2019 consensus the forecast team estimated that per-member-per-month costs in FY 2019 would be \$16.4 million General Fund higher than in FY 2018. The actual increase was \$16.9 million General Fund, which represents an increase in cost of \$0.5 million. This \$0.5 million increase is already included in the caseload increase described in number one. These changes are shown in the table on the following page.

Eligibility Category	FY 2018 PMPM	FY 2019 PMPM	% Change	FY 2019 Actuals	FY 2018 PMPM	FY 2019 PMPM
Adult	\$ 125.12	\$ 113.17	-10%	29,144	\$ 43,758,000	\$ 39,578,700
Aged	\$ 410.14	\$ 435.59	6%	16,432	\$ 80,872,700	\$ 85,891,400
Blind/Disabled	\$ 302.60	\$ 312.74	3%	40,080	\$ 145,536,400	\$ 150,415,400
Child	\$ 38.76	\$ 47.00	21%	169,476	\$ 78,817,200	\$ 95,584,500
Primary Care Network	\$ 40.44	\$ 43.91	9%	12,070	\$ 5,856,800	\$ 6,359,900
Pregnant	\$ 574.91	\$ 489.59	-15%	4,530	\$ 31,251,900	\$ 26,614,100
Qualified Medicare Beneficiary	\$ 154.14	\$ 150.08	-3%	29,618	\$ 54,782,900	\$ 53,340,800
		Average	2%	301,400	\$ 440,875,900	\$ 457,784,800
		High	21%		Increased Cost	\$ 16,900,000
		Low	-15%		Projected Increased Cost	\$ 16,400,000
					Difference	\$ 500,000

2. **Federal medical assistance percentage** – unfavorable changes of 1.3% in FY 2020 at a cost of \$18.8 million and 2.2% in FY 2021 for a cost of \$31.7 million. Unfavorable match rate changes of and in FY 2020 and FY 2021 respectively as compared to FY 2019.
3. **2019 General Session ongoing appropriations** – The items over \$0.1 million include:
 - a. \$4.0 million for Dental Provider Reimbursement
 - b. \$2.3 million in FY 2020 and \$1.3 million in FY 2021 for S.B. 96, Medicaid Expansion Adjustments
 - c. (\$1.4) million for the Transition Program
 - d. (\$1.0) million in FY 2020 and (\$1.6) million in FY 2021 for H.J.R. 28, Transition ICF Residents to Community
 - e. \$1.2 million for Home Health Care Services
 - f. (\$0.2) million in FY 2020 and (\$0.3) million in FY 2021 for Require 90 Day Generic Drug Supply in Medicaid
 - g. (\$0.2) million for End of Payments to Special Unit at State Hospital
 - h. \$0.1 million for Update of Physical Therapy/Occupational Therapy Medicaid payments

For more information on the appropriations above, please visit <https://le.utah.gov/interim/2019/pdf/00002717.pdf>. These items cost \$0.1 million more in

FY 2021 due to the change in the federal medical assistance percentage described in number two on the previous page.

4. **Qualified Medicare Beneficiary Case mix** - Billings from the federal government's Centers for Medicare and Medicaid Services have gone up and the case mix of Qualified Medicare Beneficiaries has changed resulting in more costs to the State of \$2.6 million in FY 2020 and \$3.6 million in FY 2021.
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 \$1.1 million in FY 2020 and \$0.8 million in FY 2021 primarily due to projected decreases in collections by the Department of Health's recovery audit contractor, Office of Recovery Services, and the Office of the Inspector General.
6. **Preferred Drug List Savings for Mental Health Drugs** – FY 2019 saw \$0.7 million General Fund more in savings from [H.B. 437, Health Care Revisions](#), Preferred Drug List than in FY 2018. This assumes that a similar increase in [H.B. 437, Health Care Revisions](#), Preferred Drug savings will occur in FY 2020 and then again in FY 2021. As per statute these savings are to be transferred to the Medicaid Expansion Fund.
7. **Preferred Drug List Savings Excluding Mental Health Drugs** – FY 2019 saw \$0.2 million less in savings from non-[H.B. 437, Health Care Revisions](#), Preferred Drug List sources than FY 2018. This increase assumes that FY 2020 and FY 2021 savings levels will match FY 2019.
8. **Medically Complex Children's Waiver** - \$0.2 million (came in under budget in FY 2019)
9. **Other budget adjustments** – The following items for FY 2020 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 - \$1.3 million Assumes Disproportionate Share Hospital cuts delayed again as proposed by the Continuing Resolution.

Inflationary Changes - \$7.7 Million Increase in FY 2021

1. **Accountable care organization contracts** – \$8.7 million in FY 2020 and \$9.3 million in FY 2021 to account for a full year in FY 2020 of the 2.0% increase starting January 2019, a new 1% increase starting in July 2019, and one-time rate increases of 1.8% for FY 2020. An increase in FY 2021 for a 2% increase starting in July 2020. Medicaid contracts with four accountable care organizations who utilize about 45% of the General Fund appropriated to Medicaid to perform services statewide. These organizations serve about 75% 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 \$1.7 million in FY 2020 and \$6.3 million in FY 2021 with a (\$2.3) million one-time back out based on a 5.3% 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 \$135.50 to \$144.30 or 6.49% for calendar year 2020. The CY 2019 growth rate of 1.12% was assumed for CY 2021. Medicare cost sharing increases are projected to cost the State an additional \$0.9 million in FY 2020 and another \$2.8 million with a (\$1.0) million one-time back out in FY 2021.
4. **Forced provider inflation** – this primarily includes cost increases to the State’s fee-for-service program. The updated forecast includes increases of \$0.4 million for FY 2020 and \$0.9 million for FY 2021, primarily due to projected inflationary increases in Outpatient Prospective Payment System and hospice. 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 - \$2.7 Million Increase in FY 2021

1. **Autism increased federal requirements** – increase of \$1.3 million in FY 2020 and \$2.5 million in FY 2021 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. The increases are primarily from a forecasted caseload increase of 18.3% in FY 2020 and 14.7% in FY 2021 as well as cost increases of 1.6% beginning in FY 2020.
2. **Increase in Capitated Dental Rates** – The Department of Health anticipates rate negotiations will result in 8% higher rates at a cost of \$1.1 million.
3. **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 \$1.7 million for the following four new drugs:
 - a. Zolgensma – used to treat spinal muscular atrophy.
 - b. Aimmune Peanut Allergy Drugs - used to cure peanut allergies.
 - c. Spravato – used to treat depression for those that are non-responsive to other treatments.
 - d. Zulresso – used to treat post-partum depression.
4. **Spenddown Client Savings** – Before April 2019, parents could spend down their income on qualified medical expenses to 55% of the Federal Poverty Level to become eligible for Medicaid. Starting April 2019, parents between 55% and 100% of the Federal Poverty Level become eligible for Medicaid expansion which results in savings of (\$0.5) million.
5. **Medicaid Managed Care Provider Taxes** - Health: "Reinstatement of the full-year amount of the tax on ACOs after there was a moratorium in CY19 but returns in CY20" at a cost of \$1.5 million beginning in FY 2021.

Human Services and Juvenile Justice Services – \$4.1 Million Increase in FY 2021

Federal medical assistance percentage – an unfavorable change of 0.9% in FY 2021 for a cost of \$4.1 million, \$4,015,200 for the part of the Department of Human Services overseen by the Social Services

Appropriation Submission and \$36,700 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) – (\$0.5) Million Decrease in FY 2021

The consensus team estimates a General Fund reduction of (\$1.1) million in FY 2020 as well as (\$0.5) million ongoing and (\$4.1) million one-time in FY 2021. The consensus for CHIP includes the following components:

1. **Caseload** – (4.7%) or 900 client decrease in FY 2020 and 0.4% or 100 client increase in FY 2021
2. **Per-member-per-month costs** – 5% annual growth
3. **Higher federal match rate** – 100% federal funding through September 2019, then a 11.5% higher federal match rate through September 2020.
4. **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 - \$1.4 Million Increase in FY 2021

The Medicaid Expansion Fund may be used to pay the costs to the state of serving those newly eligible for Medicaid as of April 2019. The consensus team forecasts revenues in the Medicaid Expansion Fund to be sufficient to cover projected expenses. Below are the recommended changes:

1. **Funding the Medicaid Restricted Account Buffer** - Because the cost of woodwork for FY 2020 has been less than anticipated, this diverts \$10.8 million General Fund in FY 2020 that has not been deposited into the Medicaid Expansion Fund and deposits it into the Medicaid Restricted Account to help fund the 2% recommended buffer.
2. **Transfer of Preferred Drug List Savings** – As per statute [H.B. 437, Health Care Revisions](#), Preferred Drug List savings are to be transferred to the Medicaid Expansion Fund. There are forecasted new savings of \$0.7 million in FY 2020 and \$1.4 million in FY 2021.
3. **Removal of FY 2019 Buffer Money** - The buffer for the Medicaid Expansion Fund from the Medicaid Restricted Account was put into the Medicaid Expansion Fund in FY 2019 and not used. This diverts \$10.7 million General Fund in FY 2020 that has not been deposited into the Medicaid Expansion Fund yet and pays back the Medicaid Restricted Account so that account can meet its current FY 2020 obligations.

Why Did FY 2019 Overspend by \$1.7 Million for Medicaid Services?

Medicaid services ended FY 2019 \$1.3 million General Fund under budget and did not use the \$10.7 million buffer provided. The unexpected shortfall was \$1.3 million or 0.3%. There would have been \$1.8 million not spent were it not for \$0.5 million lower than expected collections. When you factor this out of the error rate for forecasting, there was a \$1.8 million underestimate of costs which is a 0.8% error rate. The per-member-per-month cost for FY 2019 came in \$0.5 million higher than originally forecasted.

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, chosen 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 \$4.7 million General Fund in FY 2021 that should be included as per statute in the base budget.

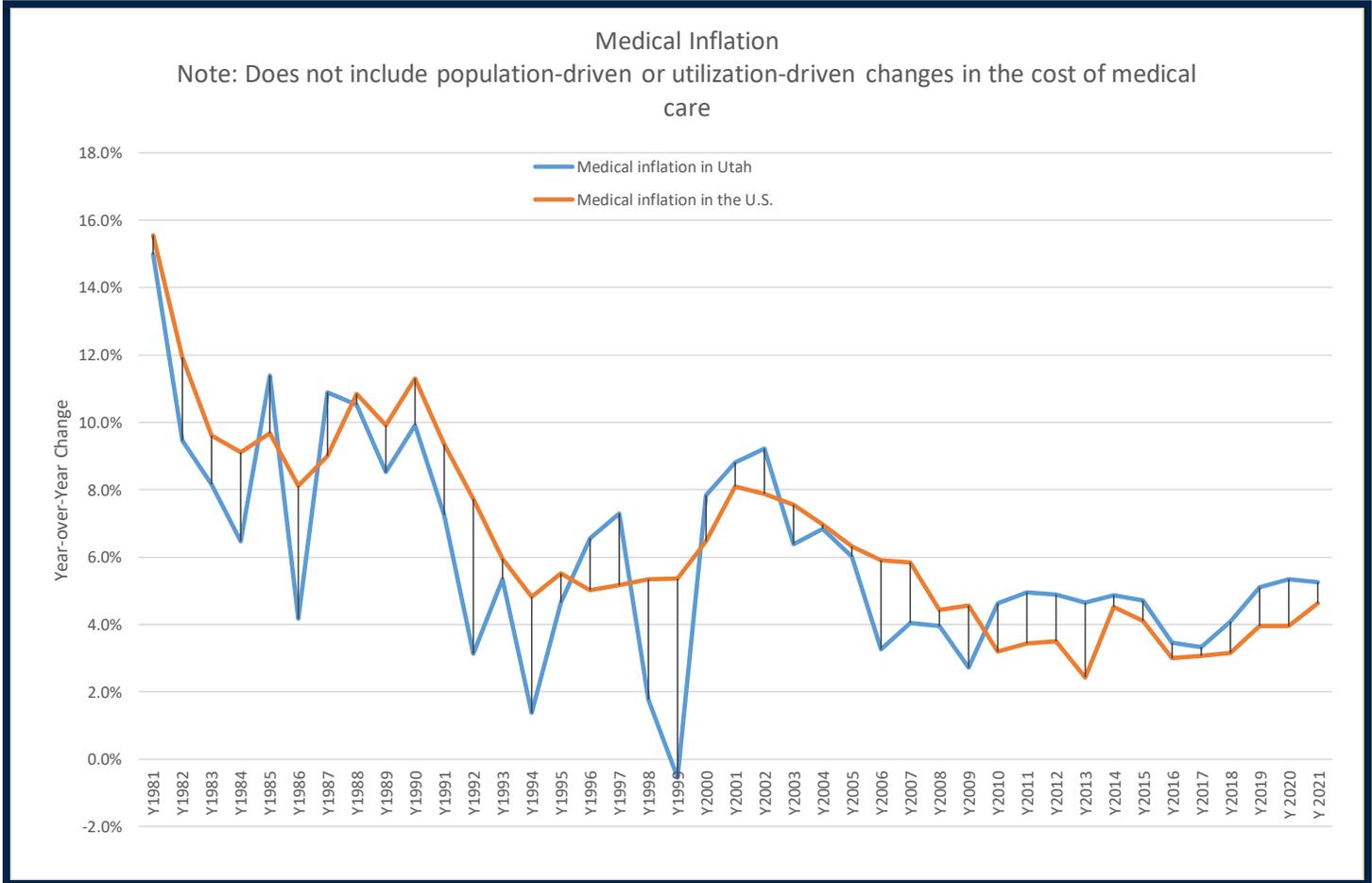
1. [UCA 26-18-405.5](#) directs that rates paid to accountable care organizations increase at least up to 2% to match the General Fund growth factor. The General Fund growth factor for FY 2021 is not known currently. FY 2020 General Fund growth estimate was 4.8% as per the revenue estimates adopted in February 2019 by the Executive Appropriations Committee. FY 2021's growth factor may or may not be similar to FY 2020. New growth rates for FY 2020 and FY 2021 will be announced as part of the December 2019 Executive Appropriations Committee meeting. The Governor's Office of Management and Budget and the Office of the Legislative Fiscal Analyst estimated 3.6% for FY 2021 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 \$4.7 million in FY 2021.
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 2019:

- 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 \$11.9 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 will only be

\$3.3 million of the balance that is uncommitted, if the recommendations for Medicaid consensus are adopted, but \$1.6 million of the balance has been recommended for FY 2020 as part of the 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 2020 and 3.5% in FY 2021. 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 above 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 FMAs* by Federal Funds Information for States, Issue Brief 19-26, September 25, 2020
- For more information on Utah’s Medicaid expansion, please visit <https://medicaid.utah.gov/expansion/>

APPENDIX A – FINAL FY 2021 FMAP



Issue Brief 19-26, September 25, 2019

Final FY 2021 FMAPs

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Summary

Yesterday, the Bureau of Economic Analysis (BEA) [released](#) revised state personal income data for 2018. 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 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) 2021 FMAPs and enhanced FMAPs, which are based on per capita incomes for calendar years (CYs) 2016-2018.

This *Issue Brief* summarizes the BEA data and provides FFIS's estimates of the final FY 2021 FMAPs and enhanced FMAPs. FFIS estimates that FMAPs will increase in 24 states and decline in 13, ranging from a 2.35 percentage-point increase in **North Dakota** to a -0.69 percentage-point change in **Missouri**. All states will see significant reductions in their enhanced FMAPs because FY 2021 marks the full phase-out of the 23 percentage-point increase under the Affordable Care Act (ACA).

FY 2021 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. Additionally, the FMAP is used to determine 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 FY 2021 FMAPs rely on per capita personal incomes for CYs 2016-2018. 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 2017-2020, and FFIS's estimates for FY 2021. Highlights for FY 2021 include:

- FMAPs increase in 24 states, with four seeing increases of greater than one percentage point.
- **North Dakota** and **Oklahoma** experience the largest increases (+2.35 and +1.97). Both results are primarily driven by negative growth in per capita personal income in 2016 and, in North Dakota, slow growth in 2017. Oklahoma had the second-strongest growth in per capita personal income in 2018.
- **Mississippi** maintains the highest FMAP at 77.76, followed by **West Virginia** and **New Mexico**. All three states will see an increase in FY 2021.
- FMAPs decline in 13 states, with the reductions relatively small compared to recent years.
- **Missouri** will see the largest decline, which comes after several years of consecutive increases. Although Missouri saw below-average per capita income growth in 2017 and 2018, it still experienced an increase in its share of U.S. average per capita income over the three-year period (compared to the three-year period used to calculate FY 2020 FMAPs).
- **Idaho, Illinois, and Michigan** will see increases after several years of consecutive declines.
- Thirteen states remain at the statutory 50.00 FMAP minimum in FY 2021. Of these states, **Minnesota** is closest to exceeding the 50.00 floor, with an unadjusted FMAP of 49.40.
- Since FY 2017, Oklahoma has seen more than an eight percentage-point increase in its FMAP. **Iowa, Louisiana, Nebraska, and Texas** have seen more than a four percentage-point increase. Conversely, **Oregon** and **Utah** have experienced the largest reductions.

The table below lists the change in each state’s FMAP in FY 2021.

FY 2021 FMAP Percentage-Point Change								
	Increases			Decreases			No Change	
North Dakota	2.35	Alabama	0.61	Missouri	-0.69	Alaska	0.00	
Oklahoma	1.97	Ohio	0.61	Utah	-0.67	California	0.00	
Nebraska	1.75	Louisiana	0.56	Nevada	-0.63	Colorado	0.00	
Rhode Island	1.14	Iowa	0.55	Hawaii	-0.45	Connecticut	0.00	
Texas	0.92	Kansas	0.52	Oregon	-0.39	District of Columbia	0.00	
Tennessee	0.89	Florida	0.49	Georgia	-0.27	Maryland	0.00	
Illinois	0.82	North Carolina	0.37	Arkansas	-0.19	Massachusetts	0.00	
Montana	0.82	Kentucky	0.23	Delaware	-0.12	Minnesota	0.00	
Mississippi	0.78	Idaho	0.07	Maine	-0.11	New Hampshire	0.00	
New Mexico	0.75	West Virginia	0.05	South Carolina	-0.07	New Jersey	0.00	
Vermont	0.71	Michigan	0.02	Pennsylvania	-0.05	New York	0.00	
South Dakota	0.66	Wisconsin	0.01	Indiana	-0.01	Virginia	0.00	
				Arizona	-0.01	Washington	0.00	
						Wyoming	0.00	

Other factors affecting FMAPs. Changes in FMAPs 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.

For example, **Texas** will receive a large FMAP increase, even as its economy hums along. In contrast, **Missouri** will see the largest FMAP decline, despite recent below-average per capita income growth.

FMAPs are also affected by other factors. For example, income changes in large wealthy states affect the national average, which in turn affects FMAPs in other states. During the Great Recession, slow income growth in these large wealthy states made other states 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. This trend may have stalled, due largely to **California's** strong income growth in recent years.

Population shifts from decennial census benchmarking can have a big impact. Data from the 2020 Census will be used to calculate FY 2023 FMAPs. Additionally, low or negative population growth in some states has increased per capita estimates, which can lead to lower FMAPs. For example, population losses have contributed to FMAP declines in **Illinois** in recent years and to a smaller FY 2021 FMAP increase in **West Virginia**.

Finally, Medicaid spending is a transfer payment included in personal income. States that expanded coverage under the ACA have seen larger increases in Medicaid transfer receipts since 2014. That said, Medicaid benefit payments are a relatively small share of personal income.

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 provided a transition year in FY 2020, when the enhanced FMAP increases by 11.5 percentage points. The matching rate will revert to the regular enhanced FMAP in FY 2021 and beyond.

Enhanced FMAPs are displayed in Table 2. With the phase-out of the ACA increase, all states saw sizeable reductions in FY 2020, and that will continue in FY 2021. Since FY 2019—the last year of the full increase—reductions range from -24.10 in **Nevada** to -15.57 in **Mississippi**. The states with the smallest percentage-point reductions were at the 100% ceiling in FY 2019, and/or the reduction is partially offset by increases in their underlying FMAPs. In contrast, states with reductions greater than 23 percentage points are also facing declines in their underlying FMAPs.

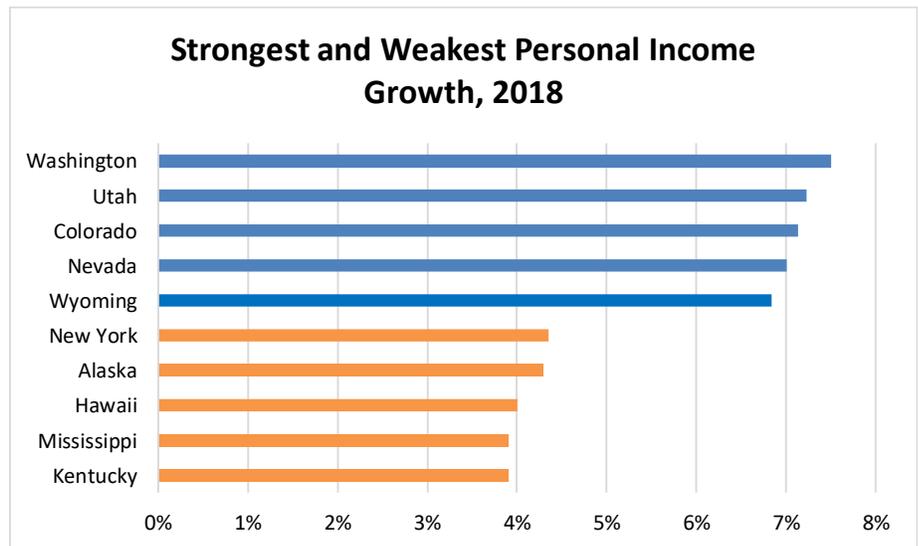
Personal Income Data

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 4.7% in 2017 to 5.6% in 2018, as shown on the next table.

U.S. Personal Income (\$ in billions)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Amount	\$12,051	\$12,542	\$13,315	\$13,998	\$14,176	\$14,983	\$15,709	\$16,112	\$16,870	\$17,813
% Change		4.1%	6.2%	5.1%	1.3%	5.7%	4.8%	2.6%	4.7%	5.6%

Nationally, the largest contributors to earnings growth in 2018 were professional services, health care and social assistance, and state and local government. Farming was the only sector to experience negative earnings growth.

Table 3 shows the personal income of states and regions for 2016-2018. The Southwest, Rocky Mountains, and Far West performed above the national average in 2018. State personal income growth in 2018 ranged from 3.9% in **Kentucky** to 7.5% in **Washington**. The next table lists the states with the strongest and weakest growth.



Washington experienced significant gains in information and professional services. **Utah** saw notable increases in professional services and construction. Colorado’s growth was a result of professional services and mining. **Nevada** benefited from strong growth in construction and manufacturing. **Wyoming** saw significant increases in transportation and mining. In contrast, most states at the bottom experienced declines in farm earnings. **New York** saw reductions in finance, **Mississippi** and **Kentucky** in information, and **Alaska** in manufacturing.

Table 4 shows BEA’s revisions to the preliminary data (released in March) by state. The revisions reflect the results of the annual update to state personal income, as well as revised source data that are more complete and updated seasonal factors. Overall, personal income was revised slightly downward in 2016 and upward in 2017 and 2018. **South Dakota** had the largest percent revision in 2018 (4.1%), while six states had downward revisions.

Per Capita Personal Income

Nationally, per capita personal income rose 4.9% to \$54,446 in 2018, as shown below.

U.S. Per Capita Personal Income										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Amount	\$39,284	\$40,546	\$42,735	\$44,599	\$44,851	\$47,058	\$48,978	\$49,870	\$51,885	\$54,446
% Change		3.2%	5.4%	4.4%	0.6%	4.9%	4.1%	1.8%	4.0%	4.9%

The following chart shows the states with the strongest and weakest per capita personal income growth in 2018, which ranged from 7.1% in **Wyoming** to 3.6% in **Kentucky**.

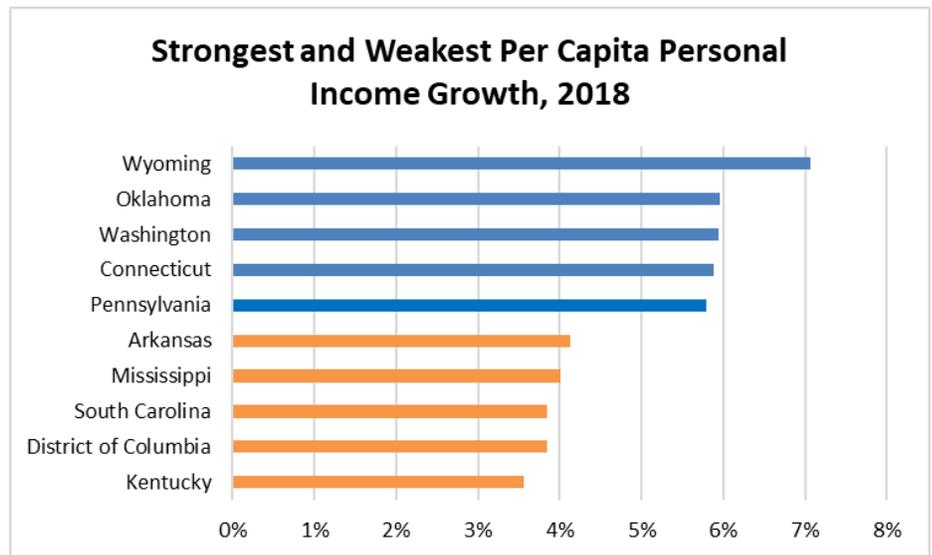


Table 5 provides detail by state and region. It also shows how each state's per capita personal income compares to the national average. Per capita income growth is affected both by income and population, and by adjustments in both. Some states, such as **Illinois**, **Louisiana**, and **West Virginia** had personal income growth less than the national average in 2018, but negative or slow population growth resulted in per capita growth rates greater than the average. In contrast, **Arizona**, **Idaho**, and **Florida** had higher-than-average personal income growth but per capita growth rates less than the national average due to strong population increases.

Next Steps

The FMAPs for FY 2021 will be final once they are published in the *Federal Register*, usually in November. FFIS will calculate projected FMAPs for FY 2022 next spring, when preliminary per capita personal income data for 2019 are released.

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Table 1**Federal Medical Assistance Percentages, 2017-2021**

(federal fiscal years, federal share as a percent)

State	2017	2018	2019	2020	2021	Change		Addendum: 2021 FMAP
						2017-2021	2020-2021	Without Floors
Alabama	70.16	71.44	71.88	71.97	72.58	2.42	0.61	72.58
Alaska	50.00	50.00	50.00	50.00	50.00	0.00	0.00	45.29
Arizona	69.24	69.89	69.81	70.02	70.01	0.77	-0.01	70.01
Arkansas	69.69	70.87	70.51	71.42	71.23	1.54	-0.19	71.23
California	50.00	50.00	50.00	50.00	50.00	0.00	0.00	39.27
Colorado	50.02	50.00	50.00	50.00	50.00	-0.02	0.00	49.14
Connecticut	50.00	50.00	50.00	50.00	50.00	0.00	0.00	12.02
Delaware	54.20	56.43	57.55	57.86	57.74	3.54	-0.12	57.74
District of Columbia	70.00	70.00	70.00	70.00	70.00	0.00	0.00	N/A
Florida	61.10	61.79	60.87	61.47	61.96	0.86	0.49	61.96
Georgia	67.89	68.50	67.62	67.30	67.03	-0.86	-0.27	67.03
Hawaii	54.93	54.78	53.92	53.47	53.02	-1.91	-0.45	53.02
Idaho	71.51	71.17	71.13	70.34	70.41	-1.10	0.07	70.41
Illinois	51.30	50.74	50.31	50.14	50.96	-0.34	0.82	50.96
Indiana	66.74	65.59	65.96	65.84	65.83	-0.91	-0.01	65.83
Iowa	56.74	58.48	59.93	61.20	61.75	5.01	0.55	61.75
Kansas	56.21	54.74	57.10	59.16	59.68	3.47	0.52	59.68
Kentucky	70.46	71.17	71.67	71.82	72.05	1.59	0.23	72.05
Louisiana	62.28	63.69	65.00	66.86	67.42	5.14	0.56	67.42
Maine	64.38	64.34	64.52	63.80	63.69	-0.69	-0.11	63.69
Maryland	50.00	50.00	50.00	50.00	50.00	0.00	0.00	38.31
Massachusetts	50.00	50.00	50.00	50.00	50.00	0.00	0.00	22.20
Michigan	65.15	64.78	64.45	64.06	64.08	-1.07	0.02	64.08
Minnesota	50.00	50.00	50.00	50.00	50.00	0.00	0.00	49.40
Mississippi	74.63	75.65	76.39	76.98	77.76	3.13	0.78	77.76
Missouri	63.21	64.61	65.40	65.65	64.96	1.75	-0.69	64.96
Montana	65.56	65.38	65.54	64.78	65.60	0.04	0.82	65.60
Nebraska	51.85	52.55	52.58	54.72	56.47	4.62	1.75	56.47
Nevada	64.67	65.75	64.87	63.93	63.30	-1.37	-0.63	63.30
New Hampshire	50.00	50.00	50.00	50.00	50.00	0.00	0.00	42.76
New Jersey	50.00	50.00	50.00	50.00	50.00	0.00	0.00	29.25
New Mexico	71.13	72.16	72.26	72.71	73.46	2.33	0.75	73.46
New York	50.00	50.00	50.00	50.00	50.00	0.00	0.00	29.48
North Carolina	66.88	67.61	67.16	67.03	67.40	0.52	0.37	67.40
North Dakota	50.00	50.00	50.00	50.05	52.40	2.40	2.35	52.40
Ohio	62.32	62.78	63.09	63.02	63.63	1.31	0.61	63.63
Oklahoma	59.94	58.57	62.38	66.02	67.99	8.05	1.97	67.99
Oregon	64.47	63.62	62.56	61.23	60.84	-3.63	-0.39	60.84
Pennsylvania	51.78	51.82	52.25	52.25	52.20	0.42	-0.05	52.20
Rhode Island	51.02	51.45	52.57	52.95	54.09	3.07	1.14	54.09
South Carolina	71.30	71.58	71.22	70.70	70.63	-0.67	-0.07	70.63
South Dakota	54.94	55.34	56.71	57.62	58.28	3.34	0.66	58.28
Tennessee	64.96	65.82	65.87	65.21	66.10	1.14	0.89	66.10
Texas	56.18	56.88	58.19	60.89	61.81	5.63	0.92	61.81
Utah	69.90	70.26	69.71	68.19	67.52	-2.38	-0.67	67.52
Vermont	54.46	53.47	53.89	53.86	54.57	0.11	0.71	54.57
Virginia	50.00	50.00	50.00	50.00	50.00	0.00	0.00	48.74
Washington	50.00	50.00	50.00	50.00	50.00	0.00	0.00	42.57
West Virginia	71.80	73.24	74.34	74.94	74.99	3.19	0.05	74.99
Wisconsin	58.51	58.77	59.37	59.36	59.37	0.86	0.01	59.37
Wyoming	50.00	50.00	50.00	50.00	50.00	0.00	0.00	45.85
Puerto Rico & Territories	55.00	55.00	55.00	55.00	55.00	0.00	0.00	N/A

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Table 2

Enhanced FMAPs, 2019-2021

(federal fiscal years; federal share as a percent)

State	2019 1/		2020 1/		2021	Percentage-Point Change	
	w/o Increase	w/ Increase	w/o Increase	w/ Increase		2020-2021	2019-2021
Alabama	80.32	100.00	80.38	91.88	80.81	-11.07	-19.19
Alaska	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Arizona	78.87	100.00	79.01	90.51	79.01	-11.51	-20.99
Arkansas	79.36	100.00	79.99	91.49	79.86	-11.63	-20.14
California	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Colorado	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Connecticut	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Delaware	70.29	93.29	70.50	82.00	70.42	-11.58	-22.87
District of Columbia	79.00	100.00	79.00	90.50	79.00	-11.50	-21.00
Florida	72.61	95.61	73.03	84.53	73.37	-11.16	-22.24
Georgia	77.33	100.00	77.11	88.61	76.92	-11.69	-23.08
Hawaii	67.74	90.74	67.43	78.93	67.11	-11.82	-23.63
Idaho	79.79	100.00	79.24	90.74	79.29	-11.45	-20.71
Illinois	65.22	88.22	65.10	76.60	65.67	-10.93	-22.55
Indiana	76.17	99.17	76.09	87.59	76.08	-11.51	-23.09
Iowa	71.95	94.95	72.84	84.34	73.23	-11.12	-21.73
Kansas	69.97	92.97	71.41	82.91	71.78	-11.14	-21.19
Kentucky	80.17	100.00	80.27	91.77	80.44	-11.34	-19.57
Louisiana	75.50	98.50	76.80	88.30	77.19	-11.11	-21.31
Maine	75.16	98.16	74.66	86.16	74.58	-11.58	-23.58
Maryland	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Massachusetts	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Michigan	75.12	98.12	74.84	86.34	74.86	-11.49	-23.26
Minnesota	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Mississippi	83.47	100.00	83.89	95.39	84.43	-10.95	-15.57
Missouri	75.78	98.78	75.96	87.46	75.47	-11.98	-23.31
Montana	75.88	98.88	75.35	86.85	75.92	-10.93	-22.96
Nebraska	66.81	89.81	68.30	79.80	69.53	-10.28	-20.28
Nevada	75.41	98.41	74.75	86.25	74.31	-11.94	-24.10
New Hampshire	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
New Jersey	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
New Mexico	80.58	100.00	80.90	92.40	81.42	-10.98	-18.58
New York	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
North Carolina	77.01	100.00	76.92	88.42	77.18	-11.24	-22.82
North Dakota	65.00	88.00	65.04	76.54	66.68	-9.86	-21.32
Ohio	74.16	97.16	74.11	85.61	74.54	-11.07	-22.62
Oklahoma	73.67	96.67	76.21	87.71	77.59	-10.12	-19.07
Oregon	73.79	96.79	72.86	84.36	72.59	-11.77	-24.20
Pennsylvania	66.58	89.58	66.58	78.08	66.54	-11.54	-23.04
Rhode Island	66.80	89.80	67.07	78.57	67.86	-10.70	-21.94
South Carolina	79.85	100.00	79.49	90.99	79.44	-11.55	-20.56
South Dakota	69.70	92.70	70.33	81.83	70.80	-11.04	-21.90
Tennessee	76.11	99.11	75.65	87.15	76.27	-10.88	-22.84
Texas	70.73	93.73	72.62	84.12	73.27	-10.86	-20.47
Utah	78.80	100.00	77.73	89.23	77.26	-11.97	-22.74
Vermont	67.72	90.72	67.70	79.20	68.20	-11.00	-22.52
Virginia	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Washington	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
West Virginia	82.04	100.00	82.46	93.96	82.49	-11.47	-17.51
Wisconsin	71.56	94.56	71.55	83.05	71.56	-11.49	-23.00
Wyoming	65.00	88.00	65.00	76.50	65.00	-11.50	-23.00
Puerto Rico & Territories	68.50	91.50	68.50	80.00	68.50	-11.50	-23.00

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, 2016-2018

(calendar years, dollars in millions)

State	2016	2017	2018	Percent Change	
				2016-2017	2017-2018
Alabama	\$190,815	\$197,283	\$206,455	3.4%	4.6%
Alaska	41,536	42,015	43,818	1.2%	4.3%
Arizona	282,478	299,613	317,913	6.1%	6.1%
Arkansas	120,060	124,684	130,297	3.9%	4.5%
California	2,263,890	2,370,112	2,514,129	4.7%	6.1%
Colorado	289,581	310,755	332,943	7.3%	7.1%
Connecticut	249,581	258,079	273,152	3.4%	5.8%
Delaware	46,042	48,189	50,783	4.7%	5.4%
District of Columbia	53,192	54,938	57,605	3.3%	4.9%
Florida	942,461	1,004,144	1,066,447	6.5%	6.2%
Georgia	439,943	463,756	488,964	5.4%	5.4%
Hawaii	72,879	75,690	78,721	3.9%	4.0%
Idaho	68,445	72,355	77,012	5.7%	6.4%
Illinois	670,504	689,724	724,189	2.9%	5.0%
Indiana	290,148	301,203	315,516	3.8%	4.8%
Iowa	145,411	149,191	158,197	2.6%	6.0%
Kansas	138,315	142,242	149,859	2.8%	5.4%
Kentucky	175,921	182,605	189,717	3.8%	3.9%
Louisiana	199,879	205,227	215,489	2.7%	5.0%
Maine	59,697	62,174	65,454	4.1%	5.3%
Maryland	354,451	364,576	382,829	2.9%	5.0%
Massachusetts	446,918	468,300	494,765	4.8%	5.7%
Michigan	446,521	461,486	484,030	3.4%	4.9%
Minnesota	293,894	305,795	322,728	4.0%	5.5%
Mississippi	106,424	108,749	112,992	2.2%	3.9%
Missouri	269,881	279,433	292,513	3.5%	4.7%
Montana	45,508	47,718	50,500	4.9%	5.8%
Nebraska	94,731	97,151	102,759	2.6%	5.8%
Nevada	131,294	139,449	149,219	6.2%	7.0%
New Hampshire	75,817	78,822	83,143	4.0%	5.5%
New Jersey	556,440	577,081	607,885	3.7%	5.3%
New Mexico	81,252	82,733	87,189	1.8%	5.4%
New York	1,202,569	1,286,023	1,341,932	6.9%	4.3%
North Carolina	433,196	453,769	478,862	4.7%	5.5%
North Dakota	39,622	39,775	42,148	0.4%	6.0%
Ohio	524,044	544,141	569,727	3.8%	4.7%
Oklahoma	164,419	171,597	182,302	4.4%	6.2%
Oregon	190,241	200,579	213,070	5.4%	6.2%
Pennsylvania	659,803	679,731	720,073	3.0%	5.9%
Rhode Island	53,426	55,338	57,994	3.6%	4.8%
South Carolina	200,333	211,299	222,189	5.5%	5.2%
South Dakota	41,960	43,275	46,066	3.1%	6.5%
Tennessee	290,560	301,560	317,515	3.8%	5.3%
Texas	1,274,395	1,357,466	1,445,270	6.5%	6.5%
Utah	128,929	136,544	146,423	5.9%	7.2%
Vermont	31,679	32,461	33,929	2.5%	4.5%
Virginia	450,870	468,177	492,313	3.8%	5.2%
Washington	407,654	434,759	467,399	6.6%	7.5%
West Virginia	67,618	70,218	73,809	3.8%	5.1%
Wisconsin	274,505	285,487	299,933	4.0%	5.1%
Wyoming	31,908	32,639	34,873	2.3%	6.8%
Region					
New England	917,117	955,173	1,008,436	4.1%	5.6%
Mideast	2,872,497	3,010,537	3,161,107	4.8%	5.0%
Great Lakes	2,205,722	2,282,040	2,393,394	3.5%	4.9%
Plains	1,023,813	1,056,862	1,114,270	3.2%	5.4%
Southeast	3,618,079	3,791,472	3,995,047	4.8%	5.4%
Southwest	1,802,544	1,911,409	2,032,674	6.0%	6.3%
Rocky Mountains	564,371	600,010	641,750	6.3%	7.0%
Far West	3,107,494	3,262,603	3,466,356	5.0%	6.2%
United States	\$16,111,636	\$16,870,106	\$17,813,035	4.7%	5.6%

Source: Bureau of Economic Analysis

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Table 4

Personal Income Revisions, 2016-2018

(calendar years, dollars in millions)

	Personal Income Revisions (\$)			Personal Income Revisions (%)		
	2016	2017	2018	2016	2017	2018
Alabama	-\$177	-\$1,633	-\$469	-0.1%	-0.8%	-0.2%
Alaska	75	-286	-197	0.2	-0.7	-0.4
Arizona	1,490	2,964	4,873	0.5	1.0	1.6
Arkansas	1,290	1,370	2,011	1.1	1.1	1.6
California	4,476	5,983	38,401	0.2	0.3	1.6
Colorado	-40	4,343	9,175	0.0	1.4	2.8
Connecticut	68	366	6,770	0.0	0.1	2.5
Delaware	125	407	1,023	0.3	0.9	2.1
District of Columbia	152	-572	87	0.3	-1.0	0.2
Florida	-10,799	3,520	13,897	-1.1	0.4	1.3
Georgia	369	3,353	7,751	0.1	0.7	1.6
Hawaii	229	334	1,213	0.3	0.4	1.6
Idaho	390	542	1,310	0.6	0.8	1.7
Illinois	-3,025	-4,190	-1,205	-0.4	-0.6	-0.2
Indiana	984	195	3,365	0.3	0.1	1.1
Iowa	255	1,149	4,106	0.2	0.8	2.7
Kansas	209	782	3,831	0.2	0.6	2.6
Kentucky	908	1,778	3,033	0.5	1.0	1.6
Louisiana	336	711	3,265	0.2	0.3	1.5
Maine	120	114	888	0.2	0.2	1.4
Maryland	571	-3,682	2,657	0.2	-1.0	0.7
Massachusetts	2,106	4,369	11,107	0.5	0.9	2.3
Michigan	1,989	1,216	8,404	0.4	0.3	1.8
Minnesota	2,532	2,654	6,401	0.9	0.9	2.0
Mississippi	-491	-575	-477	-0.5	-0.5	-0.4
Missouri	4,385	4,458	6,809	1.7	1.6	2.4
Montana	-239	41	444	-0.5	0.1	0.9
Nebraska	0	-406	2,226	0.0	-0.4	2.2
Nevada	537	1,062	2,885	0.4	0.8	2.0
New Hampshire	-431	-1,300	-150	-0.6	-1.6	-0.2
New Jersey	635	-4,118	5,588	0.1	-0.7	0.9
New Mexico	68	-394	860	0.1	-0.5	1.0
New York	-5,777	4,941	17	-0.5	0.4	0.0
North Carolina	-571	-538	2,935	-0.1	-0.1	0.6
North Dakota	-144	291	871	-0.4	0.7	2.1
Ohio	-1,013	-688	5,801	-0.2	-0.1	1.0
Oklahoma	-688	-2,838	416	-0.4	-1.6	0.2
Oregon	597	1,157	3,922	0.3	0.6	1.9
Pennsylvania	2,639	-2,803	11,212	0.4	-0.4	1.6
Rhode Island	-305	-597	345	-0.6	-1.1	0.6
South Carolina	392	2,119	4,913	0.2	1.0	2.3
South Dakota	171	819	1,830	0.4	1.9	4.1
Tennessee	-1,559	-4,131	-1,886	-0.5	-1.4	-0.6
Texas	-13,292	16,898	34,249	-1.0	1.3	2.4
Utah	522	1,740	3,099	0.4	1.3	2.2
Vermont	107	-110	360	0.3	-0.3	1.1
Virginia	2,187	1,434	7,214	0.5	0.3	1.5
Washington	3,422	5,993	9,382	0.8	1.4	2.0
West Virginia	35	346	531	0.1	0.5	0.7
Wisconsin	717	1,852	4,860	0.3	0.7	1.6
Wyoming	-527	-583	154	-1.6	-1.8	0.4
United States	-\$3,994	\$49,856	\$240,106	0.0%	0.3%	1.4%

Source: Bureau of Economic Analysis

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Table 5

Per Capita Personal Income, 2016-2018

(calendar years)

	2016	2017	2018	Percent Change		Share of National Average		
				2016-2017	2017-2018	2016	2017	2018
Alabama	\$39,224	\$40,467	\$42,238	3.2%	4.4%	78.7%	78.0%	77.6%
Alaska	56,016	56,794	59,420	1.4%	4.6%	112.3%	109.5%	109.1%
Arizona	40,671	42,505	44,329	4.5%	4.3%	81.6%	81.9%	81.4%
Arkansas	40,148	41,520	43,233	3.4%	4.1%	80.5%	80.0%	79.4%
California	57,739	60,156	63,557	4.2%	5.7%	115.8%	115.9%	116.7%
Colorado	52,262	55,335	58,456	5.9%	5.6%	104.8%	106.6%	107.4%
Connecticut	69,741	72,213	76,456	3.5%	5.9%	139.8%	139.2%	140.4%
Delaware	48,505	50,350	52,507	3.8%	4.3%	97.3%	97.0%	96.4%
District of Columbia	77,475	78,969	82,005	1.9%	3.8%	155.4%	152.2%	150.6%
Florida	45,684	47,869	50,070	4.8%	4.6%	91.6%	92.3%	92.0%
Georgia	42,693	44,536	46,482	4.3%	4.4%	85.6%	85.8%	85.4%
Hawaii	51,032	53,145	55,418	4.1%	4.3%	102.3%	102.4%	101.8%
Idaho	40,670	42,094	43,901	3.5%	4.3%	81.6%	81.1%	80.6%
Illinois	52,273	53,943	56,839	3.2%	5.4%	104.8%	104.0%	104.4%
Indiana	43,741	45,225	47,149	3.4%	4.3%	87.7%	87.2%	86.6%
Iowa	46,431	47,458	50,124	2.2%	5.6%	93.1%	91.5%	92.1%
Kansas	47,510	48,869	51,471	2.9%	5.3%	95.3%	94.2%	94.5%
Kentucky	39,638	40,999	42,458	3.4%	3.6%	79.5%	79.0%	78.0%
Louisiana	42,726	43,938	46,242	2.8%	5.2%	85.7%	84.7%	84.9%
Maine	44,839	46,570	48,905	3.9%	5.0%	89.9%	89.8%	89.8%
Maryland	59,029	60,512	63,354	2.5%	4.7%	118.4%	116.6%	116.4%
Massachusetts	65,473	68,233	71,683	4.2%	5.1%	131.3%	131.5%	131.7%
Michigan	44,868	46,258	48,423	3.1%	4.7%	90.0%	89.2%	88.9%
Minnesota	53,209	54,919	57,515	3.2%	4.7%	106.7%	105.8%	105.6%
Mississippi	35,613	36,375	37,834	2.1%	4.0%	71.4%	70.1%	69.5%
Missouri	44,336	45,744	47,746	3.2%	4.4%	88.9%	88.2%	87.7%
Montana	43,721	45,312	47,538	3.6%	4.9%	87.7%	87.3%	87.3%
Nebraska	49,703	50,663	53,263	1.9%	5.1%	99.7%	97.6%	97.8%
Nevada	44,967	46,914	49,176	4.3%	4.8%	90.2%	90.4%	90.3%
New Hampshire	56,480	58,397	61,294	3.4%	5.0%	113.3%	112.6%	112.6%
New Jersey	62,701	64,924	68,236	3.5%	5.1%	125.7%	125.1%	125.3%
New Mexico	38,825	39,521	41,609	1.8%	5.3%	77.9%	76.2%	76.4%
New York	61,226	65,644	68,668	7.2%	4.6%	122.8%	126.5%	126.1%
North Carolina	42,651	44,180	46,117	3.6%	4.4%	85.5%	85.1%	84.7%
North Dakota	52,525	52,669	55,452	0.3%	5.3%	105.3%	101.5%	101.8%
Ohio	45,040	46,651	48,739	3.6%	4.5%	90.3%	89.9%	89.5%
Oklahoma	41,871	43,634	46,233	4.2%	6.0%	84.0%	84.1%	84.9%
Oregon	46,498	48,372	50,843	4.0%	5.1%	93.2%	93.2%	93.4%
Pennsylvania	51,614	53,144	56,225	3.0%	5.8%	103.5%	102.4%	103.3%
Rhode Island	50,541	52,379	54,850	3.6%	4.7%	101.3%	101.0%	100.7%
South Carolina	40,404	42,081	43,702	4.2%	3.9%	81.0%	81.1%	80.3%
South Dakota	48,627	49,554	52,216	1.9%	5.4%	97.5%	95.5%	95.9%
Tennessee	43,726	44,950	46,900	2.8%	4.3%	87.7%	86.6%	86.1%
Texas	45,616	47,929	50,355	5.1%	5.1%	91.5%	92.4%	92.5%
Utah	42,375	44,002	46,320	3.8%	5.3%	85.0%	84.8%	85.1%
Vermont	50,796	51,976	54,173	2.3%	4.2%	101.9%	100.2%	99.5%
Virginia	53,605	55,306	57,799	3.2%	4.5%	107.5%	106.6%	106.2%
Washington	55,884	58,550	62,026	4.8%	5.9%	112.1%	112.8%	113.9%
West Virginia	36,931	38,644	40,873	4.6%	5.8%	74.1%	74.5%	75.1%
Wisconsin	47,550	49,290	51,592	3.7%	4.7%	95.3%	95.0%	94.8%
Wyoming	54,610	56,377	60,361	3.2%	7.1%	109.5%	108.7%	110.9%
Region								
New England	62,139	64,526	67,893	3.8%	5.2%	124.6%	124.4%	124.7%
Midwest	58,694	61,506	64,552	4.8%	5.0%	117.7%	118.5%	118.6%
Great Lakes	47,111	48,679	50,997	3.3%	4.8%	94.5%	93.8%	93.7%
Plains	48,346	49,671	52,125	2.7%	4.9%	96.9%	95.7%	95.7%
Southeast	43,646	45,317	47,337	3.8%	4.5%	87.5%	87.3%	86.9%
Southwest	44,069	46,172	48,499	4.8%	5.0%	88.4%	89.0%	89.1%
Rocky Mountains	47,460	49,711	52,384	4.7%	5.4%	95.2%	95.8%	96.2%
Far West	55,805	58,149	61,378	4.2%	5.6%	111.9%	112.1%	112.7%
U.S. Average	\$49,870	\$51,885	\$54,446	4.0%	4.9%	100.0%	100.0%	100.0%

Source: Bureau of Economic Analysis

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URS Report on Contribution Rates to the Executive Appropriations Committee

November 19, 2019

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, 2018, includes:

- The URS Defined Benefit (DB) fund lost 0.22% as its investment rate of return in 2018. (For comparison, the median loss of large US public pension plans in 2018 was 2.97%, while the S&P 500 lost 4.4%.)
- At year's end, the funded ratio decreased to 84.3% on a market value of assets basis and 86.9% on an actuarial value of assets basis.
- URS has significant economic and social impact on the state with \$1.67 billion in pension payouts made to retirees in 2018.

2019-2020 Preliminary Contribution Rate Key Points

- The Tier 1 and Tier 2 preliminary contribution rate sheets follow this summary.
- **Public Employees.** For the sixth 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 decrease in the average court fee receipts relative to judicial payroll, the net employer contribution rates for the Judges' System increased by 0.56% of pay.
- **Tier 1 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 one-time and ongoing appropriations made in the 2019 General Session replaced the fire insurance tax receipts contributed to URS that are now substantially less than in prior years. Accordingly, there are no contribution rate increases for the Tier I Firefighters' Retirement System.
- **Public Safety.** There are no increases to the contribution rates from the prior year for any of the Tier 1 Public Safety Retirement Systems.
- **Tier 2 Public Safety and Firefighters.** With 2019 S.B. 129, effective July 1, 2020, the retirement allowance formula multiplier for Tier 2 Hybrid members was increased from 1.5% to 2.0% for service earned after July 1, 2020. Unless modified in the 2020 General Session, the employers will have contribution rates increased by 2.0% of pay (from 12% to

14%) and employees in the Tier 2 Public Safety and Firefighter System will be required to pay 2.27% of pay as member contributions.

- Preliminary, current, and historical contribution rates may be accessed at <http://newsroom.urs.org/contribution-rates>

Contribution Rate Management

- The Retirement Board, currently working with its consulting actuary, adopted a contribution management plan to give URS direction for a reasonable and prudent method going forward for managing the reduction of the amortization rate portion of the contribution rates.
- The criteria that must be satisfied for a decrease in a contribution rates are shown in the chart following this summary, which include:
 - A current funded ratio of at least 90% on an actuarial value of assets basis;
 - A maximum effective funding period (Projected years to 100% funded status if the decrease is made);
 - Usually a decrease in the calculated contribution rate from the previous year;
 - A margin between the calculated and certified contribution rates to act as a cushion below which rates will not drop to mitigate chance of future contribution rate increase; and
 - Scaled reductions depending on current funded status.

Utah Retirement Systems
Preliminary Tier 1 Retirement Contribution Rates as a Percentage of Salary and Wages
Fiscal Year July 1, 2020 - June 30, 2021

	Preliminary Tier 1 2020-2021 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)	
Public Employees							
Contributory Retirement System							
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 ¹	0.00
17- Higher Education	6.00	5.45	11.45	12.25	17.70	23.70 ¹	0.00
Public Employees							
Noncontributory Retirement System							
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 ^{1,2}	0.00
18- Higher Education	-	12.25	12.25	9.94	22.19	22.19 ^{1,2}	0.00
Public Safety							
Contributory Retirement System							
Division A							
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
Division 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
Public Safety							
Noncontributory Retirement System							
Division A							
42- State With 4% COLA	-	22.89	22.89	18.46	41.35	41.35 ¹	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
Division 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
Firefighters' Retirement System							
Division A							
Gross Rate	15.05	11.68	26.73	3.99	15.67	30.72	0.00
Insurance Premium Offset	0.00	(7.07)	(7.07)	(3.99)	(11.06)	(11.06)	0.00
31- Net rate	15.05	4.61	19.66	-	4.61	19.66	0.00
Division B							
Gross Rate	16.71	9.80	26.51	8.50	18.30	35.01	0.00
Insurance Premium Offset	0.00	(2.56)	(2.56)	(8.50)	(11.06)	(11.06)	0.00
32- Net rate	16.71	7.24	23.95	-	7.24	23.95	0.00
Judges' Retirement System							
Gross Rate	-	31.60	31.60	20.31	51.91	51.91 ¹	0.00
Court Fees Offset	-	0.00	0.00	(7.60)	(7.60)	(7.60)	0.56
37- Net rate- Noncontributory	-	31.60	31.60	12.71	44.31	44.31 ¹	0.56
Governors and Legislative							
14- Appropriation Payable by June 30, 2021					\$361,437	\$361,437	\$ (7,789)

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

² 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, 2020 - August 31, 2021

Utah Retirement Systems
Preliminary Tier 2 Retirement Contribution Rates as a Percentage of Salary and Wages
Fiscal Year July 1, 2020 - June 30, 2021

	Preliminary Tier 2 Hybrid Retirement System						Preliminary Tier 2 Defined Contribution Plan					Employer Increase (Decrease) From Prior Year ²	
	(1) Employer Tier 2 Rate	(2) Employee Tier 2 Rate	(3) Hybrid Plan DB Plan Rate	(4) Hybrid Plan DC Plan Rate (1)-(2)	(5) Death Benefit*	(6) Tier I Amortization %	(7) Total Required Contribution (2)+(3)+(4)+(5)+(6)	(1) Employer Tier 2 Rate	(2) Employee Tier 2 Rate	(3) Death Benefit*	(4) Tier I Amortization %		(5) Total Required Contribution (1)+(2)+(3)+(4)
Public Employees													
Contributory Retirement System													
11- Local Government	9.11	0.00	9.11	0.89	0.08	8.37	18.45	10.00	0.00	0.08	8.37	18.45	0.00
Public Employees													
Noncontributory Retirement System													
15- Local Government	9.11	0.00	9.11	0.89	0.08	6.61	16.69	10.00	0.00	0.08	6.61	16.69	0.00
16- State and School ¹	9.11	0.00	9.11	0.89	0.08	9.94	20.02	10.00	0.00	0.08	9.94	20.02	0.00
18- Higher Education	9.11	0.00	9.11	0.89	0.08	9.94	20.02	10.00	0.00	0.08	9.94	20.02	0.00
Public Safety													
Contributory Retirement System													
23- Other Division A (2.5% COLA)	16.27	2.27	14.00	0.00	0.08	11.77	28.12	14.00	0.00	0.08	11.77	25.85	2.00
77- Other Division A (4.0% COLA)	16.27	2.27	14.00	0.00	0.08	12.93	29.28	14.00	0.00	0.08	12.93	27.01	2.00
29- Other Division B (2.5% COLA)	16.27	2.27	14.00	0.00	0.08	9.77	26.12	14.00	0.00	0.08	9.77	23.85	2.00
74- Other Division B (4.0% COLA)	16.27	2.27	14.00	0.00	0.08	15.94	32.29	14.00	0.00	0.08	15.94	30.02	2.00
Public Safety													
Noncontributory Retirement System													
42- State	16.27	2.27	14.00	0.00	0.08	18.46	34.81	14.00	0.00	0.08	18.46	32.54	2.00
43- Other Division A (2.5% COLA)	16.27	2.27	14.00	0.00	0.08	11.75	28.10	14.00	0.00	0.08	11.75	25.83	2.00
75- Other Division A (4.0% COLA)	16.27	2.27	14.00	0.00	0.08	12.91	29.26	14.00	0.00	0.08	12.91	26.99	2.00
44- Salt Lake City	16.27	2.27	14.00	0.00	0.08	24.20	40.55	14.00	0.00	0.08	24.20	38.28	2.00
45- Ogden	16.27	2.27	14.00	0.00	0.08	26.30	42.65	14.00	0.00	0.08	26.30	40.38	2.00
46- Provo	16.27	2.27	14.00	0.00	0.08	19.61	35.96	14.00	0.00	0.08	19.61	33.69	2.00
47- Logan	16.27	2.27	14.00	0.00	0.08	19.37	35.72	14.00	0.00	0.08	19.37	33.45	2.00
48- Bountiful	16.27	2.27	14.00	0.00	0.08	26.89	43.24	14.00	0.00	0.08	26.89	40.97	2.00
49- Other Division B (2.5% COLA)	16.27	2.27	14.00	0.00	0.08	9.66	26.01	14.00	0.00	0.08	9.66	23.74	2.00
76- Other Division B (4.0% COLA)	16.27	2.27	14.00	0.00	0.08	15.94	32.29	14.00	0.00	0.08	15.94	30.02	2.00
Firefighters' Retirement System													
31- Division A**	16.27	2.27	14.00	0.00	0.08	0.00	16.35	14.00	0.00	0.08	0.00	14.08	2.00
32- Division B**	16.27	2.27	14.00	0.00	0.08	0.00	16.35	14.00	0.00	0.08	0.00	14.08	2.00

* 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 I by employers for Tier 2 Firefighters

¹ Public School Districts and Charter School rates are effective September 1, 2020 - August 31, 2021

² The employer contribution rate increased by 2.00% of pay for the Tier 2 Public Safety and Firefighter System (Hybrid and Defined Contribution) and the employee contribution rate increased by 2.27% of pay for the Tier 2 Public Safety and Firefighter Hybrid Plan. This results in a total increase of 4.27% of pay in the Tier 2 Public Safety and Firefighter Hybrid Plan and a total increase of 2.00% of pay in the Tier 2 Public Safety and Firefighter Defined Contribution

Summary of Contribution Rate Management Plan Beginning at 90% Funded Ratio

Criteria that Must be Satisfied to Decrease the Contribution Rate				
Funded Ratio (FR) on an AVA Basis	Max Effective Funding Period	Change in ADC¹ from Prior Year	Margin² in Contribution Rate	Decrease in Contribution Rate
(1)	(2)	(3)	(4)	(5)
FR < 90%	----- No Reduction -----			N/A
90% < FR < 95%	13 Years	Decrease	> 2.00%	Max 0.50%
95% < FR < 105%	10 Years	Decrease	> 1.00%	Max 1.00%
105% < FR < 110%	N/A	May not increase by more than 0.5%	N/A	Max 2.00%
110% < FR	N/A	N/A	N/A	Maintain 110% FR

State of Utah 2020 / 2021 Renewal

(As of 9/12/2019)

Medical/Rx Renewal (State)	4.53% (\$14.2 Million)
Dental Renewal	0.0% (\$0.0 Million)

Medical/Rx Comments:

- 1) Assumes no benefit changes from 2019 / 2020 plan year offering.
- 2) Assumes 6.5% projected trend (6% medical, 8.6% Rx).
- 3) Propose \$25.4 million reserve refund or about 30 days. The state's share would be \$23.3M and the employee share would be \$2.1M.

Dental Comment:

- 1) Projecting a hold renewal of 0% for the State of Utah for the 2020/2021.

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ANALYST

JONATHAN C. BALL
DIRECTOR

MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Gary Syphus, Analyst
DATE: November 13, 2019
SUBJECT: Jail Contracting/Jail Reimbursement Estimated FY 2021 Costs

The Commission on Criminal and Juvenile Justice (CCJJ) reports the following estimated ongoing needs for the Jail Contracting and Jail Reimbursement Programs:

1. Replacement of one-time funding with ongoing funds reduced during the 2019 General Session:
 - Jail Contracting \$33,325,000
 - Jail Reimbursement \$14,575,000
2. Assuming updated “average state daily incarceration rate” amounts and caseload needs, they estimate the following additional costs:
 - Jail Contracting \$12,267,900
 - Jail Reimbursement \$4,091,200

As directed in statute, actual costs will depend on the “final state daily incarceration rate” determined by the Legislature during the General Session as the final step of determining the paid rate. The department may request appropriations for other issues in addition to these rate changes.

Background Summarized below is CCJJ’s updated information/assumptions used to determine the additional costs in item #2:

- The assumed “final state daily incarceration rate” for FY 2021 is \$101.00, (until the Legislature determines otherwise).
- The Jail Contracting rate is 73% of this rate or \$73.73 per bed day (1,560 inmates in 19 county jails).
- The Jail Contracting treatment bed rate (substance abuse/sex offender) is 91.75% of this rate or \$92.67 per bed day (434 inmates).
- The Jail Contracting alternative treatment bed rate (vocational trades or cognitive behavioral treatment) is 81% or \$81.81 per bed day (235 inmates).
- The Jail Reimbursement bed rate is 50% of this rate or \$50.50 per bed day (24 county jails will receive Jail Reimbursement funding in FY 2020).

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OFFICE OF THE
LEGISLATIVE
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ANALYST

JONATHAN C. BALL
DIRECTOR

MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Brian Wikle
DATE: November 13, 2019
SUBJECT: FY 2021 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. Under actuarially-determined rates the Division of Risk Management provides coverage for auto, liability, property, and workers’ compensation insurance. Under other rates the following provide services: the divisions of Facilities Construction and Management (DFCM), Fleet Services, and Risk Management (for its Learning Management System (LMS)); the departments of Human Resource Management and Technology Services; and the Office of the Attorney General.

In Table 1 on the following page we summarize FY 2021 estimated incremental impacts for services provided by these internal service funds.

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Table 1: Internal Service Fund Incremental Impacts - FY 2021 Estimated

Service	Total ^a \$ Millions	GF/EF ^b \$ Millions	Other Funds ^b \$ Millions
Total	6.0	2.7	3.4
<i>Actuarially-determined</i>	<i>1.9</i>	<i>1.0</i>	<i>1.0</i>
Risk Management - Auto	0.1	0.1	0.1
Risk Management - Liability	0.9	0.4	0.5
Risk Management - Property	0.9	0.5	0.4
Risk Management - Workers' Comp	0.0	0.0	0.0
<i>Other</i>	<i>4.1</i>	<i>1.7</i>	<i>2.4</i>
Attorney General ^c	0.7	0.7	0.0
DFCM - Operations & Maintenance	0.7	0.2	0.5
Fleet - Fuel Network	0.3	0.1	0.1
Fleet - Motor Pool Lease	-0.1	-0.0	-0.0
Fleet - State Travel	0.1	0.1	0.0
Fleet - Transactions Team	0.0	0.0	0.0
Human Resource Management	0.0	0.0	0.0
Risk Management - LMS	0.0	0.0	0.0
Technology Services	2.3	0.6	1.7

a. The departments of Administrative Services, Human Resource Management, and Technology Services reported total estimated impacts to their respective rate committees and/or the Office of the Legislative Fiscal Analyst (LFA) in Fall 2019.

b. LFA calculated General Fund / Education Fund and Other estimates based on unaudited data.

c. LFA estimated impacts for the Office of the Attorney General which as of November 13, 2019 had not yet had a rate committee hearing.

Recommendations:

- In the introduced Fees & ISF bill for the 2020 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 2021 for these services is estimated at \$1.9 million with \$1.0 million from the General Fund (GF) and Education Fund (EF). The Legislature will maintain the flexibility to adjust the rates and funding based on its decisions made during the 2020 General Session.
- 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 and/or change of proposed other rates and appropriations for services provided under those rates. The total incremental impact in FY 2021 for these services is estimated at \$4.1 million with \$1.7 million from the General Fund and Education Fund.

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MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Brian Wikle
DATE: November 13, 2019
SUBJECT: Capital Improvement Appropriations for FY 2021

The Legislature is required to appropriate 1.1 percent of the current replacement value (CRV) – or 0.9 percent if there exists an Education Fund or General Fund budget deficit – of existing state facilities and infrastructure to capital improvement before funding any new capital development projects (UCA [63A-5-104\(6\)](#)). The Division of Facilities Construction and Management has calculated 1.1 percent of CRV for FY 2021 as \$128,488,000. In the 2019 General Session the Legislature appropriated \$138,339,100 or 1.2 percent of CRV to capital improvements for FY 2020. Were the Legislature to continue to appropriate 1.2 percent of CRV to capital improvement in FY 2021, it would appropriate \$140,168,700 – an increase of \$1,829,600 over the FY 2020 appropriation.

- In FY 2020 the Legislature appropriated approximately 48 percent of capital improvement funding from the General Fund (GF) and 52 percent from the Education Fund (EF). At the same ratio the GF/EF split of the \$1,829,600 increase to 1.2 percent CRV for FY 2021 would be \$883,300 from GF and \$946,300 From EF.
- For FY 2021, approximately 37 percent of the CRV is for buildings primarily occupied by state agencies and approximately 63 percent is for buildings primarily occupied by institutions of higher education. If the capital improvement appropriation were to follow the CRV split, the FY 2021 appropriation at 1.2 percent of CRV would be \$52,364,400 from GF and \$87,804,300 from EF. In this scenario, the GF appropriation would decrease by \$14,423,700 from the FY 2020 level and the EF appropriation would increase by \$16,253,300.

We recommend that for FY 2021 the Legislature appropriate to Capital Improvements from:

General Fund	\$52,364,400
Education Fund	\$87,804,300
Total	\$140,168,700

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