



UTAH
LEGISLATURE



Utah's Budget, FY 2023-2024

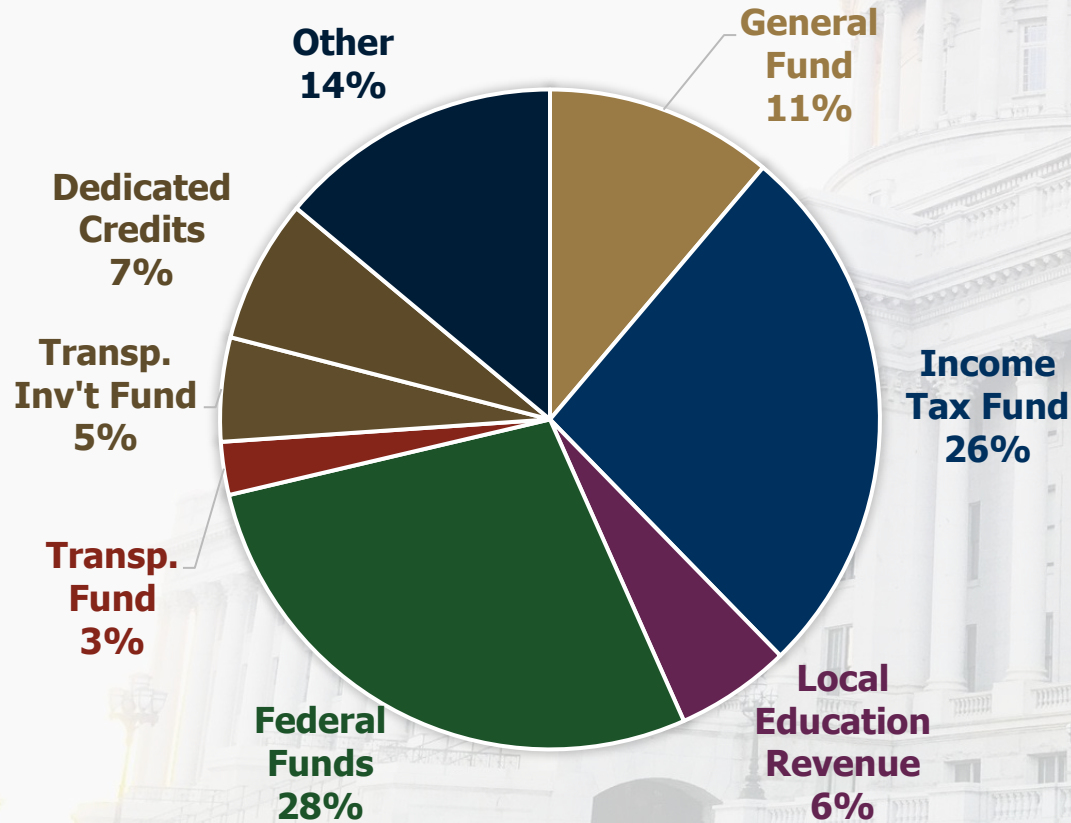
Utah's Budget, FY 2023-2024

1. Overview
2. General and Income Tax (GF/ITF) Revenue
3. GF/ITF Budget Priorities
4. Special Funding Sources – ARPA
5. Long-Term Fiscal Health
6. Budget Process Changes

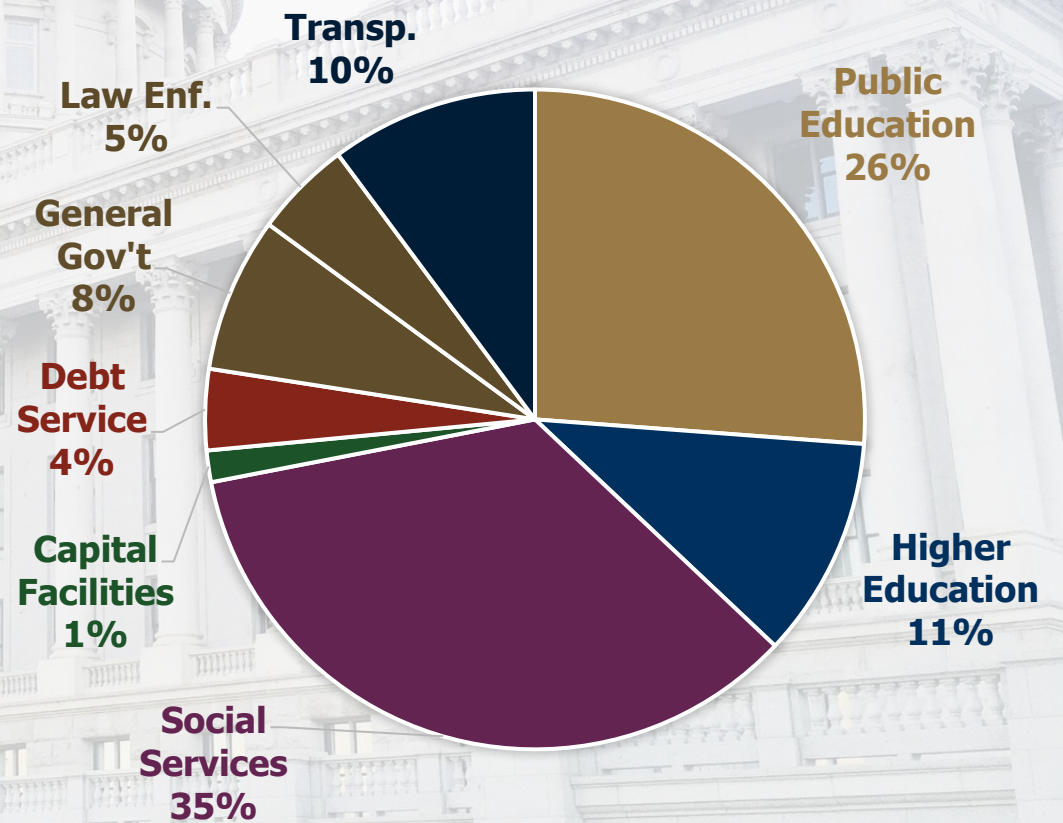


All Sources - \$29.4 billion

BY SOURCE

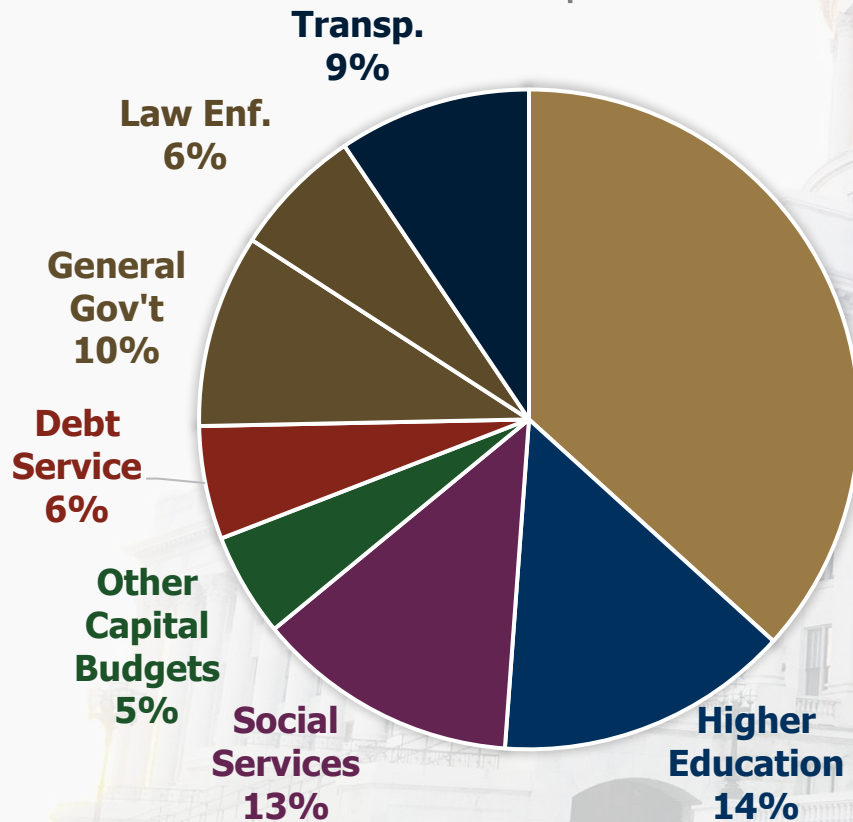


BY USE

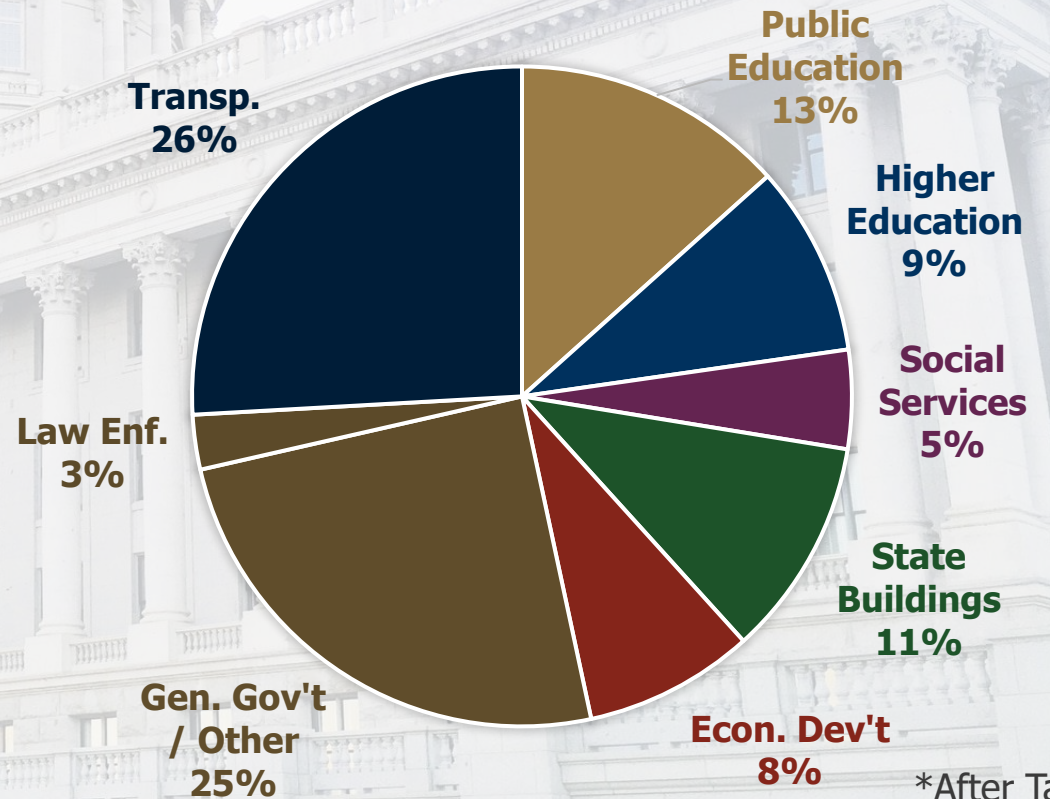


General and Income Tax Funds

BY USE - \$14.6 B



NEW MONEY - \$5.3 B*



*After Tax Cuts





Part 2

GF/ITF Revenue

GF/ITF Revenue

Revenue Estimates*

- FY 2023
 - GF \$4.1 billion
 - ITF \$7.6 billion
 - Total \$11.7 billion
- FY 2024
 - GF \$4.2 billion
 - ITF \$7.6 billion
 - Total \$11.8 billion

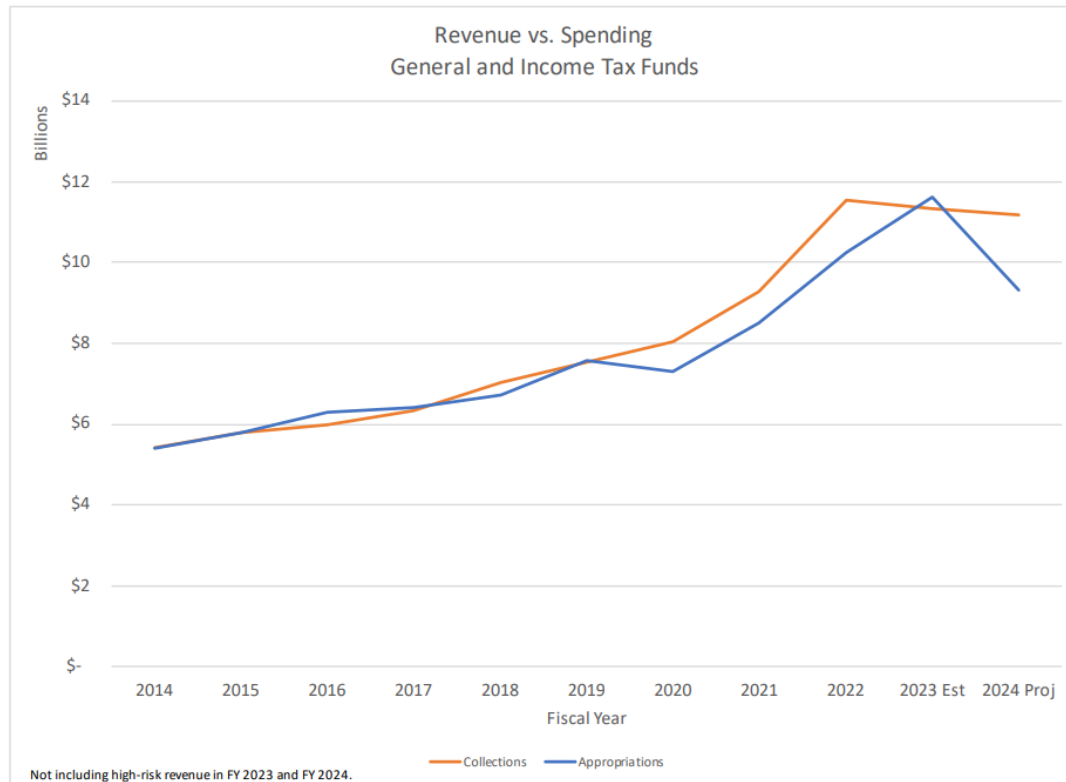
Available GF/ITF Revenue

- Ongoing \$2.5 billion
 - Including:
 - \$600 m high-risk revenue
 - Temporal surplus (next slide)
- One-time \$3.2 billion
 - Including:
 - \$1.3 b FY 22 Surplus
 - \$300 m high-risk revenue

*Incl. high risk revenue



Surplus was from Careful Prior Year Budgeting



- aka: “Temporal Surplus”
- 2022 legislators spent above-trend revenue on one-time investments
- Year-over-year revenue was relatively flat, so last year’s one-time is now available ongoing



Tax Reductions - \$850 million

- \$400 million for income tax rate change (4.85% to 4.65%) plus expanded Social Security, dependent, and earned income tax credits
- \$165 million ongoing for elimination of state sales tax on food
- \$145 million to sunset property tax rate floor
- \$52 million for Low-income Housing Tax Credit (\$10 m year 1)
- \$33 m for reduction of gas tax
- Several others





Part 3

GF/ITF Funding Priorities

State Agency and Higher Education Compensation

- \$113 million for a 5% cost of living adjustment
- \$61 million for targeted compensation increases (3.75% ave)
- \$21 million for performance pay in state agencies
- \$12 million for health insurance cost increases (7.2%)
- Other increases:
 - \$8 million ongoing and \$5 million one-time for attorneys general pay
 - \$5 million ongoing for corrections employee pay
 - \$3 million each ongoing for courts and public safety



Education

- \$233 million for a 6% increase in the value of the Weighted Pupil Unit (WPU) for public education students
- \$197 million to give all public education teachers a \$6,000 per year raise (\$4,200 per year after employer payroll costs)
- \$26 million to increase the at-risk WPU add-on
- \$25 million to expand all-day kindergarten options
- \$35 million increase in higher education performance funding
- \$18 million to offset higher education tuition increases
- \$11 million for growth and inflation at technology colleges



Infrastructure

- Transportation investment including:
 - \$800 million one-time for road expansion and improvement
 - \$200 million one-time for commuter rail
 - \$150 million one-time for bus service in Cottonwood Canyons
 - \$90 million for paved active transportation trails
- State and Higher Ed buildings including:
 - \$265 million for Alcoholic Beverage warehouse and stores
 - \$57 million for a new fish hatchery in Loa
 - \$55 million for improvements at state Capitol and Governor's residence
 - \$100 million to purchase Fort Douglas at the University of Utah
- \$25 million one-time for dam safety improvements



Water and Economic Development

- \$10 million one-time for manufacturing modernization
- \$15 million federal funds (FF) for secondary water meters
- \$170 m one-time GF (plus \$30 m FF) for water use optimization
- \$50 million one-time for water system improvements
- Point of the Mountain funding:
 - \$108 million one-time for rail and transit
 - \$50 million one-time for Convergence Hall
- \$40 million one-time for Olympic facilities renovation
- \$60 million one-time for Inland Port Authority projects



Housing and Social Services

- \$52 million ongoing (\$10 m year 1) for housing tax credits
- \$50 million one-time for first time home buyer incentive
- \$30 m one-time (plus \$20 m FF) for deeply affordable housing
- \$10 million one-time for housing preservation
- \$7 million ongoing for mandated additional needs
- \$4 million ongoing for disability waiting list services
- \$2 million ongoing for caregiver support



Criminal Justice and General Gov't

- \$13 million ongoing for clinical services at state prison
- \$12 million ongoing for statutory increases to jail contracting
- \$12 million ongoing and \$13 million one-time for services to victims of domestic violence
- \$10 million ongoing and \$45 million one-time for anticipated future wildfire suppression costs
- \$12 million for energy cost assistance to low-income households





Part 4

Special Funding Sources

Remaining American Rescue Plan Act (ARPA) Funds

- \$50 m State and Local Fiscal Relief Funds:
 - \$30 million for affordable housing
 - \$15 million for secondary water meters
 - \$4 million for long-COVID at the University of Utah
 - \$1 million for Cache Valley food pantry
- \$90 m Capital Projects Funds:
 - \$33 million for middle-mile broadband
 - \$25 million for Wasatch Canyons Behavioral Health facility
 - \$25 million for West Valley Hospital
 - \$7 million for Box Elder Crisis Shelter and Housing





Part 5

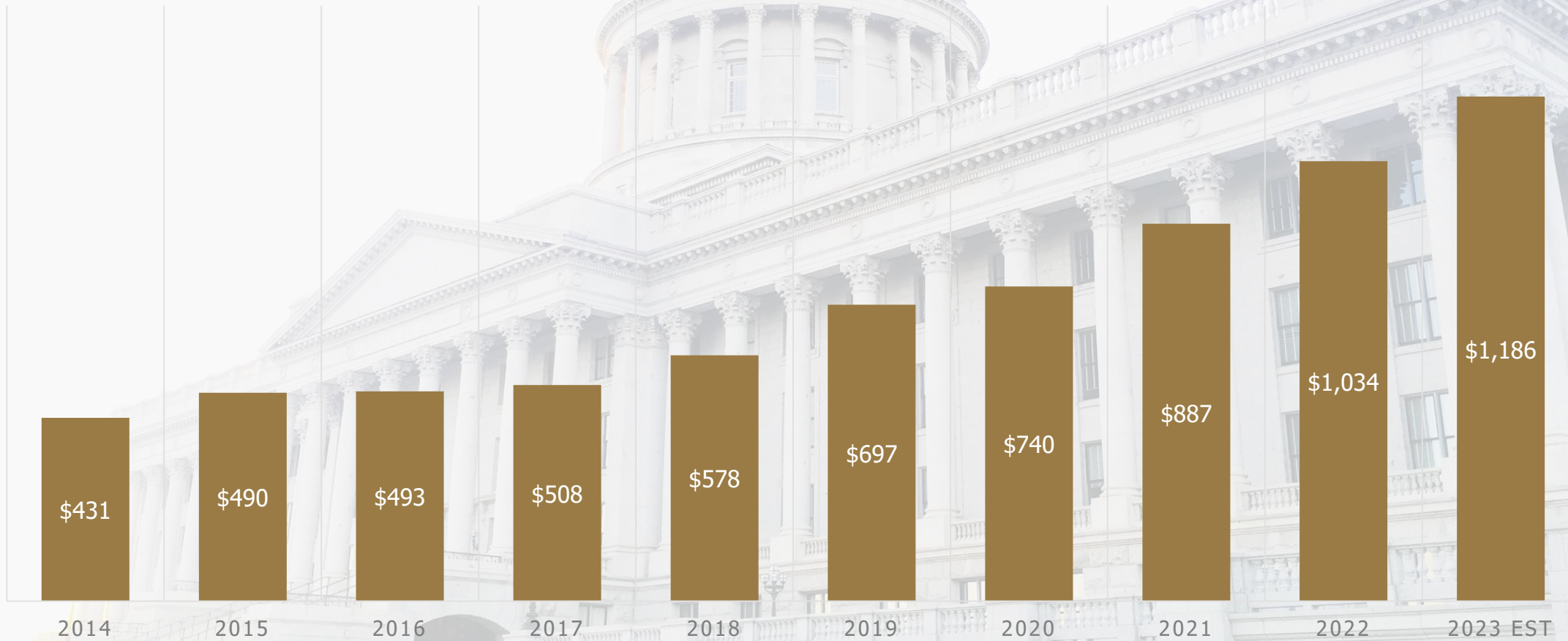
Long-term Fiscal Health

Careful Spending to Manage Risk

- No new GO debt plus \$440 million one-time and \$335 million ongoing from high-risk revenue for debt reduction
- Forward-funded anticipated reduction in enhanced Medicaid match rate
- \$195 million ongoing increase to Public Education Economic Stabilization Account, bringing it to \$441 million ongoing
- \$27 m in ongoing revenue in excess of ongoing commitments
- \$148 million in year-end deposits to formal rainy-day funds



Formal Rainy-Day Funds



A large, natural rock arch made of reddish-brown sandstone stands prominently in the foreground. The arch frames a view of a vast, rugged landscape covered in snow. In the distance, a range of mountains with significant snow cover is visible under a blue sky with light, wispy clouds. The foreground shows the textured surface of the rock formation.

Utah

“#1 Best State Overall”

“#1 Best State for Fiscal Stability”

“#1 Best State for Economy”

-U.S. News and World Report

April 2023



Part 6

Budget Process/Policy

HB 322, Budget Reporting Requirements

- Requires agencies to:
 1. By October 1 each year, submit to their legislative appropriations subcommittee a report that describes their plan to use any nonlapsing balances, including whether they are saving for a large purchase.
 2. When the agency is subject to an appropriations subcommittee's accountable budget process, submit a thorough evaluation of the agency's performance measures, internal budget process, and budget controls.



HJR 12, Budget Efficiency Modifications

- Companion to HB 322
- Requires each appropriations subcommittee, during an accountable budget process, to:
 1. Review each account, fund, and appropriation to a program that is designated as nonlapsing.
 2. Review and discuss the budget evaluation submitted by the agency and identify whether any portion of the budget overlaps with another budget, and identify any opportunities to increase budgetary efficiencies.



HB 381, State Finance Review Commission

- Requires that any entity with bonding authority obtain the approval of the State Finance Review Commission before entering into certain concessionaire agreements
- Subject “Concessionaire contracts” defined as:
 - a. between a bonding government entity and a concessionaire for the operation, finance, maintenance, or construction of a government facility;
 - b. that authorizes the concessionaire to operate the government facility for a term of five years or longer, including any extension of the contract; and
 - c. in which all or some of the annual source of payment to the concessionaire comes from state funds provided to the bonding government entity.



SB 11, Retirement Fiscal Notes

- Directs the LFA to include additional information in the fiscal note for a bill that changes retirement benefits for public employees, including the effect on:
 - unfunded actuarial accrued liability and actuarial funded ratio
 - employer contributions and member contributions
 - a retiree's retirement allowance
 - the total cost to active members and retirees
 - the total cost to employers for all active members and retirees



SJR 4, Fiscal Note Deadlines

- Companion to SB 11
- Extends the three-day fiscal note deadline if a bill:
 - affects public retirement benefits
 - requires an actuarial analysis to prepare the fiscal note, and
 - the LFA informs the sponsor



SJR 5, Budgeting Change to State Retirement

- Directs the Executive Appropriations Committee to set aside any savings from each reduction in the retirement amortization rate and, when the total set aside money reaches the cost of a 0.5% increase in benefitted state employee salaries, include the amount in the base budget as an increase to benefitted state employee salaries



SB 22, State Employee Benefits

- Creates the State Employee Benefits Advisory Commission and requires it to:
 - Review the annual compensation plan
 - Review proposed legislation that amends the health care, leave, or salary benefits
 - Provide recommendations, if any, that would make total compensation competitive with private sector employees



SB 168, State Agency Capital Dev Fund

- Creates the State Agency Capital Development Fund to facilitate administration and funding processes of DFCM capital development projects for state agencies
- Requires proceeds from the sale or lease of state agency buildings to be deposited into the new fund



SB 272, Funds Amendments

- Repeals 15 restricted accounts/funds
- Modifies allowed uses of the State Disaster Recovery Account (can pay earthquake deductibles) and State Employees' Annual Leave Trust Fund (can refund overpayments)
- To avoid harming agencies by repealing these funds, the Legislature adjusted appropriations and added intent language in SB 3, Appropriations Adjustments
- HB 418 and SB 25 repeal another 3 accounts



SB 273, State Settlement Agreements

- Increases thresholds for executive and legislative approval of settlement agreements involving the state or the state's subdivisions
- Requires notice of certain settlements to be sent to the Legislative Management Committee



SB 296, Performance Reporting and Efficiency

- Increases the threshold for a funding item that requires a performance measure to \$500,000
- Within 21 days after session adjournment, LFA and GOPB must develop a list of all passed funding items over \$50,000 and send to agencies - for funding items over \$500,000, agencies must submit a performance measure and a target within 60 days of session adjournment
- Changes the line-item performance measure reporting date to GOPB and LFA from October 1 to August 15 (most intent language says October 1; however, the August 15 date in statute prevails)
- GOPB and LFA must review approximately 20% of line-item measures annually



SJR 9, Amendments to Joint Rules

- Increases the threshold for fiscal note bills that are subject to funding prioritization and a passage deadline from \$10,000 to \$15,000



Questions?



**UTAH
LEGISLATURE**